



# HOUSING PRODUCTION PLAN

Prepared for the  
**TOWN OF HARWICH**  
[www.harwich-ma.gov](http://www.harwich-ma.gov)

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TOWN OF HARWICH

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# TOWN OF HARWICH

## HOUSING PRODUCTION PLAN

### I. EXECUTIVE SUMMARY

#### A. Introduction

Harwich is a resort and residential community located on the south side of Cape Cod at its elbow. The town, of about 12,300 year-round residents, is bordered by Dennis on the west, Brewster and Orleans on the north, Chatham on the east, and Nantucket Sound on the south. The town is divided into seven villages including East Harwich, Harwich Center, Harwich Port, Pleasant Lake, West Harwich, North Harwich and South Harwich, each with its own composition of land uses and character. The highest level of year-round occupancy occurs in North Harwich although Pleasant Lake, East Harwich and Harwich Center are also predominantly year-round villages. South Harwich, Harwich Port, and West Harwich are more densely developed and have more seasonal housing units.

Harwich's small town character, extensive shoreline, rich historical connection to the sea, and rural nature have continued to lure visitors over the years – some who arrive for extended periods in the summer, others who have decided to purchase second homes, and those searching for a place to retire. But like most communities on the Cape, living in Harwich is expensive. While house prices declined somewhat since the recession, the market has been rebounding and values are approaching pre-recession levels with the median single-family house priced at \$350,000, still out of reach for many year-round residents.

#### B. Summary of Housing Needs Assessment<sup>1</sup>

A summary of some of the *demographic characteristics* of Harwich in comparison to Barnstable County and the state is included in Table I-1, highlighting the following major trends:

- *Recent small population losses*  
Between 2000 and 2014, there was a 1.5% decrease in total residents involving a loss of 198 residents compared to a 3.2% loss for the county and a 4.9% gain statewide. Population projections from the Metropolitan Area Planning Council (MAPC) estimate that the population will increase to 12,745 by 2020 and then to 13,445 by 2030, a 9.8% increase from the 2010 census count of 12,243 residents. On the other hand, the State Data Center at the University of Massachusetts' Donahue Institute calculates further population losses to 12,032 residents by 2020 and 11,679 by 2030, representing a 4.6% population decrease since 2010.
- *Fewer children and more older adults*  
There have been significant losses of younger residents with those under 20 years of age decreasing from 19.9% to 17.7% of all residents between 2000 and 2014 compared to a

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<sup>1</sup> This Housing Production Plan provides the most current information available, often offering historical data to demonstrate important demographic or housing trends. The 2010 census data is typically offered when actual counts are available, also providing updated 2014 census estimates from the U.S. Census Bureau's American Community Survey. Some information from the 2010 census also relies on sample data instead of actual counts and the 2014 census estimates may be emphasized in these circumstances.

smaller loss in the county and percentage gains statewide. On the other hand, those 55 to 64 years of age or older increased at relatively the same rate as the county and significantly higher than the state. While the 2014 census estimates suggest some decline of those 65 years of age or older, Harwich's level at 27.7% of all residents is still higher than the 26.4% level for the county and almost twice that of the state's.

MAPC population projections suggest a continuation of these trends with children under age 20 down to 3.7% and those 65 and older up to 42% of all residents by 2030.

- *Growth in smaller households*  
Families have decreased somewhat in proportion to all households with corresponding increases in non-family households<sup>2</sup> at 38% of all households compared to 38% and 36% for the county and state, respectively, based on 2014 census estimates. Demographic trends towards older residents suggest continued increases in smaller households.

**Table I-1: Summary of Demographic Characteristics for Harwich, Barnstable County and the State, 2000 and 2014**

Demographic Characteristics	Harwich		Barnstable County		Massachusetts	
	2000	2014	2000	2014	2000	2014
Total population	12,236	12,205	222,230	215,167	6,349,097	6,657,291
% less than 20 years	19.9%	17.7%	20.4%	18.7%	23.6%	24.2%
% 20 to 34 years	11.1%	13.4%	13.2%	13.3%	21.0%	20.7%
% 35 to 44 years	13.8%	10.3%	15.3%	9.7%	16.7%	12.9%
% 45 to 54 years	14.0%	14.5%	14.8%	15.1%	13.8%	15.1%
% 55 to 64 years	11.7%	16.5%	11.5%	16.8%	8.6%	12.8%
% 65 years or more	29.6%	27.7%	23.1%	26.4%	13.5%	14.4%
Median age	48.8 years	50.9 years	44.6 years	50.8 years	36.5 years	39.3 years
% non-family households	36%	37.8%	36.0%	38.0%	36.0%	36.4%
Average household size	2.20 persons	2.24 persons	2.28 persons	2.24 persons	2.51 persons	2.53 persons
Median household Income	\$41,552	\$67,332	\$45,933	\$61,597	\$50,502	\$67,846
Individuals in poverty	5.5%	7.3%	7.0%	9.7%	9.0%	11.6%
% earning less than \$25,000	26.6%	17.2%	24.6%	28.3%	24.6%	20.0%
% earning more than \$100,000	9.7%	23.1%	12.4%	27.0%	17.7%	33.2%

Source: Data for the above table is derived from the 2000 census and the 2010-2014 American Community Survey Five-Year Estimates.

- *Higher incomes*  
The median household income, at \$67,332 as of 2014, is higher than the \$61,597 for the county and in line with the statewide median of \$67,846. Income levels were significantly lower than both the county and state medians in 2010 however.

<sup>2</sup> Non-family households include unrelated household members and single individuals.

- *Increasing poverty*  
Those living in poverty increased between 2000 and 2014, growing from 5.5% to 7.3%. This rate is still significantly lower than the 9.7% and 11.6% rates for the county and state, respectively.

Table I-2 summarizes the following major *housing characteristics*, comparing 2000 and 2014 data:

- *Slower housing growth*  
Housing growth has been slower in Harwich, at 6.3% between 2000 and 2014, compared to 9.4% for Barnstable County and 7.4% for the state. Most of the new growth has been directed to the higher end second home or retirement market.
- *Significant demo-rebuild activity*  
It is important to note that the community has experienced considerable teardown activity. For example, from January 2016 through November 22, 2016, there were 13 single-family homes demolished and replaced involving about a third of anticipated residential building activity. Smaller units, such as cottages, have been particular targets of teardown activity. Consequently actual net housing growth is less than the growth figures indicate.
- *Substantial seasonal housing pressures*  
About 44% of the town’s housing stock is comprised of seasonal or occasional residences, up from 38% in 2000, and higher than 37.2% for the Cape as a whole and 4.3% statewide. In the summer months Harwich’s resident population doubles in size, putting enormous pressure on Town services and the long-term, permanent population. This temporary population, however, has bolstered the local economy and employment has increasingly focused on servicing these residents.

**Table I-2: Summary of Housing Characteristics for Harwich, Barnstable County and the State, 2000 and 2014**

Housing Characteristics	Harwich		Barnstable County		Massachusetts	
	2000	2014	2000	2014	2000	2014
Total housing units	9,450	10,045	147,083	160,953	2,621,989	2,816,875
% occupied housing (year-round units)	57.9%	53.3%	64.5%	58.6%	93.2%	90.1%
% seasonal or occasional use	38.0%	44.3%	32.0%	37.2%	3.6%	4.3%
% owner-occupied	82.3%	82.3%	77.8%	78.7%	61.7%	62.3%
% renter-occupied	17.7%	17.7%	22.2%	21.3%	38.3%	37.7%
% single-family, detached structures	88.2%	84.6%	82.9%	81.4%	52.4%	52.2%
Median sales price Banker & Tradesman 2000/August 2016	\$183,000	\$350,000	\$178,800	\$350,000	\$185,000	\$340,000
Median gross rent	\$708	\$1,161	\$723	\$1,101	\$684	\$1,088
Housing density 2000 to 2014	285.1 to 303.1 units per square mile		371.6 to 406.7 units per square mile		334.5 to 359.4 units per square mile	

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

- *Declines in rental occupancy*  
The proportion of rental units was proportionately the same in 2000 and 2014, whereas both the county and state experienced decreases. Rental occupancy was also lower in Harwich, at 17.7% compared to 21.3% for the county and 37.7% for the state.
- *Seasonal rental pressures*  
It is also important to note that some properties are rented at high seasonal prices during the summer and then involve separate “winter rentals” during the remaining months of the year. This has resulted in some instability in the rental market, causing hardship for renters who must vacate their units during the summer and need to locate alternative units that they can afford in the area.
- *Predominance of single-family homes*  
Almost 85% of Harwich’s housing stock is comprised of single-family detached homes, higher in comparison to 81% for Barnstable County and considerably higher than the state level of 52%.
- *Rising housing costs*  
Housing values have increased with the median single-family home price rising from \$183,000 to \$350,000 between 2000 and 2014 and comparable to county and state levels. Median rents have also climbed from \$708 to \$1,161 during the same period, higher than median rent levels for the county and state.
- *Lower housing density*  
Harwich had a housing density of 303 units per square mile in 2014 compared to 407 and 359 for the county and state, respectively.

The convergence of these trends – a declining year-round population, fewer children and families, an increasingly aging population, increases in poverty, high and growing seasonal and second home market pressures, and rising housing costs – all point to significant changes in the Harwich community and a growing affordability gap. This gap is confirmed by census data that estimates about 41% of Harwich’s households were living in housing that was by common definition beyond their means and unaffordable as they were spending more than 30% of their income on housing costs, of which 20% were spending more than 50% of their incomes on housing. If these demographic and housing trends continue, Harwich will lose ground on its ability to be a place where individuals and families across a full range of economic and social strata can call home.

The state currently lists 333 affordable housing units in Harwich’s state-approved Subsidized Housing Inventory (SHI), 5.4% of the total year-round housing stock of 6,121 units, up from 261 units at 4.5% in 2009. The town still would need to produce at least 279 more affordable units to reach the state’s 10% goal based on the existing housing stock. Because the number of year-round units is based on the decennial census figure, it will change when the 2020 census figures are released and thus the 10% state threshold is a moving target.

Based on these trends and further documentation in the Housing Needs Assessment (Section III.C), this Housing Plan suggests the following priority housing needs:

1. *Households with very limited incomes*

Priority Need #1: Given the high costs of rental housing and high cost burdens (43% of all renters earning at or below 80% of area median income were spending more than half of their income on housing), more subsidized rental housing is necessary to make living in Harwich more affordable. Goal of about 80% of all affordable units created.

2. *Widening affordability gaps and exodus of younger residents*

Priority Need #2: Create a wider range of affordable housing options including first-time homeownership opportunities, particularly for younger households entering the job market and forming their own families and some empty nesters. Goal of about 20% of all affordable units created.

3. *Special needs housing*

Priority Need #3: Harwich has a higher proportion of residents with disabilities at 14.4% of all residents claiming a disability as opposed to 11.3% for the state. Some amount of new housing should be built handicapped-adaptable or accessible to the disabled, including increasing numbers of seniors, and more supportive housing services should also be integrated into new development. Goal of 10% of all new family units created, 20% for senior housing units or those for individuals.

4. *Housing conditions*

Priority Need #4: About 64% of Harwich’s housing stock was built before 1980 and is more likely to include units with lead-based paint that is hazardous to children, septic system problems, as well as deferred maintenance issues. Programs to support necessary home improvements that correct code violations for units occupied by low- and moderate-income households should be reintroduced if possible, particularly the elderly living on fixed incomes and properties tenanted by qualifying households. Goal of about half of the ownership units.

The Town of Harwich has established the following targeted affordable housing production goals based on priority housing needs over the next five years, the term of this Housing Production Plan.

**Table I-3: Summary of Priority Housing Needs and Targeted Production Goals**

Type of Housing	Seniors + Single Persons/ One Bedroom Units @ 40%	Small Families/2 Bedrooms @ 50%	Large Families/3+ Bedrooms @ 10%	Total/5-Year Goals
Rental @ 80%	50	62	12	124
Ownership @ 20%	12	16	3	31
Total	62	78	15	155
Special Needs* (a % of total units)	(12) 20%	(8) 10%	(2) 10%	(22) 14%

Source: 2013 HUD SOCDs CHAS and Karen Sunnarborg Consulting

\* Represents 10% of all units created in family housing and 20% in senior and single-person housing. For example, of the total 62 projected 5-year total one-bedroom units produced, 20% would involve handicapped accessibility and/or supportive services.

### **C. Summary of Development Challenges**

Continuing a proactive housing agenda to promote affordable housing remains a significant challenge in Harwich. First, the town's resources for absorbing growth are limited given significant physical constraints. In addition to the considerable extent of the town's preserved open and recreational space and sensitive environments, Harwich has no sewer services at this point and a few areas are still without municipal water, making denser development more costly and difficult.<sup>3</sup> This raises concerns among residents about water supply and water quality impacts of any new development

Second, local zoning provides substantial obstacles to workforce housing development, and current regulations would have to be reformed or in many cases overridden through "friendly" comprehensive permits to overcome these barriers. Zoning for accelerated growth raises local questions concerning capacity and changing the very nature of the community with its small coastal town distinctions.

Third, the Town needs to continue to promote more affordable development by effectively managing the Town's limited assets as a whole and directing growth for the overall environmental and social health of the community. Besides Community Preservation Funds, Harwich has established a Housing Trust Fund that has been creatively capitalized from rental proceeds of a cell tower on Town property and the sale of a Town-owned property. Because the Town has limited commercial and industrial uses, it relies predominantly on property taxes raised through its residential base. While tax revenues are increasing based on rising property values, Harwich, like other nearby communities, has a relatively low tax rate of \$9.07 per thousand<sup>4</sup> as opposed to more than \$15.00 per thousand in quite a few other communities in the Boston region.

### **D. Summary of Production Goals**

The state administers the Housing Production Program that enables cities and towns to adopt an affordable housing plan that demonstrates production of .50% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (SHI). If this is accomplished in any calendar year, the town will have 12 months or 24 months, respectively, when it will have the likely ability to deny Chapter 40B comprehensive permit applications that it deems do not meet local needs.<sup>5</sup> Harwich would have to produce at least 33

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<sup>3</sup> While the Town currently has no sewer services, its Comprehensive Wastewater Management Plan (CWMP) was recently approved and the Town will now be considering its implementation.

<sup>4</sup> For fiscal year 2016.

<sup>5</sup> If a community has achieved certification within 15 days of the opening of the local hearing for the comprehensive permit, the ZBA shall provide written notice to the applicant, with a copy to DHCD, that it considers that a denial of the permit or the imposition of conditions or requirements would be consistent with local needs, the grounds that it believes have been met, and the factual basis for that position, including any necessary supportive documentation. If the applicant wishes to challenge the ZBA's assertion, it must do so by providing written notice to DHCD, with a copy to the ZBA, within 15 days of its receipt of the ZBA's notice, including any documentation to support its position. DHCD shall review the materials provided by both parties and issue a decision within 30 days of its receipt of all materials. The ZBA shall have the burden of proving satisfaction of the grounds for asserting that a denial or approval with conditions would be consistent local needs, provided, however, that any failure of the DHCD to issue a timely decision shall be deemed a determination in favor of the municipality. This procedure shall toll the requirement to terminate the hearing within 180 days.

affordable units annually to meet these annual production goals, a formidable challenge. Production goals over the next five (5) years include the creation of 180 affordable units.

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 (3) or more bedrooms with some exceptions (e.g., age-restricted housing, assisted living, supportive housing for individuals, SRO's, etc.).

## **E. Summary of Housing Strategies**

The strategies summarized below are based on previous plans, the Housing Needs Assessment, local housing goals, other community input, and the experience of comparable communities in the area and throughout the Commonwealth. Many of the strategies reflect a continuation of efforts that have proven effective in promoting affordable housing in Harwich over the past decade or so. The strategies are grouped according to the type of action proposed – Building Local Capacity, Planning and Zoning Strategies, Housing Development, and Direct Assistance to Qualifying Households – 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>6</sup>

It should be noted however, that while a major goal of this Plan is to eventually meet the state's 10% goal under Chapter 40B, another important goal is to serve the range of local housing needs. For example, this includes the promotion of accessory apartments and opportunities to produce workforce units for those earning above 80% of area median income but still priced out of the local housing market. Consequently, there are instances where housing initiatives might be promoted to meet community needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory (SHI).

Within the context of the compliance issues, local needs, existing resources, affordability requirements, and the goals listed in Section II of this Plan, the following housing strategies are offered for consideration. *It is important to note that these strategies are presented as a package for the Town to consider, prioritize, and process, each through the appropriate regulatory channels.* Moreover, the proposed actions present opportunities to judiciously invest limited Community Preservation funding and the Affordable Housing Fund.

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

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

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<sup>6</sup> Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

- *Conduct ongoing educational campaign (public hearings, print media, events, etc.)*  
Continue to engage the community in discussions on affordable housing to present information on the issue needed to dispel myths and negative stereotypes and to help galvanize local support, political and financial, for new production.
- *Hire a part-time Housing Coordinator*  
Hire the necessary expertise to provide ongoing support to effectively coordinate the implementation of various components of the Housing Plan.

## 2. **Zoning Strategies**

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

- *Integrate affordable housing in the Open Space Residential Development (OSRD) by-law (cluster development)*  
Consider density bonuses for the integration of some amount of affordable housing into the by-law and allow some multi-family dwelling types as well. More incentivized density bonuses and affordability requirements should encourage mixed-income development and support project feasibility.
- *Adopt inclusionary zoning*  
Adopt inclusionary zoning *with incentives* to ensure that any new residential development in Harwich provides a percentage of affordable units or cash in-lieu of units to be invested in the town's special Affordable Housing Fund.
- *Promote affordable housing in mixed-use development*  
Integrate affordable housing in the Village Commercial Overlay District and Harwich Center Overlay District mixed-use by-law, allowing the density that will make high quality development economically feasible. The Town should also explore extending higher density and second story, "Above the Shop" zoning to all villages.
- *Modify the accessory apartment by-law*  
Amend the existing accessory apartment by-law to better promote new accessory units that meet a range of local needs and help diversify the housing stock without significant impacts on the surrounding neighborhood.
- *Revise Local LIP Regulations and Procedures*  
Revise the Town's "Regulations and Procedures for Accepting Comprehensive Permit Applications Under the Local Initiative Program (LIP)", which were adopted by the Board of Selectmen in May 2000, to make them more consistent with current needs, priorities, resources and market conditions.

- *Adopt a Motel Conversion By-law*  
Explore what other communities are doing to incentivize the redevelopment of increasingly antiquated and uneconomic motel properties. The Planning Board should explore other by-laws, adopt one for Harwich, and obtain necessary approvals.

### **3. *Housing Production Strategies***

The Town of Harwich has made considerable progress in producing affordable housing during the decade, but to accomplish the actions included in this Housing Plan and meet production goals, it will be essential for the Town to continue to reach out to the development community and sources of public and private financing to secure the necessary technical and financial resources to create additional affordable units.

- *Continue to make publicly-owned land available for affordable housing*  
Convey suitable, surplus publicly-owned properties to selected developers through a Request for Proposals (RFP) process that includes some amount of affordable housing.
- *Continue to partner with developers*  
Continue to work effectively with area non-profit and for profit developers who have been active in producing affordable housing to produce affordable or mixed-income housing in line with local needs and priorities.
- *Convert existing housing to long-term affordability*  
Continue to administer and fund the Buy Down Program that provides opportunities to enable qualifying first-time homebuyers to buy a home in Harwich.

### **4. *Housing Assistance and Preservation***

Housing production is critical, but the Town also needs to be concerned that it does not lose units already counted as part of its Subsidized Housing Inventory and provides resources to support the deferred home maintenance needs of lower income residents, including seniors.

- *Monitor Subsidized Housing Inventory (SHI)*  
Insure that all affordable units, current and future, remain a part of the Town's Subsidized Housing Inventory (SHI) to the greatest extent possible.
- *Help qualifying homeowners access housing assistance*  
Continue existing local initiatives, such as the Rental Assistance Program, and disseminate information regarding local, regional and state programs that provide technical and financial assistance to help qualifying residents with housing needs.

Table I-4 summarizes these strategies.

**Table I-4: Summary of Housing Strategies**

Strategies	Priority for Implementation		# Affordable Units	Responsible Party**
	In Years 1-2	In Years 3-5		
<b>Capacity Building Strategies</b>				
1. Conduct ongoing community education	X		*	HC
2. Hire a part-time Housing Coordinator	X		*	BOS/HC
<b>Zoning Strategies</b>				
1. Integrate affordable housing in the OSRD by-law (cluster development)	X		*	PB/HC
2. Adopt inclusionary zoning	X		*	PB/HC
3. Promote affordable housing in mixed-use development		X	*	PB/HC
4. Modify accessory apartment by-law		X	*	PB/HC
5. Update local LIP regulations and Procedures		X	*	BOS/ZBA//PB/HC
6. Adopt a Motel Conversion By-law		X	*	PB/HC
<b>Housing Production Strategies</b>				
1. Continue to make suitable public land available for affordable housing	X		80	BOS/HC
2. Continue to partner with private developers	X		90	HC
3. Convert existing housing to affordability	X		10	HC/HA
<b>Housing Preservation and Assistance Strategies</b>				
1. Monitor Subsidized Housing Inventory (SHI)	X		*	HC
2. Help qualifying residents access housing assistance	X		*	HC/HA/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.*

\*\* Abbreviations

Housing Committee = HC

Housing Authority = HA

Board of Selectmen = BOS

Planning Board = PB

Council on Aging = COA

ZBA = Zoning Board of Appeals

## II. INTRODUCTION

### A. Background and Purpose

Harwich is primarily a resort and residential community that is also an attractive tourist and retirement destination. It encompasses about 21 square miles of land area including almost 11 miles of tidal shoreline with four picturesque harbors. In addition to the extensive coastline, miles of rivers and marshes provide every form of aquatic activity, scenic beauty, and important natural ecosystems that require protection. There are also 22 freshwater ponds, two reservoirs<sup>7</sup>, two scenic river corridors along the Herring River and Muddy Creek, and over 320 acres of forests, water and wetland in the Bells Neck Road/Salt Marsh/Reservoir area. These natural features not only provide important wildlife habitats and watershed protection, but also serve to draw summer visitors, second home owners and retirees to Harwich thus placing substantial pressure on existing developable land and pushing housing prices up beyond the means of most long-term residents. Additionally, significant population growth, particularly in the summer season, while stimulating the local economy, also presents the town with a host of other challenges. A compelling question is whether Harwich will be able to sustain the diversity of ages, occupations, and incomes residents so treasure in light of escalating land and home values.

As far back as May 2003, the Town also approved a Housing Strategy at a Special Town Meeting that included 19 recommendations for promoting affordable housing. The Housing Strategy stated that, “the provision of affordable rental opportunities for working people and their families still appears to be the greatest identified need. Anecdotal evidence from school, town and private employers all indicate that the lack of affordable housing is the greatest problem in attracting and retaining employees. The lack of affordable seasonal employee rental housing also has been identified as a problem and as such places additional pressure on the availability and affordability of year round rental units.” These needs persist in Harwich and were further examined in the Housing Production Plan that was submitted to the state in 2010.

This Housing Production Plan provides an update of the 2010 Plan and is also prepared in conformance with state requirements under Massachusetts General Law Chapter 40B, 760 CMR 56.03(4). It revisits the issue of housing in Harwich, particularly housing affordability, to present a documented snapshot of current conditions and trends. It also looks at existing gaps between what housing is available to serve local residents and what is required to meet local needs, including a review of local, regional and state resources. This Plan also identifies production goals and strategies to address identified priority needs based on input from a wide variety of sources including interviews with local and regional stakeholders, local housing goals and objectives, prior planning efforts, the priority housing needs identified in Section III.C and the experience of Harwich to date as well as other comparable localities in the area and throughout the Commonwealth.

This Housing Plan provides a roadmap to guide the Town of Harwich in promoting affordable housing over the next five years, directing such development to appropriate target populations and locations in the context of the following local and regional housing issues:

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<sup>7</sup> The East Reservoir is a tidal basin and the West Reservoir is a dammed up river basin, both of which are not used for the town’s drinking water supply.

- Due to the rising costs of both homeownership and rentals, including escalating costs associated with taxes, insurance and utilities; some residents are finding it increasingly difficult to afford to remain in Harwich.
- Decent paying jobs are becoming scarcer and thus children who grew up in the town face the possibility that they may not be able to return to raise their own families locally.
- Long-term residents, especially the elderly, are finding themselves less able to maintain their homes and keep up with real estate taxes and energy costs but unable to find alternative housing that better meets their current life styles and pocket books.
- Families are finding it more difficult to “buy into” the private housing market or “buy up,” purchasing larger homes as their families grow.
- Town employees and employees of local businesses are increasingly hard pressed to find housing that is affordable in Harwich and face long commutes.
- Some residents need to rent out their homes in the summer months and camp or move in with relatives during this period in order to afford to stay in the community.
- Occupants of the Housing Authority’s family housing development have all been at risk of homelessness if not actually homeless.

Clearly more housing options are required to meet local needs and produce Harwich’s fair share of regional needs.

## **B. Definition of Affordable Housing**

Affordable housing, sometimes referred to as subsidized housing or community housing, is generally defined by the income of the household in comparison to housing costs. For example, HUD generally identifies units as affordable if gross rent (including costs of utilities borne by the tenant) is no more than 30% of a household’s net adjusted income (with a small deduction for each dependent, for child care, for extraordinary medical expenses, etc.) or if the carrying costs of purchasing a home (mortgage, homeowners association fees, property taxes and insurance) is not more than typically 30% of net adjusted income. If households are paying more than these amounts, they are described as experiencing housing cost burdens; and if they are paying 50% or more for housing, they have severe cost burdens.

Affordable housing can also be defined according to percentages of median income for the area. 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 (\$22,950 for a family of three for the Barnstable area) and very low-income is defined as households with incomes over 30% but less than 50% of area median income (\$38,250 for a family of three). Low- and moderate-income generally refers to the range between 51% and 80% of area median income (\$61,150 for a family of three at the 80% level). These income levels are summarized in Table II-1.

**Table II-1: 2016 Income Levels for Affordable Housing in the Barnstable County Area**

# in Household	30% Median Income/ Extremely Low-income	50% Median Income/ Very Low-income	80% Median Income/ Low-income
1	\$17,850	\$29,750	\$47,550
2	20,400	34,000	54,350
3	22,950	38,250	61,150
4	25,450	42,450	67,900
5	27,500	45,850	73,350
6	29,550	49,250	78,800
7	31,600	52,650	84,200
8+	33,600	56,050	89,650

2016 median household income for the Barnstable County Metropolitan Statistical Area (MSA) = \$77,100 (for 4-person household) down from \$80,500 in 2015, representing a 4.2% decrease

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

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

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

Based on the Massachusetts Department of Housing and Community Development’s most recent data on Harwich’s supply of affordable housing included in the state’s Subsidized Housing Inventory, Harwich had 6,121 year-round housing units, of which 333 are currently counted by the state as affordable, representing 5.44% of the year-round housing stock, up from 261 SHI units and 4.5% in 2010. While progress is being made, it remains a challenge for the Town to meet the 10% state affordability goal. Also, assuming future housing growth, this 10% figure is a moving target as ultimately the required minimum number of year-round units will increase over time.

Most state-supported housing assistance programs are targeted to households earning at or below 80% of area median income (AMI), however, others, particularly rental programs, are directed to those earning at lower income thresholds. For example, the Low Income Housing Tax Credit Program that subsidizes rental units are targeted to households earning less than 60% AMI, \$45,900 for a family of three in Harwich. First-time homebuyer programs typically apply income limits of up to 80% AMI. It is worth noting that according to a special HUD report, an estimated 2,369 households or about 39% of Harwich’s total households might have been income-eligible for

affordable housing using the 80% AMI income criterion alone without consideration of other financial assets.

The Community Preservation Act (CPA) allows Community Preservation funding to be directed to those within a somewhat higher income range – 100% AMI – now commonly referred to as “community housing”. Additionally, some housing developments incorporate several income tiers. For example, one project could combine units for those earning at or below 80% AMI, moderate-income “workforce” units for those earning between 80% and 120% of median income, and even some market rate units to help cross-subsidize the more affordable ones. Rental projects often include a couple of tiers below the 60% level to reach some of the most financially vulnerable residents in a community. It should be noted, however, that those units that involve occupants with incomes higher than 80% AMI, while still serving local housing needs, will not count as part of the Subsidized Housing Inventory (SHI) and help the Town reach its 10% affordability goal or annual production goals unless they are part of a rental development where 100% of the units could qualify for inclusion in the SHI.

### **C. Housing Goals**

This Housing Production Plan incorporates the following goals that were established as part of the Housing Strategy that was approved by the Town in a special town meeting on May 6, 2003 and reconfirmed in the Town’s 2010 Housing Production Plan.

- 1) To promote the annual development of affordable housing – whether by new construction, acquisition, and/or conversion of existing buildings – through Town action and the actions of others, striving to produce 29 units of affordable housing annually, approximately 70% of which will provide for the need of rental housing.
- 2) To promote the development of funding sources and income streams to support the development of affordable housing.
- 3) To continue to review Town by-laws and other regulations and strive to remove barriers preventing the development of affordable housing.

These housing goals, further guided by the priority housing needs identified in the Housing Needs Assessment (Section 3 of this Plan), will provide the context for the package of housing actions the Town plans to take over the next five years.

### III. HOUSING NEEDS ASSESSMENT

This Housing Needs Assessment presents an overview of the current housing situation in the town of Harwich, providing the context within which a responsive set of strategies can be further developed to address housing needs and meet production goals.

#### A. Demographic Profile

##### 1. Population Growth – Small recent population losses

Over the past few decades, population growth put significant pressures on the town, local services and the housing market in particular, as the population almost doubled in size between 1970 and 1990, from 5,887 residents to 10,275. From 1990 through 2000 the population increased by another 2,111 residents or more than 20%. After 2000, there has been some decrease in total residents with a loss of 198 residents through 2014. These population changes are summarized in Table III-1.

Table III-1: Population Change, 1930-2014

Year	Population	Increase in # Residents	Percentage Change
1930	2,329	--	--
1940	2,535	206	8.8%
1950	2,649	114	4.5%
1960	3,725	1,076	40.6%
1970	5,887	2,162	58.0%
1980	8,979	3,092	52.5%
1990	10,275	1,296	14.4%
2000	12,386	2,111	20.6%
2010	12,243	-143	-1.2%
2014	12,188	-55	-0.4%

Source: U.S. Census Bureau, MassBenchmarks, State Data Center at the University of Massachusetts' Donahue Institute.

Town census figures suggest somewhat higher total population levels and minor fluctuations between about 12,500 and 13,000 residents. For example, the 2010 federal census figure was 12,243 but 12,662 based on Town figures. Town figures also suggest highs of almost 13,000 residents in 2004 and 2006, down to 12,563 by September 2016.

The seasonal or second home population has also grown considerably. The population increased 36% between 1980 and 2000, from 8,971 to 12,236 residents, while the number of housing units increased 45%, from 6,510 to 9,450 units. Between 2000 and 2010, the Town gained only a handful of residents but 854 housing units.

Population projections from the Metropolitan Area Planning Council (MAPC) estimate significant future growth through 2030. For example, MAPC calculates that the population will increase to 12,745 by 2020 and then to 13,445 by 2030, a 9.8% increase from the 2010 census count of 12,243 residents. On the other hand, the State Data Center at the University of Massachusetts' Donahue Institute calculates further population losses to 12,032 residents by 2020 and down to 11,679 by 2030, representing a 4.6% population decrease since 2010.

**Table III-2: Population Change, 2000-September 2016**

Year	Population	Increase in # Residents	Percentage Change
2000 (census)	12,386	2,111	20.6
2001	12,485	99	0.8%
2002	12,485	0	0.0%
2003	12,791	306	2.4%
2004	12,979	188	1.5%
2005	12,772	-207	-1.6%
2006	12,958	186	1.5%
2007	12,769	-189	-1.5%
2008	12,529	-240	-1.9%
2010 (census)	12,243	-286	-2.3%
2014 (ACS census estimates)	12,205	-38	-0.3%
September 2016	12,563	358	2.9%

Sources: 2000 and 2010 U.S. Census, 2010-2014 5-Year Estimates from the American Community Survey, and Harwich Town Clerk.

**2. Race – Small but increasing minority population**

The population has remained predominately Caucasian but minority residents are steadily increasing in number from 288 residents or 3.2% of all residents in 1980, to 569 or 4.6% in 2000, and then up to 855 or 7% of the population according to 2014 census estimates. Approximately 28% of the 2014 minority population identified themselves as Black or African American and 36% as Asian, up from 25% and 8% in 2000, respectively. While 11% of minority residents claimed Native American descent in 2000, only nine such residents were identified as such as of 2014. The remaining residents claimed some other race or of two or more races. Additionally, the number of those who identified themselves as Hispanic or Latino declined from 267 resident in 2000 to 223 as of 2014.

**3. Household Characteristics – Increasing numbers of small, non-family households**

Smaller, non-family households have become a more significant part of Harwich, more than doubling in number between 1980 and 2010 and increasing as a percentage of all households from 28.6% in 1980 to 39.1% in 2010. The 2014 census estimates suggest some small fall-off in these households as of 2014, nevertheless the aging of the population and fewer children are demographic factors driving this overall increase in persons living alone or with an unrelated household member.

While the number of families increased substantially from 1980 to 2000, from 2,646 to 3,545 households, they decreased as a proportion of all households from about 71.4% to 64.8%. They continued to decrease through 2010 and 2014 in both number and in proportion to all households, reaching 62.2% as of 2014. Correspondingly, the average household size decreased somewhat from 2.27 persons in 1990 to 2.15 persons in 2010, reflective of some growth in smaller, non-family households and significant numbers of older residents. The 2014 census estimates suggest some uptick in average household size however, to 2.24 persons. This trend towards smaller households is part of a demographic shift that is occurring throughout the state and country. For example, the percentage of non-family households grew from 33% to 36% between 1990 and 2000

in both Barnstable County and the state as a whole, and was up to 37% and 39% as of 2014, respectively.

While the number of female-headed households with children under age 18 is small, they are increasing, from 150 such households in 1980 to 326 as of 2014. Because these households typically are among the most financially vulnerable in any community, this increase represents a troubling trend.

**Table III-3: Demographic Characteristics, 1980-2014**

Characteristics	1980		1990		2000		2010		2014	
	#	%	#	%	#	%	#	%	#	%
Total Population	8,971	100.0%	10,275	100.0%	12,386	100.0%	12,243	100.0	12,205	100.0
Minority residents*	288	3.2%	387	3.8%	569	4.6%	799	6.5%	855	7.0
Total # Households	3,706	100.0%	4,505	100.0%	5,471	100.0%	5,623	100.0	5,358	100.0
Family Households**	2,646	71.4%	3,043	67.6%	3,545	64.8%	3,422	60.9%	3,334	62.2%
Female Heads of Households with Children **	150	4.0%	208	4.6%	242	4.4%	225	4.0%	326	6.1%
Non-family Households **	1,060	28.6%	1,462	32.4%	1,926	35.2%	2,201	39.1%	2,024	37.8%
Average Household Size	Not available		2.27 persons		2.20 persons		2.15 persons		2.24 persons	

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

\*All non-Caucasian classifications

\*\* Percent of all households

**20% of all Harwich households were 65 years of age or older and living alone based on 2014 census estimates.**

Table III-4 provides a breakdown of household size by household type, comparing 2014 census estimates for Harwich to Barnstable County as a whole. This information indicates that there were proportionately fewer persons living alone in Harwich, at 31.9% of all households compared to 32.8% countywide.

The level of two-person households was also lower in Harwich, at about 38.5% of all households compared to 45% for the county. Harwich had a higher level of three-person households in comparison to the Cape as a whole, 16.3% in comparison to 12%, however it also had proportionately fewer large families. Harwich's average household size was the same as that for the county, at 2.24 persons in 2014, with a bit smaller average family size of 2.77 persons compared to 2.83.

**Table III-4: Types of Households by Size for Harwich and Barnstable County, 2014**

Households by Type and Size	Harwich		County	
	#	%	#	%
<b>Family Households</b>	<b>3,334</b>	<b>62.2</b>	<b>58,136</b>	<b>61.6</b>
2-person household	1,795	33.5	33,250	40.5
3-person household	842	15.7	10,970	11.6
4-person household	475	8.9	9,067	9.6
5-person household	132	2.4	3,308	3.5
6-person household	60	1.1	998	1.1
7 or more person household	30	0.6	543	0.6
<b>Non-family Households</b>	<b>2,024</b>	<b>37.8</b>	<b>36,235</b>	<b>38.4</b>
1-person household	1,711	31.9	30,929	32.8
2-person household	270	5.0	4,742	5.0
3-person household	30	0.6	396	0.4
4-person household	13	0.2	140	0.1
5-person household	0	0.0	14	0.01
6-person household	0	0.0	14	0.01
7 or more person household	0	0.0	0	0.0
<b>Total</b>	<b>5,358</b>	<b>100.0</b>	<b>94,371</b>	<b>100.0</b>

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

**4. Age Distribution – Continued decreases in younger residents and significant projected increases in older ones**

As Table III-5 demonstrates, Harwich is experienced the following demographic shifts between 1980 and 2010:

- *Declining population of children:* While the overall population increased by 36.5% between 1980 and 2010, those under age 18 decreased by 27 children, representing a declining portion of the population – from 22.3% in 1980 to 16.1% by 2010.
- *Modest increases in those 18 to 24:* Between 1980 and 2010, those between the ages of 18 and 24 increased from 615 residents to 1,074, representing a growth rate of 75%. This increase is somewhat surprising given the losses in children and those in the 25 to 34 age range, particularly since Harwich does not have a college in town. It may be due to young service workers who are working in Harwich and other nearby communities and are living in town.
- *Losses in younger adults:* Most significantly is the drop in those between the ages of 25 and 34 who are entering the labor market and beginning to form their own families, reducing the pool of entry-level workers and service employees. In 1980 this group comprised about 12% of Harwich’s residents, but by 2010 the percentage of those in this age category was down to only 3.6%.

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

**Table III-5: Age Distribution, 1980-2014**

	1980		1990		2000		2010		2014	
	#	%	#	%	#	%	#	%	#	%
Under 5 Years	405	4.5	568	5.5	504	4.1	472	3.9	476	3.9
5 - 17 Years	1,594	17.8	1,381	13.4	1,759	14.2	1,500	12.3	1,379	11.3
18 - 20 Years	337	3.8	299	2.9	273	2.2	297	2.4	952	7.8
21 - 24 Years	278	3.1	349	3.4	252	2.0	777	6.3		
25 - 34 Years	1,073	12.0	1,282	12.5	1,036	8.4	439	3.6	988	8.1
35 - 44 Years	836	9.3	1,339	13.0	1,705	13.8	1,256	10.3	1,257	10.3
45 - 54 Years	727	8.1	924	9.0	1,739	14.0	1,847	15.1	1,769	14.5
55 - 59 Years	539	6.0	484	4.7	708	5.7	1,026	8.4	805	6.6
60 - 64 Years	634	7.1	714	7.0	744	6.0	1,078	8.8	1,208	9.9
65 - 74 Years	1,624	18.1	1,615	15.7	1,787	14.4	1,698	13.8	1,794	14.7
75 - 84 Years	804	9.0	1,039	10.1	1,319	10.6	1,262	10.3	1,159	9.5
85+ Years	120	1.3	281	2.7	560	4.5	591	4.8	427	3.5
Total	8,971	100.0	10,275	100.0	12,386	100.0	12,243	100.0	12,205	100.0
Under 18	1,999	22.3	1,949	19.0	2,263	18.3	1,972	16.1	1,855	15.2
Age 65+	2,548	28.4	2,935	28.6	3,666	29.6	3,551	29.0	3,380	27.7
Median Age	44.6 years		44.3 years		48.8 years		52.6 years		50.9 years	

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

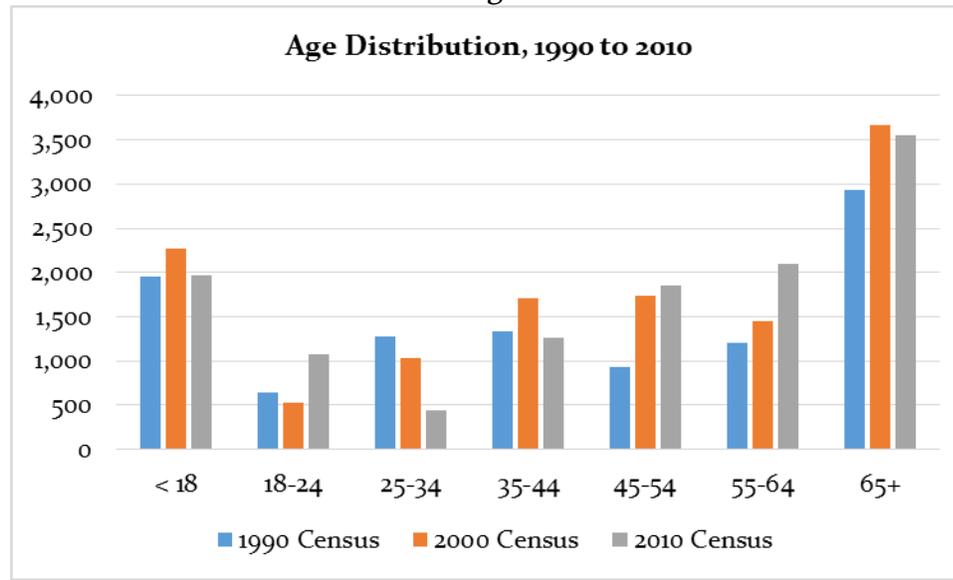
- *Substantial increases in middle-aged residents:* Another significant population shift is reflected in those between the ages of 45 and 59, who made up 14.1% of Harwich residents in 1980 but 23.5% by 2010, an increase of 126%. This growth is largely correlated to the costs of living, where older residents in the height of their earning potential are better able to afford to live in town. This trend also reflects the overall aging of the population with the median age increasing from 44.6 years to 52.6 years.
- *Significant increases in older adults:* Harwich’s population is certainly as the numbers and percentages of those 60 years of age or older have increased significantly but not at the same pace that was predicted. For example, a report issued by the Harwich Council of Aging in 2010 projected that those age 59½ or older would increase from 39% of the population as of the end of 2008 to 61% of all residents by 2020, a staggering increase!<sup>8</sup> In

<sup>8</sup> Wheeler Performance Group, Harwich Council on Aging Strategic Plan (2009-2019), Mary 18, 2009. The report defines the senior population as those age 59½ or more.

fact, the percentage of residents age 60 or more increased from 34.4% in 1980 to 37.8% by 2010, certainly a significant increase but not as great as was expected. The numbers of residents in this age group increased by 45.5%, from 3,182 in 1980 to 4,629 by 2010, more than the 36.5% overall population increase during this period.

A graphic representation of these trends is presented in Figure III-2, visually demonstrating the significant increases in older residents.

Figure III-2



The 2014 census estimates, based on sample data, provide some small reversals of past trends, which bear monitoring to see if they are on the right track. For example, the number and percentage of those 65 years of age and older decreased according to this data from 29% to 27.7%. Additionally, those in the 25 to 34 age range increased to 8.1% from 3.6% in 2010. Other shifts include a decrease in the 55 to 59 age range, from 8.4% to 6.6%, with an increase in the 60 to 64 range, from 8.8% to 9.9%.

Table III-6 provides comparative information for Barnstable County and the state, which highlights the trends described above. While Harwich had significantly fewer younger residents and greater numbers of older ones proportionately than Barnstable County in 2000, the distribution of ages as of 2014 is more comparable. For example, in 2000 Harwich and Barnstable County had a significantly lower percentage of children than the state, 18.3% and 20.4%, respectively, as opposed to a statewide level of almost 24%. As of 2014, Harwich had only a slightly lower level of children, at 15.2% compared to 16.6% and 15.6% for the county and state. Given past trends in Harwich and the rest of the Cape, most of which is experiencing declining enrollments, it is probable the school-age population will not likely increase over the next decade or so particularly given the economic situation on the Cape where living wages are becoming scarcer and the costs of living are increasing. Population projections in Tables III-7 and III-8 bear this out as do school enrollment projections provided in Section IV.

The level of those 18 to 34 years of age is substantially lower for Harwich and the Cape, at about 16%, than for the state at 24% in 2014. While this younger age group is significantly smaller, those

in the older age ranges are comparable to those of the county but much higher than state levels, once again a reflection of Harwich’s aging population and costly living conditions.

Harwich does have a proportionately larger population of seniors 65 years or older, at 27.7% compared to 26.4% for the County and only 14.4% for the state. The considerable aging of Harwich’s population is also reflected in its median age, 50.9 years versus 44.6 and 39.3 years for the county and state, respectively. Population projections in Tables III-7 and III-8 estimate continued increases for this age group.

**Table III-6: Comparative Demographic Data, 2000 and 2014**

	Harwich		Barnstable County		Massachusetts	
	% 2000	% 2014	% 2000	% 2014	% 2000	% 2014
Under 18	18.3	15.2	20.4	16.6	23.6	21.1
Age 18 to 34	12.6	15.9	14.9	15.4	17.8	23.8
Age 35 to 44	13.8	10.3	15.3	9.7	14.6	12.9
Age 45 to 54	14.0	14.5	14.8	15.1	16.7	15.1
Age 55 to 64	11.7	16.5	11.5	16.8	13.8	12.8
Age 65 +	29.6	27.7	23.1	26.4	13.5	14.4
Median Age	48.8 years	50.9 years	44.6 years	50.8 years	36.5 years	39.3 years

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

**While those age 65 or older increased by 21% between 1990 and 2010, they are expected to increase by twice that amount or 42% by 2030, coinciding with the aging of the baby boomers. The housing needs of this expanding population of seniors will need to be addressed in the Town’s housing agenda.**

Table III-7 presents population projections by age range through 2020 and 2030 in comparison to 2010 census figures, prepared by the Metropolitan Area Planning Council (MAPC). These projections suggest population growth to 13,445 residents by 2030, or by almost 10% over 2010. While declining in numbers in the context of a growing total population, the proportion of those under 20 remains basically the same with decreases in those in the age 20 to 64 age range, from 53.1%

of all residents in 2010 to 44.3% by 2030. Those older adults, age 65 years or more, are projected to increase from 29% of the population to 41.6% by 2030, a gain of 2,045 residents.

**Table III-7: MAPC Population Projections for 2020 and 2030**

Age Range	2010 Census		2020 Projections		2030 Projections	
	#	%	#	%	#	%
Less than 5 years	472	3.9	510	4.0	503	3.7
5 to 19 years	1,711	14.0	1,294	10.2	1,382	10.3
20 to 34 years	1,302	10.6	1,350	10.6	1,214	9.0
35 to 64 years	5,207	42.5	5,146	40.4	4,750	35.3
65+ years	3,551	29.0	4,445	34.9	5,596	41.6
Total	12,243	100.0	12,745	100.0	13,445	100.0

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

Table III-8 provides projections of the age distribution in Harwich through 2030 from the State Data Center at the University of Massachusetts' Donahue Institute. This data suggests population losses as opposed to growth, down to 11,679 residents by 2030. It also provides some additional confirmation of demographic shifts that involve decreases in all age groups with relative stability in the 20 to 23 age range and substantial increases in those 65 years of age or older, growing from 29% to 38.2% of the population or by 911 residents in the context of overall population loss.

**Planning needs to also focus on strategies to retain and attract younger residents to the community by providing affordable housing in tandem with economic development measures.**

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

**Table III-8: Projected Age Distribution through 2030**

Age Range	2010 Census		2020 Projections		2030 Projections	
	#	%	#	%	#	%
Less than 5	472	3.9	431	3.6	422	3.6
5 to 19 years	1,711	14.0	1,595	13.3	1,460	12.5
20 to 34 years	1,302	10.6	1,331	11.1	1,278	10.9
35 to 64 years	5,207	42.5	4,617	38.4	4,057	34.7
65+ years	3,551	29.0	4,058	33.7	4,462	38.2
Total	12,243	100.0	12,032	100.0	11,679	100.0

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

**5. Income – Increasing incomes for many**

Harwich has gained increasingly more affluent residents over the past several decades as have many communities on Cape Cod and in the Boston region with median income levels rising from \$14,731 in 1979, almost doubling to \$28,259 in 1989, and up to \$41,552 by 1999. This occurred during a time of significant population growth when the number of households grew almost 50%. After that Harwich experienced little growth but median household incomes increased to \$54,958 and 67,332% in 2010 and 2014, respectively. *This represents a 62% increase which was significantly higher than the rate of inflation during this period of 42%.* These income levels are generally comparable to most of Harwich's neighbors with Harwich on the high end of the range based on 2014 census estimates as shown in Table III-9.

**Table III-9: Comparison of Median Household Incomes for Harwich and Neighboring Communities, 1999, 2010 and 2014**

Community	1999 Median Income	2010 Median Income	2014 Median Income
Brewster	\$49,276	\$58,374	\$66,306
Chatham	\$45,519	\$65,990	\$63,299
Dennis	\$41,598	\$50,642	\$50,860
Eastham	\$42,618	\$58,750	\$62,452
Harwich	\$41,552	\$54,958	\$67,332
Orleans	\$42,594	\$56,313	\$58,235
Truro	\$42,981	\$80,425	\$58,060
Wellfleet	\$43,558	\$66,109	\$45,746
Barnstable County	\$45,933	\$60,317	\$61,597

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

Table III-10 presents census income data from 1979 through 2014, which is also visually presented in the chart in Figure III-3 since 1999. Those earning more than \$75,000 increased from only 10

**Despite increasing household wealth, there are substantial numbers of households with incomes below \$25,000, including 920 households or 17.2% of all households based on 2014 census estimates. There are substantially more of these households than the 333 SHI units and they are challenged to compete in Harwich’s housing market.**

households in 1979 to 42% as of 2014, including 23% earning above \$100,000. In 1979 only 1.2% of households were earning between \$50,000 and \$74,999, but in 1999 this level was 22.3%, and then remained at the same level through 2014. While it is to be expected that the incomes of longer-term residents would increase over time, it was likely the influx of new residents with higher income levels that boosted median income levels.

It is likely that some of the households in the lower income ranges may in fact be long-term residents who own their homes, which are now worth a considerable amount of money, in effect cash poor but equity rich. Nevertheless, continued increases in the cost of living as well as health-

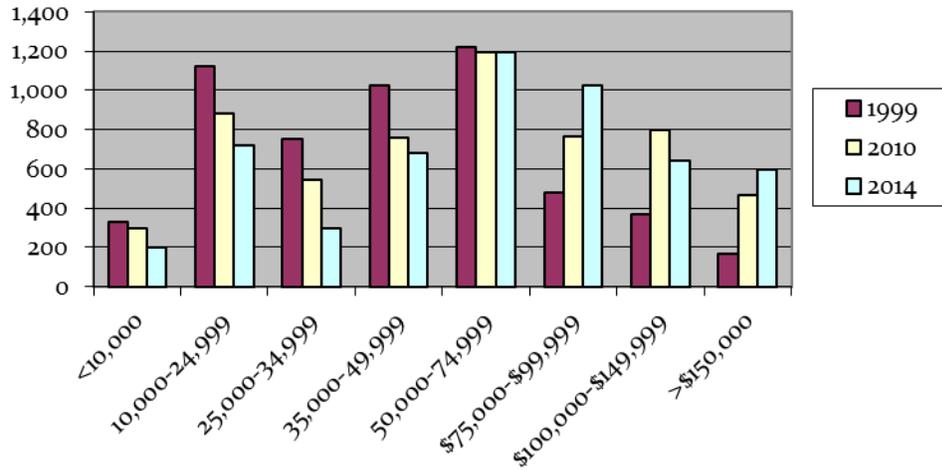
related issues may drive these households out of the community given the relatively limited supply of affordable units for seniors and lack of service enriched housing alternatives in Harwich for both seniors and special needs individuals.

**Table III-10: Income Distribution, 1979-2014**

Income Range	1979		1989		1999		2010		2014	
	#	%	#	%	#	%	#	%	#	%
Under \$10,000	1,006	27.2	572	12.7	332	6.1	295	5.2	197	3.7
10,000-24,999	1,945	52.5	1,436	31.9	1,123	20.5	883	15.5	723	13.5
25,000-34,999	496	13.4	695	15.4	751	13.7	544	9.5	297	5.5
35,000-49,999	205	5.5	818	18.2	1,029	18.8	756	13.3	682	12.7
50,000-74,999	44	1.2	673	15.0	1,222	22.3	1,192	20.9	1,194	22.3
75,000-99,999	10	0.3	186	4.1	479	8.8	767	13.5	1,028	19.2
100,000-149,999			113	2.5	369	6.7	797	14.0	641	12.0
150,000 or more			8	0.2	165	3.0	466	8.2	596	11.1
Total	3,706	100.0	4,501	100.0	5,470	100.0	5,700	100.0	5,358	100.0
Median Income	\$14,731		\$28,259		\$41,552		\$54,958		\$67,332	

Source: U.S. Census Bureau, 1980, 1990, 2000 and 2010 and 2010-2014 ACS 5-Year Estimates.

**Figure III-3**  
Income Distribution by Census



Incomes for Harwich residents were on average somewhat lower than the Cape as a whole in 2000 with median household income levels of \$41,552 and \$45,933, respectively, for example. The county proportionately had lower levels of households in all income categories below \$75,000 except the lowest income range of under \$10,000, and higher proportionate levels for the ranges above \$75,000 as documented in Table III-11. As of 2014 the relative distribution of incomes became more complicated with Harwich having a lower or comparable percentage of those in all of the income ranges below \$50,000, a higher percentage of those in the \$50,000 to \$99,999 range, a lower percentage in the \$100,000 to \$149,999 range, and then a comparable proportion of those earning above \$150,000.

**Table III-11: Income Distribution by Household: Barnstable County and Harwich  
1999 and 2014**

Income Range	Barnstable County		Harwich	
	2000 %	2014 %	2000 %	2014 %
Under \$10,000	6.8	4.8	6.1	3.7
10,000-24,999	17.8	15.0	20.5	13.5
25,000-34,999	12.8	8.5	13.7	5.5
35,000-49,999	16.8	12.7	18.8	12.7
50,000-74,999	21.5	18.6	22.3	22.3
75,000-99,999	11.9	13.4	8.8	19.2
100,000-149,999	8.0	15.8	6.7	12.0
150,000 or more	4.4	11.2	3.0	11.1
Total	100.0	100.0	100.0	100.0
Median income	\$45,933	\$61,597	\$41,552	\$67,332

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

The income distribution for family households is higher with a median of \$79,538 and more families earning more than \$100,000, 31.2% compared to 23% for all households. This is highly correlated to the greater prevalence of two-worker families. Nevertheless, Harwich’s median

family income is significantly lower than that of the state, at \$86,132, while median household incomes are comparable with the state at \$67,846.

As presented in Table III-12, there are considerable income disparities based on the type of household with significantly higher median income levels for families, homeowners, households with middle-aged heads, and male workers, a pattern that is typical in most communities.

**Table III-12: Median Income by Household Type, 2014**

Type of Household/Householder	Median Income
Individual/per capita	\$38,555
Families	\$79,538
Nonfamilies	\$41,048
Renters	\$43,679
Homeowners	\$73,043
Householder less than age 25	\$8,906
Householder age 25 to 44	\$76,743
Householder age 45 to 64	\$74,919
Householder age 65 or more	\$48,012
Male full-time, year-round workers	\$54,809
Female full-time, year-round workers	\$42,160

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

These income figures are also based on Harwich's year-round population, not those who live in town for only part of the year. Many in this group of occasional residents, who occupy about 44% of Harwich's housing units, likely have significantly higher average incomes in order to afford the high costs of seasonal units or second homes, thus further widening income disparities within the community.

Table III-13 presents a comparison of income levels for owners and renters. One-third of renters earned less than \$35,000 compared to 13.7% of homeowners. On the other hand, 27.5% of the homeowners earned more than \$100,000 compared to only 2.8% of the renter households. The income disparity is also reflected in median income levels of \$73,043 and \$43,649 for owners and renters, respectively, based on 2014 census estimates. Additionally, while the median household income of owners increased by 64% from \$44,471 in 1999, the median income of renters increased by 41% from \$30,909.

**Table III-13: Income Distribution by Tenure, 2014**

Income Range	Homeowners		Renters	
	#	%	#	%
Under \$10,000	125	2.8	72	7.6
\$10,000-24,999	482	10.9	241	25.4
\$25,000-34,999	229	5.2	68	7.2
\$35,000-49,999	528	12.0	154	16.2
\$50,000-74,999	954	21.6	240	25.3
\$75,000-99,999	880	20.0	148	15.6
\$100,000-149,999	629	14.3	12	1.3
\$150,000 +	582	13.2	14	1.5
Total	4,409	100.0	949	100.0

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

**6. Poverty – Increasing poverty with some recent reversals**

Table III-14 presents poverty levels in Harwich over the past several decades.<sup>9</sup> The 2010 census indicates that the absolute numbers and proportion of those with incomes below the poverty level actually increased since 1979 across each of the resident types listed in the table, including an increase in overall poverty from 6.4% in 1979 to 7.9% as of 2014. The poverty level for families declined to 2.9% by 1999 and then increased to 6.6% by 2010. The levels of children in poverty has fluctuated as well going from 9.1% of all children under 18 in 1979, down to 4.6% in 1989, and then back up to 8.4% and as high as 11.6% in 2000 and 2010, respectively. Seniors 65 years and older who were living in poverty comprised 4.8% of all such seniors in 1970 and increased to 7.0% by 2010.

**Table III-14: Poverty Status, 1979-2014**

Types of Residents/ Households	1979		1989		1999		2010		2014	
	#	%	#	%	#	%	#	%	#	%
Individuals Below Poverty *	573	6.4	568	5.6	668	7.8	967	7.9	891	7.3
Families **	130	4.9	148	4.8	103	2.9	226	6.6	123	3.7
Related Children Under 18 Years ***	182	9.1	89	4.6	185	8.4	229	11.6	126	6.8
Individuals 65 and Over ****	121	4.8	185	6.3	141	4.1	249	7.0	203	6.0

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

\*Percentage of total population for whom poverty status was determined

\*\*Percentage of all families for whom poverty status was determined

\*\*\*Percentage of all related children under 18 years

\*\*\*\*Percentage of all individuals age 65+

The 2014 census estimates indicate some reversal of these overall increases in poverty with decreases in the numbers and proportions of residents living below the poverty level.

This data demonstrates that there still remained a population within the town of Harwich, including 891 individuals and 123 families who had substantial income limitations and may require public assistance to meet their housing needs. How these residents have fared since then is difficult to predict as some may have been forced to leave Harwich in search of more affordable living conditions, others may have joined the ranks of those living in poverty, while others may have successfully improved their economic situations and have been boosted out of poverty.

**7. Employment – Two-thirds of jobs are in the lower-paying service sector**

Harwich is located well into the Cape and a fair distance from the major population and job centers of Boston and Providence, approximately 82 miles away, but about 12 miles away from Hyannis. The 2014 census estimates indicated that 31.8% of Harwich’s 6,240 residents in the labor force were involved in management or professional occupations and half were employed in the

<sup>9</sup> The federal poverty levels for 2015 were \$11,770 for a single individual and \$20,090 for a family of three (3).

lesser paying retail and service oriented jobs that supported the local economy including sales and office occupations (29.3%), and service occupations (20.7%). While 76.4% were wage or salaried workers, another 13.4% were government workers, and 9.6% were self-employed. Of the government workers, the

***Harwich's significant resort economy causes fluctuations in the job force that increases in the summer months to serve seasonal needs. As this point, there are few housing options in Harwich to house these lower paid seasonal workers.***

Additional information on employment patterns indicates that of those Harwich residents who were employed over the age of 16, only 949, or about 17%, worked in the community, suggesting fewer employment opportunities in town.

Labor and workforce data from the state's Office of Labor and Workforce Development is presented in Table III-15, which focuses on the jobs available in Harwich. This data shows an average employment of 3,907 workers and 469 businesses. The data also confirms the concentration of jobs in the retail and service sectors and further demonstrates the corresponding lower wage levels. All

industries with an average of more than 100 employees and an average weekly wage of less than \$810 are highlighted in Table III-15, comprising two-thirds of all local jobs. As a point of comparison, the average weekly wage for Harwich was \$828 in 2015, about half of Boston's at \$1,770, but significantly higher than Dennis' at \$753. Additionally, the average weekly wage was \$908 and \$970 for the Upper Cape communities of Bourne and Falmouth, respectively, and \$869, \$926 and \$936 for New Bedford, Plymouth and Attleborough, respectively, for example.

State labor statistics project an unemployment rate in Harwich as of August 2016 of 3.4%, with 230 residents unemployed, down from 8.8% in January with 509 unemployed workers. The recent decrease in unemployment, as noted above, is a result of Harwich's resort economy that causes fluctuations in the job force with increases in the summer months to serve seasonal needs. For example, there were 6,599 workers employed in August 2016 compared to 5,296 the previous January.

It should also be noted that most workers drove alone to work, 82%, another 9.1% carpooled and only 47 workers used public transportation. The average commuting time was 20.6 minutes according to 2014 census estimates. The reliance on the car can be a major financial challenge for lower income residents.

It is also interesting to note that Town has 189 permanent full-time and 92 part-time municipal employees, more than the 130 counted under public administration in Table III-15.

**Table III-15: Average Employment and Wages by Industry in Harwich, 2015**

Industry	# Establishments	Total Wages	Average Employment	Average Weekly Wage
Agriculture, Fishing	8	\$622,776	22	\$544
Construction	88	\$32,375,702	522	\$1,193
Manufacturing	7	\$2,165,617	48	\$868
Wholesale trade	10	\$854,136	24	\$684
Retail trade	61	\$20,346,553	707	\$553
Transportation and warehousing	13	\$4,982,939	133	\$720
Information	8	\$829,633	9	\$1,773
Finance & insurance	11	\$7,560,160	95	\$1,530
Real estate/rental	11	\$546,367	10	\$684
Professional/technical services	27	\$11,293,501	117	\$1,856
Administrative and waste services	66	\$10,536,483	258	\$785
Health care and social assistance	46	\$20,510,101	490	\$805
Arts, entertainment and recreation	14	\$2,406,045	83	\$557
Accommodation and food services	52	\$23,713,241	811	\$562
Other services, Exec., public administration	41	\$4,797,322	130	\$710
<b>TOTAL</b>	<b>469</b>	<b>\$168,195,448</b>	<b>3,907</b>	<b>\$828</b>

Source: Massachusetts Executive Office of Labor and Workforce Development, October 1, 2016

**Shaded rows indicate industries with more than 250 employees.**

**8. Education – More college-educated residents and declining school enrollments**

According to the U.S. census, the educational attainment of Harwich residents has improved. In 2000, 93.7% of those 25 years and older had a high school diploma or higher and 32.4% had a Bachelor’s degree or higher, up from the 1990 figure of 26% with a college degree and comparable to the 2000 figure of 33.6% for the county. As of 2014, those with at least a high school degree remained about the same but the percentage of residents with a college degree or higher increased to 40.5%, signaling improving job qualifications.

Census estimates also indicate declining school enrollments related to demographic shifts to fewer families and children. Those enrolled in school (nursery through graduate school) in 2000 totaled 2,430 residents or almost 20% of the population, down to 2,227 as of 2014. Additionally, those enrolled in kindergarten through high school totaled 1,868 students in 2000, down to 1,399 as of 2014, representing 63% of those who are enrolled in school.

With the exception of the Harwich Elementary School, most schools serving Harwich are regional including the Cape Cod Vocational Technical School (enrollment of 616 in 2015-2016 down from 717 in 2005 with 74 students from Harwich), the Cape Cod Lighthouse Charter School (240 students in 2015-2016 up from 228 in 2012 and 48 students from Harwich), and the Monomoy Regional School District with a middle school and high school serving the Harwich and Chatham communities (also includes Housing Choice students from other communities). The Monomoy

School District had a total enrollment of 1,896 students as of October 1, 2016 including 516 from the Harwich Elementary School and a total of 1,239 students from Harwich. Enrollments are down from a total of 1,998 students in 2005. Projections from the New England School Development Council indicate that District enrollments are likely to continue to fall, to 1,799 students by 2020. More information on school enrollments is included in Section IV.

**9. Disability Status – Higher level of special needs**

Of the 2014 noninstitutionalized population of 12,076, 1,747 or 14.4% claimed some type of disability, up from 9.3% in 2000. Of those under 18 years of age, 89 or 4.8% had a disability with another 740 in the 18 to 64 age range that also claimed a disability or 10.7% of those in this age range. In regard to the population 65 years of age or older, 914 seniors or about 28% of those in the age group claimed some type of disability. *These levels of disability, particularly those of seniors, represent significant special needs within the Harwich community and are high in comparison to the 11.3% level for the state.*

**B. Housing Profile**

Housing in Harwich involves two distinct markets, the year-round housing stock and the seasonal or second home market which is growing as it comprised 38% of all dwellings in 2000, 39% in 2010, and 44.3% as of 2014. This seasonal usage, the burgeoning interest in second homes by affluent baby boomers, and the attractiveness of the Cape for retirement, in addition to regional market pressures, have translated into rising housing prices that are no longer affordable to many long-term, year-round residents. In fact, housing prices have increased significantly since the recession of a few years ago and are approaching pre-recession levels with a median single-family home price of \$350,000. Nevertheless, Harwich’s housing private housing market includes some reasonable affordability with 2,224 units likely affordable to households earning at or below 80% of area median income. Many of these units may be small and in poor condition however, including some that are not suitable for year-round use.

**1. Housing Growth – Slowdown in recent housing growth**

**While Harwich’s population grew by 36% between 1980 and 2010, housing units increased by 58%, which was largely fueled by the seasonal and second home markets.**

Table III-16 charts housing growth, identifying that about 37% of Harwich’s housing units were created between 1970 and 1989, directed largely to the higher priced market based on the growing demand for second homes and places to retire on or near the seashore. Still another 44% of the town’s housing was built prior to 1970. Since 1990, residential building activity has slowed down considerably

from a growth rate of 10.4% between 1990 and 2000 to 8.4% between 2000 and 2009. While the Census Bureau’s American Community Survey indicates that there was no building activity after 2010, this is not borne out by building permit activity that counted 201 units permitted during this period as documented in Table III-17.

Census figures in Table III-20 indicate that housing growth has been higher than population growth. Between 1980 and 2010, the Town experienced a 58% rate of housing growth, from 6,510 units in 1980 to 10,284 by 2010, higher than the total population growth of 36% during this period. An additional 207 units were added through 2015 based on building permit activity for a total of 10,491 units as of the end of 2015.

**Table III-16: Housing Units in 2014 by Year Structure Was Built**

Time Period	# Units	% Units
2010 or later	0	0.0
2000 to 2009	839	8.4
1990 to 1999	1,045	10.4
1980 to 1989	1,780	17.7
1970 to 1979	1,931	19.2
1960 to 1969	1,106	11.0
1950 to 1959	1,159	11.5
1940 to 1949	546	5.4
1939 or earlier	1,639	16.3
Total	10,045	100.0

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

Building permit data from 1995 to 2015 is summarized in Table III-17.

**Table III-17: Building Permit Data, 1995 through 2015**

Year	# Building Permits for New Units
1995	99
1996	145
1997	155
1998	157
1999	166
2000	149
2001	100
2002	109
2003	112
2004	68 + 21 multi-family
2005	73
2006	42
2007	77 + 13 multi-family
2008	30
2009	50 + 1 two-family (2 units)
2010	37
2011	37 + 4 two-family (8 units)
2012	40
2013	36
2014	43
2015	43
<b>Total/Average Per Year (1995-2000)</b>	<b>871/145</b>
<b>Total/Average Per Year (2001-2010)</b>	<b>734/73</b>
<b>Total/Average Per Year (2011-2015)</b>	<b>207/41</b>

This data indicates that building activity has slowed down in recent years with the average number of permits for new residential units decreasing from a high of 166 permits in 1999 to a low of 30 permits in 2008. Permit activity also declined from an annual average of 145 from 1995 through 2000, to an average of 73 permits from 2001 to 2010, and then down to 41 between 2011 and 2015. This data also indicates that since the 2000 census, at least another 1,090 units have been added to Harwich's total housing stock, higher than the 839 units included in Table III-16.

Part of this discrepancy likely relates to teardown activity with about one-third of new units involving the demolition of a previous dwelling. Smaller units, such as cottages, have been particular targets of teardown activity. Consequently actual net housing growth is less than the growth figures indicate.

Table III-18 compares Harwich’s housing growth from 1970 through 2000 and then between 2001 and 2014 to that of its neighbors. While housing growth has slowed, this data suggests that since 2001 Harwich had a relatively comparable rate of growth to that of the county and state. It also had a higher proportional growth rate between 1970 and 2000 with Brewster experiencing the highest growth during this period. Almost 58% of Harwich’s housing stock was built during this timeframe, a fairly comparable level to that of neighboring towns where new unit production was substantial but typically between 50% and 60% with the exception of Brewster at 67%.

**Table III-18: More Recent Housing Development, 1970 to 2014  
Harwich and Neighboring Communities, Barnstable County and Massachusetts**

<b>Community</b>	<b># Units Built 1970-2000</b>	<b>% Units Built 1970-2000</b>	<b># Units Built 2001-2014</b>	<b># Units Built 2001-2014</b>
Brewster	5,318	67.1	803	10.2
Chatham	3,004	41.8	684	9.6
Dennis	6,558	41.7	715	4.6
Eastham	2,947	51.0	615	10.6
Harwich	5,756	57.3	839	8.4
Orleans	2,740	51.7	407	7.7
Barnstable County	80,604	50.1	13,893	8.6
Massachusetts	841,049	29.9	228,324	8.1

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

While the Town’s growth has slowed since 2000, there still remains large tracts of undeveloped residential land, particularly in the Six Ponds District bounded by Routes 6, 124 and 137 and by Queen Anne Road. Growth rates are likely to remain modest, but much of the Town’s remaining undeveloped land is subject to further development. Efforts are being made to guide development to existing villages and designated zoning districts to help revitalize Harwich Center and to continue modest upgrades in Harwich Port. The greatest current growth potential is in East Harwich, and the Town is exploring new zoning that will change this location from commercial to a pedestrian-friendly mixed-use district.<sup>10</sup>

Much of the housing growth has been fueled by seasonal or second-home owners. A review of sales information, broken down by “in town” and “out of town” purchasers, is summarized in Table III-19. This information demonstrates decreasing numbers of total sales through 2009 and an upsurge after that. It further documents how purchases are dominated by out of town residents, going from about 43% of all purchases in 1998 to a high of 72% by 2011. After that the percentages decreased somewhat, to 64% as of 2014, but still represent a substantial majority of all sales transactions.

<sup>10</sup> Town of Harwich Draft Open Space and Recreation Plan, July 2015.

**Table III-19: In Town and Out of Town Home Purchases  
1998 through 2014**

Year	Out of Town Purchasers <sup>11</sup>	In Town Purchasers	Total Number of Purchases	Surplus or Deficit of Out of Town Purchases	Percentage Surplus or Deficit of Out of Town Purchases	Out of Town Purchases as a Percent of Total Sales
2014	195	110	305	+85	27.9%	63.9%
2013	163	90	253	+73	28.9%	64.4%
2012	139	69	208	+70	33.7%	66.8%
2011	133	51	184	+82	44.6%	72.3%
2010	145	60	205	+85	41.5%	70.7%
2009	113	55	168	+58	34.5%	67.3%
2008	141	56	197	+85	43.1%	71.6%
2007	182	72	254	+110	43.3%	71.6%
2006	128	100	228	+28	12.3%	56.1%
2005	160	105	275	+55	20.0%	58.2%
2004	199	142	341	+57	16.7%	58.4%
2003	195	137	332	+58	17.5%	58.7%
2002	156	137	293	+19	6.5%	53.2%
2001	126	139	265	-13	(4.9%)	47.6%
2000	140	178	318	-38	(11.9%)	44.0%
1999	159	214	373	-55	(14.7%)	42.6%
1998	174	234	408	-60	(14.1%)	42.6%

Source: Town of Harwich Board of Assessors

In regard to the future, the Buildout Analysis that was performed by the state’s Executive Office of Environmental Affairs in 1999, projected that the town of Harwich might support an additional 2,780 housing units at the time when all of the town’s developable property has been built on based on current zoning. Using these buildout studies, the Planning Department prepared a long-term (“40-year”) growth estimate in 2014 to be used both for wastewater planning and the preparation of land use/development controls. These residential growth estimates were reasonably consistent with the buildout estimate of 2,780 additional residential dwellings with the year 2014 long-term growth estimate of 2,624 dwelling units. Based on a current gap of 279 SHI and an additional 10% of future buildout units, or 262 units, another 541 affordable units would be required over time. This goal would be remarkable without a considerable investment of public and private resources, redevelopment activity, and strong political will well into the future.

**2. Types of Units and Structures – Continued increases in seasonal/second home units**

Table III-20 includes a summary of housing occupancy characteristics from 1980 through 2014. Out of 10,284 total housing units in 2010, Harwich had 6,121 year-round units of which 5,623 were occupied. The 2014 census estimates suggest that the Town lost 239 housing units, not a very likely probability given that building permit activity documents 201 new housing units in Table III-17. Because the 2010 data relies on actual unit counts instead of sample data, the 2010 figures are more reliable. Nevertheless, this Housing Plan will also include 2014 census estimates in the

<sup>11</sup> Out of town purchasers are those whose primary residence is outside of the Town of Harwich.

analysis when the 2010 census figures also rely on sample data in addition to providing some updated data for comparative purposes.

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

- *Significant increase in year-round housing units through 2010:* Harwich gained 1,903 year-round occupied units between 1980 and 2010, representing a growth rate of 51%, higher than the 36% population growth rate.
- *Seasonal or occasional units are increasing to 40% of all units as of 2010 and 44% as of 2014:* The absolute numbers of seasonal units or second homes increased from 2,458 units in 1980 to 4,163 by 2010. This represents an increase 1,705 such units or 69% during this timeframe, higher than the 51% growth rate for the year-round housing stock. The comparison of total housing units to seasonal or occasional units is visually presented in Figure III-4.

**Table III-20: Housing Occupancy, 1980-2014**

Housing Characteristics	1980		1990		2000		2010		2014	
	#	%	#	%	#	%	#	%	#	%
Total # Units	6,510	100.0	8,325	100.0	9,450	100.0	10,284	100.0	10,045	100.0
Occupied Units*	3,720	57.1	4,505	54.1	5,471	57.9	5,623	54.7	5,358	53.3
Total Seasonal, Recreational or Occasional Use*	2,458	37.8	3,300	39.6	3,588	38.0	4,163	40.5	4,453	44.3
Occupied Owner Units **	3,039	81.7	3,545	78.7	4,504	82.3	4,513	80.3	4,409	82.3
Occupied Rental Units **	681	18.3	960	21.3	967	17.7	1,110	19.7	949	17.7
Average House-Hold Size of Owner-Occupied Unit	Not Available		2.29 persons		2.23 persons		2.19 persons		2.27 persons	
Average House-Hold Size of Renter-Occupied Unit	Not Available		2.16 persons		2.07 persons		1.98 persons		2.12 persons	

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

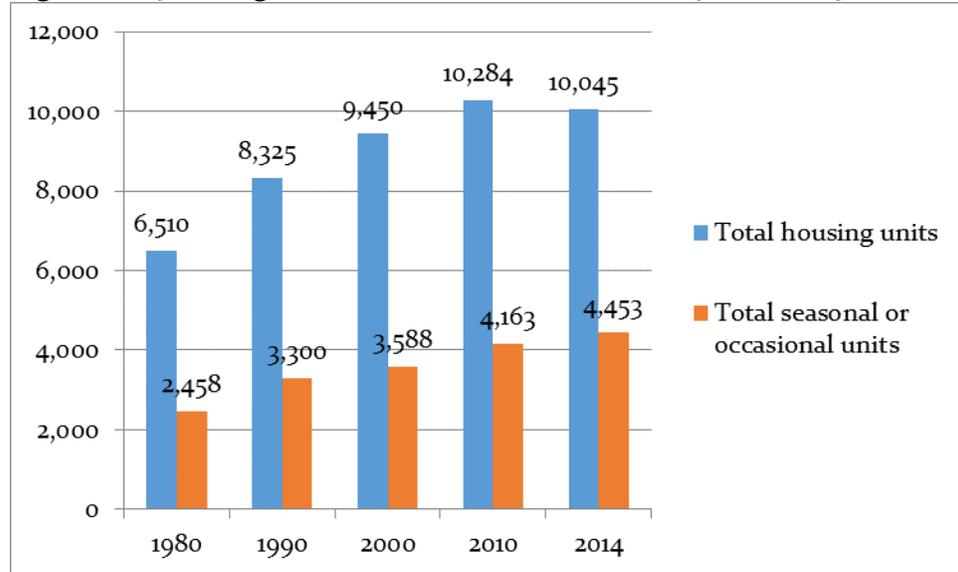
\* Percentage of total housing units

\*\* Percentage of occupied housing units

- *Owner-occupied units increased by 1,474 units or by 49% during the 1980 to 2010 period:* Out of the total housing units in 2010, 4,513 or 80.3% were owner-occupied, representing a higher level of owner-occupancy in 2010 than that of Barnstable County where 77.5% of the units were owner-occupied.
- *Renter-occupied units increased by 429 units or by 63% during the 1980 to 2010 period:* Rental units increased in number and as a percentage of all units to 1,110 units or 19.7% of

all occupied units by 2010. This level is somewhat lower than 22.5% for the Cape as a whole.

**Figure III-4: Change in Total and Seasonal Units, 1980 to 2014**



Due to this very high level of seasonal housing, at 40% of all units in 2010 and 44% according 2014 census estimates, Harwich’s population increases substantially during the summer months, putting high demands on local services but bolstering the town’s economy. However, having such a substantial portion of homes unavailable for year-round occupancy, further limits the supply of affordable housing for year-round residents.

- *Decrease in persons per unit:* The average number of persons per unit declined between 1990 and 2010, from 2.29 persons to 2.19 persons for owner-occupied units and from 2.16 persons to 1.98 persons for rental units. The 2014 census estimates indicate some significant increases to 2.27 and 2.12, respectively, which are questionable given past trends. These low average occupancy levels reflect local, regional and national trends towards smaller households and relates to the change in the average household size in Harwich from 2.27 persons in 1990 to 2.15 by 2010.
- *Declining homeownership vacancy rates:* The homeowner vacancy rate was 4.0% in 1990 and decreased to 3.2% by 2010 as shown in Table III-21. The change in the homeowner rate is relatively insignificant as any level below 5% is considered to represent tight market conditions, but the rate remains higher than that of the state and nation as a whole.
- *Increasing rental vacancy levels:* The rental vacancy rate almost doubled from 6.7% in 1990 to 12.8% by 2010, also significantly higher than state and national levels. While the turnover of rentals is generally higher in resort towns than other areas, these rates are higher than what one would expect from the natural turnover of units. It is also surprising given that those at the Harwich Housing Authority and Housing Assistance Corporation (HAC), who administer rental housing subsidies, have found that households with such housing vouchers are finding it very difficult to find qualifying rental units given such tight market conditions throughout the Cape.

**Table III-21: Vacancy Rates, 1990, 2000 and 2010**

Tenure	1990	2000	2010	MA 2000	Nation
Rental	6.7%	6.5%	12.8%	3.5%	5%
Homeowner	4.0%	2.2%	3.2%	0.7%	3%

Source: U.S. Census Bureau, 1990, 2000 and 2010

- Predominance of single-family homes:* As shown in Table III-22, more than 87% of Harwich’s housing units have been in single-family detached homes, higher than the county’s level at 81.1% and much higher than the state where somewhat more than half of all units were in such dwellings. The data indicates that there was an increase of 1,397 of these units between 1990 and 2010, 71% of the total 1,959 units added to the housing stock during that period according to the U.S. Census Bureau. The 8,577 figure for single-family detached homes in 2010 is not much higher than the Harwich Assessor’s total for single-family homes of 8,515.

The data further demonstrates that there have not been substantial gains or losses in the other housing types with the exception of units in larger multi-family properties where units increased by 261 units or by 218% between 1990 and 2010. The 2014 census estimates indicate even greater increase in such units, up to 661 units or 6.5% of all units.

Census data also suggests a major drop in mobile homes since 1990 but a remaining number of about 32 units while there are no such units documented in Assessor’s data.

Assessor’s records also indicate that there are 179 two-family properties, representing a total of 358 units, with another 4 three-family structures with 12 units that combined total 370 units. Because Assessor’s data provides only numbers of properties instead of units and combines four-unit properties with those with up to eight units, the specific number of units in four-unit properties is not available.

**Table III-22: Units in Structure, 1990 to 2014**

Type of Structure	1990		2000		2010		2014	
	#	%	#	%	#	%	#	%
1 Unit Detached	7,180	86.2	8,337	88.2	8,577	87.1	8,501	84.6
1 Unit Attached	184	2.2	303	3.2	151	1.5	190	1.9
2 to 4 Units	350	4.2	292	3.1	311	3.1	426	4.3
5 to 9 Units	291	3.5	229	2.4	306	3.1	235	2.3
10 or More Units	212	3.6	282	3.0	473	4.8	661	6.5
Mobile Homes	108	1.3	7	0.1	31	0.3	32	0.3
Total	8,325	100.0	9,450	100.0	9,849	100.0	10,045	100.0

Sources: U.S. Census Bureau, 1990, 2000, and American Community Survey 5-Year Estimates, 2006-2010 and 2010-2014

Table III-23 looks at units by type of structure for renters versus homeowners. About half of all rental units were in single-family detached units, likely indistinguishable from owner-occupied ones. The remaining portion of rental units are dispersed among other building types including about 20% in smaller multi-family dwellings of two to four units and a quarter in larger multi-family buildings of five units or more. Not surprisingly,

almost all of the owner-occupied units were in single-family units. Additionally, this data did not reference any mobile homes.

**Table III-23: Tenure by Units in Structure, 2014**

Type of Structure	Owner-occupied Units		Renter-occupied Units	
	#	%	#	%
1 Unit Detached	4,090	92.8	472	49.7
1 Unit Attached	82	1.9	54	5.7
2 to 4 Units	121	2.7	183	19.3
5 to 9 Units	39	0.8	88	9.3
10 or More Units	77	1.7	152	16.0
Mobile Homes	0	0.0	0	0.0
Total	4,409	100.0	949	100.0

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

- *Moderately-sized housing stock on average:* The median number of rooms per housing unit was 5.8 in both the 2010 and 2014 census data, indicating that the average home was medium-sized with three bedrooms. The number of rooms per dwelling ranged from three rooms or less in 632 units (6.3%) to nine rooms or more in 902 dwellings (9.0%), representing a relatively small portion of very large residential units.

### 3. **Housing Market Conditions**

#### *Ownership*

Census data also provides information on housing values as summarized in Table III-21. *In 2000 there were 2,306 units or 56.8% of the owner-occupied, year-round housing stock, valued below \$200,000. This relatively affordable housing dwindled to 294 units or 6.7% as of 2014. While approximately 39% of this housing was valued between \$200,000 and \$500,000 in 2000, as of 2014 the percentage had grown to more than 68% of all units. Those higher-end properties of \$500,000 or more were only 3.8% of the housing stock in 2000 but as of 2014 comprised almost one-quarter of all owner-occupied, year-round units. The increased value of Harwich’s housing stock is also reflected in median values that doubled between 2000 and 2014, from \$183,000 to \$367,600 according to census figures, with a median in 2010 of \$404,600.*

More updated and historic market data is tracked by The Warren Group from Multiple Listing Service information based on actual sales. This market information from 2000 through August 2016 is summarized in Table III-22, demonstrating some market instability but also rebounding values after the recession.

The single-family home market was at its peak in 2005 when the median house price was \$399,450. Home values declined to \$324,400 in 2009, soon after the “bursting of the housing bubble”, and have fluctuated somewhat since then to a median of \$365,000 as of the end of 2015, and then down to \$350,000 by August 2016.

**Table III-21: Housing Values of Owner-occupied Properties  
2000, 2010 and 2014**

Value	2000		2010		2014	
	#	%	#	%	#	%
Less than \$50,000	7	0.2	67	1.4	140	3.2
\$50,000 to \$99,000	127	3.1	29	0.6	0	0.0
\$100,000 to \$149,000	966	23.8	28	0.6	43	1.0
\$150,000 to \$199,000	1,206	29.7	66	1.4	111	2.5
\$200,000 to \$299,999	1,043	25.7	546	11.5	890	20.2
\$300,000 to \$499,999	520	12.8	2,459	51.8	2,136	48.4
\$500,000 to \$999,999	155	3.8	1,405	29.6	958	21.7
\$1 million or more	33	0.8	144	3.0	131	3.0
Total	4,057	100.0	4,744	100.0	4,409	100.0
Median	\$183,000		\$404,600		\$367,600	

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

The condo market has experienced even more volatility with a high median price of \$231,500 in 2005, down to \$174,800 by 2008, rebounding to 225,000 in 2009, fluctuating considerably after that, and then spiking to \$237,500 in both 2013 and 2014. Consequently the condo market surpassed pre-recession levels in 2013 and 2014, but decreased after that.

**Table III-22: Median Sales Prices  
2000-August 2016**

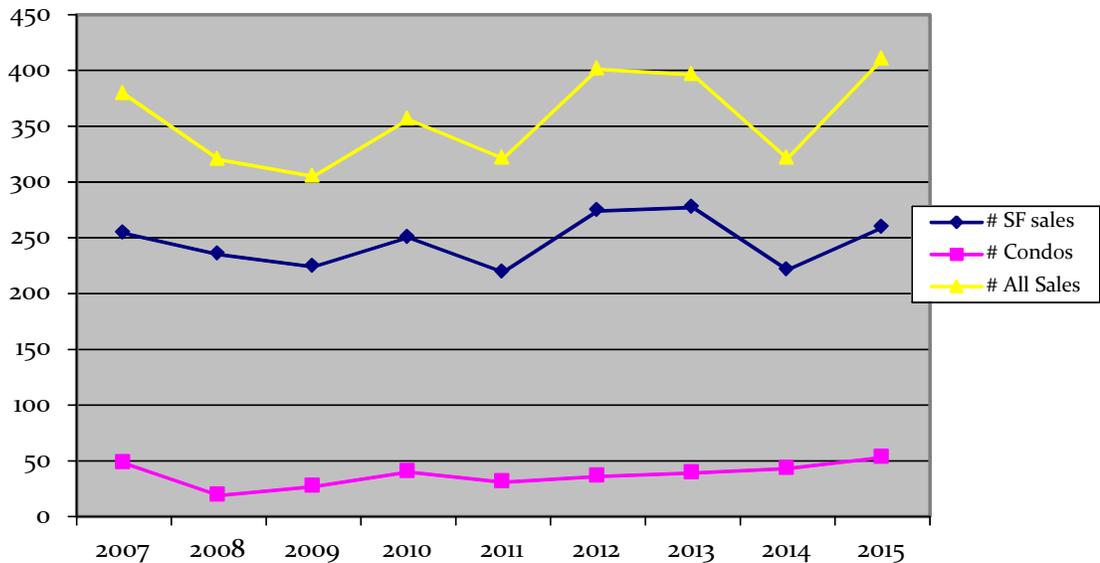
Year	Months	Single-family Values	# Single-Family Sales	Condo Values	# Condo Sales
2016	Jan - August	\$350,000	197	\$202,500	24
2015	Jan - Dec	365,000	259	217,000	53
2014	Jan - Dec	371,500	221	237,500	43
2013	Jan - Dec	345,000	277	237,500	39
2012	Jan - Dec	329,000	274	171,500	36
2011	Jan - Dec	345,000	219	168,000	31
2010	Jan - Dec	352,500	250	197,000	40
2009	Jan - Dec	324,400	224	225,000	27
2008	Jan - Dec	348,000	235	174,800	19
2007	Jan - Dec	390,000	254	216,500	48
2006	Jan - Dec	385,000	227	218,000	39
2005	Jan - Dec	399,450	276	231,500	72
2004	Jan - Dec	368,000	349	210,000	48
2003	Jan - Dec	332,000	355	190,000	57
2002	Jan - Dec	280,000	322	172,500	73
2001	Jan - Dec	224,950	290	192,500	58
2000	Jan - Dec	195,000	344	103,500	67

Source: The Warren Group, October 2, 2016

The volume of sales – including single-family homes, condos and all sales – by year since 2000 is presented in Figure III-5, clearly showing the fluctuations in the housing market.

Figure III-5

Sales Volume by Year



A comparison of median values for Harwich and neighboring communities, as well as the Cape and state as a whole, is presented in Table III-23. This table includes the median single-family house price at pre-recession levels in 2006, post-recession levels in 2009, and as of August 2016. The table also shows the percentage changes between these periods, demonstrating where prices have been the most volatile and which communities have best recovered from the recession. This data is also visually presented in Figure III-6 for the 2006 and 2016 timeframes. This analysis indicates the following market trends:

- While the median values of all neighboring communities fell between 2006 and 2009, the medians rebounded somewhat after that with the exception of Wellfleet.
- None of the communities' 2016 median prices have surpassed pre-recession levels, ranging from the lowest percentage change of -6.6% in Brewster to a high of -21.0% in Wellfleet and with Harwich at -9.1%. This is not the case in other parts of the state, particularly those in the Metro West area of Greater Boston, where median prices surpassed pre-recession ones several years ago. This is also reflected in the relatively small but positive percentage change between 2006 and 2016 of 1.2% for the state.
- The median sales values in Harwich have been at the lower end of the range, at \$350,000 as of August 2016, between a low of \$275,000 in Yarmouth and a high of \$605,000 for Truro. Harwich's 2016 median of \$350,000 is the same or comparable to both the county and state levels of \$350,000 and \$349,000, respectively.

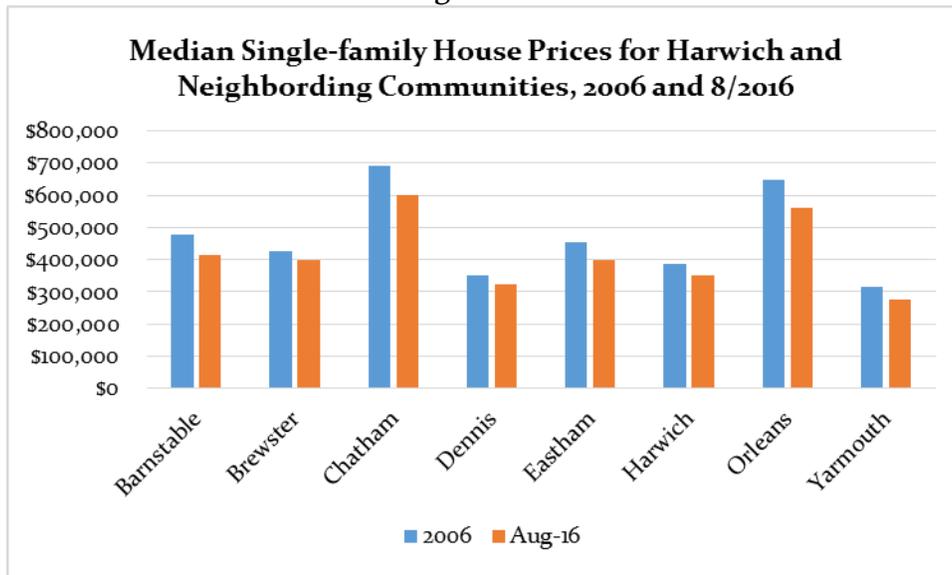
**Table III-23: Median Single-family House Price for Harwich and Neighboring Communities as of 2006, 2009, and August 2016**

Place	Median Single-family House Price			% Change 2006 to 2009	% Change 2009 to 8/2016	% Change 2006 to 8/2016
	12/2006	12/2009	8/2016			
Barnstable	\$476,500	\$405,000	\$415,000	-15.0%	2.5%	-12.9%
Brewster	\$428,000	\$364,000	\$399,950	-15.0%	9.9%	-6.6%
Chatham	\$690,000	\$511,250	\$600,000	-29.3%	17.4%	-13.0%
Dennis	\$350,000	\$288,700	\$325,000	-17.5%	9.1%	-7.1%
Eastham	\$455,000	\$385,000	\$400,000	-15.4%	3.9%	-12.1%
Harwich	\$385,000	\$324,400	\$350,000	-15.7%	7.9%	-9.1%
Orleans	\$647,500	\$525,000	\$561,500	-18.9%	7.0%	-13.3%
Truro	\$717,000	\$517,750	\$605,000	-27.8%	16.9%	-15.6%
Wellfleet	\$600,000	\$482,950	\$474,000	-19.5%	-1.9%	-21.0%
Yarmouth	\$315,000	\$256,250	\$275,000	-18.6%	7.3%	-12.7%
County	\$387,000	\$315,000	\$350,000	-18.8%	11.1%	-9.6%
State	\$345,000	\$285,000	\$349,000	-17.4%	22.5%	1.2%

Source: The Warren Group, Banker & Tradesman, October 2, 2016

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

**Figure III-6**



Another analysis of housing market data is presented in Table III-24, which breaks down sales data from the Multiple Listing Service for single-family homes and condominiums from October 2015 through the end of September 2016. The distribution of single-family home prices is visually presented in Figure III-7.

**Table III-24: Single-family House and Condo Sales, October 2015 through September 2016**

Price Range	Single-families		Condos		Total	
	#	%	#	%	#	%
Less than \$100,000	4*	1.4	4**	9.1	8	2.4
\$100,000-199,999	9	3.2	14	31.8	23	7.0
\$200,000-299,999	68	23.9	11	25.0	79	24.0
\$300,000-399,999	98	34.4	3	6.8	101	30.7
\$400,000-499,999	42	14.7	7	15.9	49	14.9
\$500,000-599,999	25	8.8	3	6.8	28	8.5
\$600,000-699,999	13	4.6	1	2.3	14	4.3
\$700,000-799,999	5	1.8	1	2.3	6	1.8
\$800,000-899,999	4	1.4	0	0.0	4	1.2
\$900,000-999,999	3	1.1	0	0.0	3	0.9
Over \$1 million	14	4.9	0	0.0	14	4.3
<b>Total</b>	<b>285</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	<b>329</b>	<b>100.0</b>
Median	\$355,000		\$212,500		--	

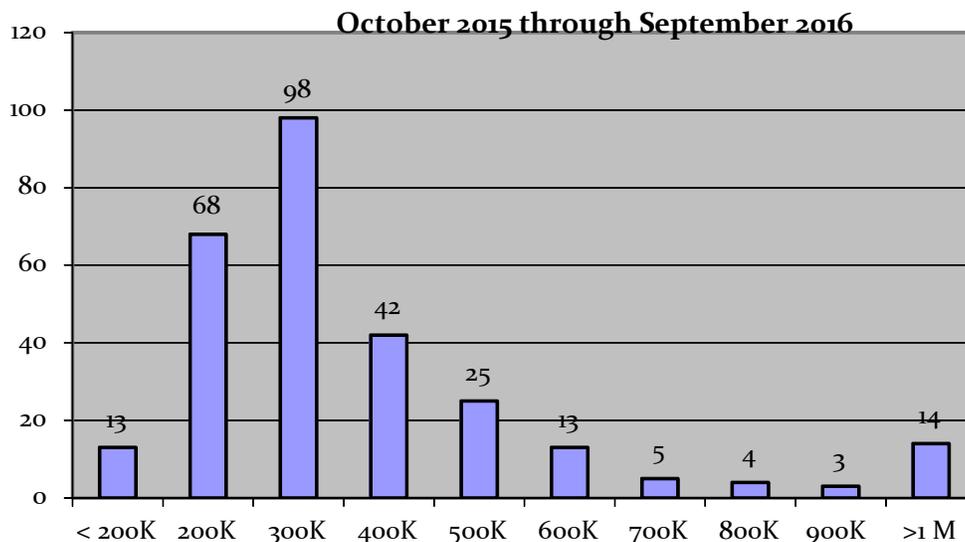
Source: The Warren Group, *Banker & Tradesman*, October 3, 2016.

\*Sales prices were not likely arms-length transactions

\*\*Sales prices for 2 of these condos were not likely arms-length transactions

This data indicates that about 64% of Harwich’s housing stock sold below \$400,000 during this period with one-third of all sales in the more affordable range of less than \$300,000. Almost 5% of single-family home sales and 41% of condominiums sold for less than \$200,000 that would be potentially affordable to low- and moderate-income households, although six of these sales had prices so low that they were unlikely to be arms-length transactions. Approximately 28% of sales ranged from \$400,000 to \$700,000 with another 8% of sales in the high-end market selling for more than \$700,000 that included 14 sales of more than \$1 million, most with waterfront views and/or accessibility. The highest priced sale was \$7,450,000!

**Figure III-7: Sales Distribution for Harwich Single-family Homes**



Information from the Town Assessor on the assessed values of residential property in Harwich is presented in Table III-25 for Fiscal Year 2016.<sup>12</sup> This data confirmed that there was still some relative affordability in the housing stock with 900 or 9.3% of single-family homes, condos and small multi-family properties valued below \$200,000. The bulk of these lower valued properties were *condominiums*. About 72% of the condos were valued at less than \$300,000, and the median assessed value was \$152,100. Condominiums in fact are a significant part of Harwich’s housing stock, totaling 843 units, and the most affordable component of the community’s private housing.

More than half of the *single-family homes*, about 5,052 units, were valued in the \$200,000 and \$399,999 range, still including some smaller homes in the more moderately priced range. On the other hand, 505 homes were assessed between \$700,000 and \$1 million and another 484 homes were valued at more than \$1 million, indicating that Harwich has a high-end luxury market. The median assessed single-family home was \$336,600.

Assessor’s data also indicated that there were 320 *small multi-family dwellings* including 179 two-family properties (358 units), 4 three-family dwellings (12 units) as well as 137 properties with more than one house on the lot. Values of these properties ranged considerably from 99 properties assessed below \$300,000 to 39 assessed beyond \$1 million.

*Larger multi-family structures* represent a very small segment of Harwich’s housing stock, with only three (3) 4 to 8-unit properties and two (2) properties with more than 8 units according to Assessor’s data.

**Table III-25: Assessed Values of Residential Properties**

Assessment	Single-family Dwellings		Condos		Multi-family Dwellings*		Total Properties	
	#	%	#	%	#	%	#	%
0-199,999	394	4.6	489	58.0	8/0/9	5.3	900	9.3
200,000-299,999	2,779	32.6	122	14.5	69/1/12	25.6	2,983	30.8
300,000-399,999	2,273	26.7	93	11.0	45/0/25	21.9	2,436	25.2
400,000-499,999	1,126	13.2	19	2.3	27/0/26	16.6	1,198	12.4
500,000-599,999	608	7.1	77	9.1	9/0/17	8.1	711	7.3
600,000-699,999	346	4.1	22	2.6	3/1/13	5.0	384	4.0
700,000-799,999	230	2.7	10	1.2	3/1/7	3.4	251	2.6
800,000-899,999	142	1.7	0	0.0	6/1/3	3.1	152	1.6
900,000-999,999	133	1.6	0	0.0	1/0/4	1.6	138	1.4
Over \$1 million	484	5.7	11	1.3	8/0/31	12.2	534	5.5
Total	8,515	100.0	843	100.0	179/4/137 = 320	100.0	9,678	100.0

Source: Harwich Town Assessor, fiscal year 2016.

\* Includes two-family/three-family/and multiple homes on one lot.

In regard to *mixed-use properties*, there were 47 such properties where the residential use was primary that ranged in value from \$114,500 to \$1,888,400. The median value was \$409,100. There

<sup>12</sup> It should be noted that assessments typically lag behind market values, particularly in a rising housing market.

were another 58 mixed-use properties where the commercial use was primary. Values for these ranged from \$8,200 to \$1,533,400 with a median assessed value of \$461,000.

Table III-26 presents the changes in median prices and tax bills for single-family homes and condominiums from Fiscal Year 2003 through 2016 based on *Banker & Tradesman* median prices. This information shows the fluctuation of values over time with corresponding changes in tax bills, however bills overall increased over the years.

**Table III-26: Median Assessed Values for Single-family Homes and Condos, Fiscal Year 2003 through 2016**

Fiscal Year/Tax Rate <sup>13</sup>	Median Single-Family House Price	Median Single-Family Tax Bill	Median Condo Price	Median Condo Tax Bill
2016/\$9.07	\$350,000	\$3,174.50	\$202,500	\$1,836.68
2015/\$8.97	\$365,000	\$3,274.05	\$217,000	\$1,946.49
2014/\$8.77	\$371,500	\$3,258.06	\$237,500	\$2,082.88
2013/\$8.58	\$345,000	\$2,960.10	\$237,500	\$2,037.75
2012/\$8.12	\$329,000	\$2,671.48	\$171,500	\$1,392.58
2011/\$7.70	\$345,000	\$2,656.50	\$168,000	\$1,293.60
2010/\$7.03	\$352,500	\$2,478.08	\$197,000	\$1,375.50
2009/\$6.25	\$324,400	\$2,346.25	\$225,000	\$1,406.25
2008/\$6.05	\$348,000	\$2,299.00	\$174,800	\$1,057.54
2007/\$5.58	\$390,000	\$2,262.69	\$216,500	\$1,208.07
2006/\$5.89	\$385,000	\$2,179.71	\$218,000	\$1,284.02
2005/\$6.24	\$399,450	\$2,137.82	\$231,500	\$1,444.56
2004/\$6.60	\$368,000	\$2,042.04	\$210,000	\$1,386.00
2003/\$8.02	\$332,000	\$1,859.84	\$190,000	\$1,523.80

Source: Harwich Board of Assessors and *Banker & Tradesman* from The Warren Group.

### Rentals

Table III-27 summarizes census data for rental units from 1980 to 2014. Between 1980 and 2000, Harwich experienced substantial growth and demographic shifts as significant numbers of homes were built based on the increasing demand for second homes or retiring to Cape Cod. With this building boom, home prices increased significantly, including rental values, which more than doubled from 1980 to 1990 alone, from \$293 to \$642. By 2000 this median rent had increased to \$708, just a bit lower than 2000 median gross rent of \$723 for the county. Rents have continued to increase with a median rent of \$1,047 in 2010 and \$1,161 as of 2014, higher than \$1,101 for the county in 2014. The 81% increase in the median rent between 1990 and 2014, however, is in line with the rate of inflation during this period.

Like housing values for homeownership units, rental values tend to be underestimated in the census data, and actual market rents are typically higher. It is difficult to find a year-round rental of a three-bedroom unit for less than \$1,500, confirmed by local listings. Winter rentals are typically more affordable with three-bedroom units fetching about \$1,200. Summer rentals, like most of this part of the Cape, have been very pricey and continue to be, especially near the water.

<sup>13</sup> Tax rate based on specified dollar amount per thousand dollars of value such that a tax rate of \$9.07 would apply for each \$1,000 of assessed value or \$3,628 for a \$400,000 property.

**Table III-27: Rental Costs, 1980-2014**

Rent	1980		1990		2000		2010		2014	
	#	%	#	%	#	%	#	%	#	%
Under \$200	57	8.4	43	4.5	28	2.9	8	0.8	0	0.0
200-299	265	38.9	42	4.4	54	5.5	38	4.0	50	5.3
300-499	267	39.2	215	22.4	112	11.5	111	11.6	56	5.9
500-749	11	1.6	309	44.8	304	31.2	118	12.3	134	14.1
750-999			209	21.8	263	27.0	123	12.9	32	3.4
1,000-1,499					79	8.1	287	30.0	357	37.6
1,500 +			42	4.4	0	0.0	163	17.1	203	21.4
No cash rent	81	11.9	100	10.4	134	13.8	108	11.3	117	12.3
Total	681	100.0	960	100.0	974	100.0	956	100.0	949	100.0
Median rent	\$293		\$642		\$708		\$1,047		\$1,161	

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

\* Percentage of total housing units

#### 4. *Affordability Analysis*

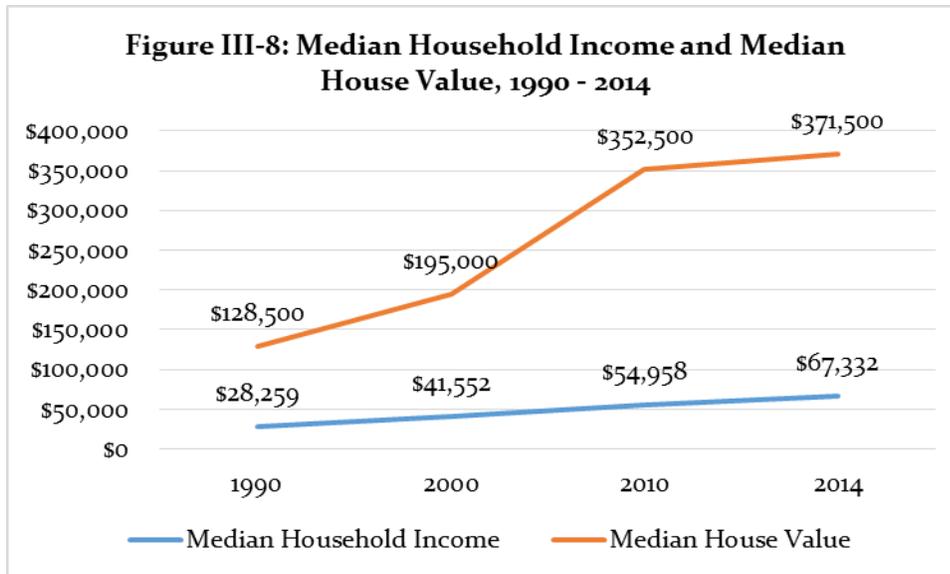
While it is useful to have an understanding of past and current housing costs, it is also important to analyze the implications of these costs on residents' ability to afford them for both homeownership and rentals.

##### *Affordability Gaps - Homeownership*

A traditional rough rule of thumb is that housing is affordable if it costs no more than 2.5 times the buyer's household income. By this measure, the median income household earning \$67,332 in Harwich could afford a house of approximately \$168,330, 48% the median house price of \$350,000 as of August 2016. *This implies that the household in the middle of the town's income range faced an "affordability gap" of \$181,670.*

Housing prices have in fact risen faster than incomes, particularly between 2000 and 2010 despite the recession, making housing less affordable as demonstrated in Figure III-8. As time went by, the gap between median household income and the median single-family house price widened. While incomes increased by 138% between 1990 and 2014, the median single-family house price rose by 189% based on *Banker & Tradesman* data. In 1990 the median income was 22% of the median house price but decreased to 15.6% by 2010 and then to 18% as of 2014. *Moreover, the gap between income and house value was \$100,241 in 1990 but increased to \$297,542 by 2010 and then \$304,168 in 2014.*<sup>14</sup>

<sup>14</sup> These gaps would have been even wider if the 2014 census estimate of \$367,600 was used in the analysis instead of the *Banker & Tradesman* figure.



Another way of calculating the affordability gap is to estimate the difference between the median priced house and what a median income earning household can afford to pay based on spending no more than 30% of income on housing costs.<sup>15</sup> To afford the median sales price of a single-family home of \$350,000, based on *Banker & Tradesman* data as of August 2016, a household would have to earn an estimated \$79,430 with 95% financing.<sup>16</sup> This income is much higher than the median household income for the town per 2014 census estimates of \$67,332 and consequently there is a considerable affordability gap. If the calculations were based on 80% financing with a 20% down payment, the income would be reduced to about \$69,400, still above the town's median household income in 2014 and requiring the purchaser to come up with about \$75,000 in upfront cash.

The median income earning household could likely afford a single-family home of about \$272,000 based on 95% financing. *The affordability gap is then about \$78,000* - the difference between the price of the median priced single-family home (\$350,000) and what a median income household can afford (\$272,000).<sup>17</sup> In the case of 80% financing, requiring a 20% down payment, a purchaser would need to borrow less and therefore could afford a home of about \$324,000 and thus the affordability gap would decrease to \$26,000. The affordability gaps would in fact be significantly greater if not for unprecedentedly low mortgage interest rates that have made housing more affordable in Harwich and throughout the country.

<sup>15</sup> Based on the 2014 census estimate of \$67,332 for median household income for Harwich.

<sup>16</sup> Figures based on 95% financing, interest of 4.0%, 30-year term, annual property tax rate of \$9.07 per thousand, and insurance costs of \$4 per \$1,000 for condominiums and \$6 per thousand for single-family homes). The calculations are also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. It is also assumes private mortgage insurance of .3125% of the mortgage amount for 95% financing.

<sup>17</sup> Private mortgage insurance (PMI) was not included in these calculations assuming that the purchaser earning at Harwich's median income could qualify for a subsidized mortgage program such as the ONE Mortgage Program or a MassHousing program for example.

For those earning at 80% of area median income limit (\$61,150 for a family of three), this gap is \$93,500, the difference between the maximum they could afford of approximately \$256,500 and the median single-family house price of \$350,000. These figures are based on 95% financing, assuming that the purchasers could qualify for homebuyer programs such as the state's One Mortgage Program or MassHousing's mortgage offerings for example. It should also be noted that this price is based on the 80% AMI limit and purchase prices for deed-restricted units are calculated for a household earning at 70% AMI to allow for some marketing window and with other prescribed requirements.

There was no affordability gap for condos as the median condo price of \$202,500, as of August 2016 from *Banker & Tradesman*, was lower than the estimated price that a median income earning Harwich household can afford of about \$247,500 assuming a monthly condo fee of \$250.<sup>18</sup> There was also no gap for those households earning at the 80% of area median income limit (\$61,150 for a household of three) who could afford a condo of about \$220,000.<sup>19</sup>

Table III-29 provides a breakdown of the number of units existing within various affordability ranges. According to Assessor's data, 2,227 homes or a bit more than one-quarter of Harwich's *single-family homes* were affordable to households earning below the town's median income (\$67,332) according to 2014 census estimates. Using percentages of area median income for Barnstable County, 1,688 or 19.8% were affordable to those earning at or below 80% of area median income (\$61,150 for a household of three) in 2016. Another 2,484 units or 29.2% of all single-family homes were likely affordable to those earning between 80% and 100% of area median income (\$69,390), however calculations in this income range were based on the purchasers having sufficient down payment and closing costs to support 80% mortgage financing, which is now more the norm than the exception. Nevertheless, these figures suggest significant affordability within the private housing stock although many of these units may be small and in poor condition.

*Condominiums* are valued much more affordably with 560 units or almost two-thirds of condos affordable to households earning at or below the Harwich \$67,332 median household income using the 2014 census estimate. Those units affordable to those earning at or below 80% of area median income, based on a household size of three, include 536 units or 63.6% of all condos. Another 70 condos or 8.2% were also assessed within a relatively affordable range, likely affordable to those earning between 80% and 100% of area median income. Therefore, about 72% of the condo market was potentially affordable to those earning within HUD's 100% AMI figure for Barnstable County based on an estimated condo fee of \$250. Some condos, however, are not available on a year-round basis as they involved the conversion of small cottages to ownership that are used seasonally from about April through October.

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<sup>18</sup> Figures based on 95% financing, interest of 4.0%, 30-year term, annual property tax rate of \$6.53 per thousand, \$250 monthly condo fee, insurance costs of \$4 per \$1,000 for condominiums and \$6 per \$1,000 for single-family homes, and the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. It is also assumes private mortgage insurance of .3125% of the mortgage amount for 95% financing.

<sup>19</sup> Assumes household could access as subsidized mortgage program such as the ONE Mortgage Program and Private Mortgage Insurance (PMI) was not included in the calculations.

**Table III-29: Distribution of Single-family Home and Condo Values by Income Range**

Price Range Single-family/ Condo*	Income Range (based on HUD Area Median Income (AMI) Limits	Single-family Homes Available in Price Range		Condominiums Available in Price Range	
		#	%	#	%
\$272,000/\$247,500	At Town's median Income (\$67,332)**	2,227	26.2	560	66.4
\$256,500/\$220,000	At 80% AMI (\$61,150)**	1,688	19.8	536	63.6
\$256,501-333,500/ \$220,001-\$294,000	80% - 100% AMI*** (\$61,150 - \$69,390)	2,484	29.2	70	8.2
\$333,501-401,500/ \$294,001-\$364,000	100% - 120% AMI (\$69,391 - \$83,161)	1,296	15.2	52	6.0
More than \$401,500/more than \$364,000	More than 120% AMI (More than \$83,161)	3,047	35.8	185	21.9
<b>Total</b>		<b>8,515</b>	<b>100.0</b>	<b>843</b>	<b>100.0</b>

Source: Town Assessor's Database for Fiscal Year 2016. Please note that as a standard practice, assessed value is assumed to be at least 93% below actual value or potential sale price with some assessments even lower. Figures based on a three-person household.

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

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

\*\*\* Based on Community Preservation Act income limits for a household of 3.

It should also be noted that Assessor's data indicated that Harwich had 320 small multi-family dwellings including 179 two-family properties (358 units), 4 three-family dwellings (12 units) as well as 137 properties with more than one house on the lot. Such housing is frequently more affordable as they often generate rental income. For example, the median valued two-family home in Harwich, based on Assessor's data, was \$320,900, and if owner-occupied with one rental unit would be affordable to a purchaser earning approximately \$42,700 (assuming rental income of \$1,000 of which 75% or \$750 is likely to be included in mortgage underwriting computations as well as 95% financing). This is low in comparison to a condo at the same price that would require an income of about \$80,500 given the additional computation of the condo fee (assuming \$250) and lack of rental income.

*Affordability Gaps - Rentals*

In regard to rentals, the gross median rent of \$1,161, according to 2014 census estimates, required an income of about \$46,440, without consideration for utilities that would boost the required income closer to \$53,440 (assuming \$175 in average utility bills). While these costs are within the means of low- and moderate-income households, market rents are higher. Listings of year-round or even winter or seasonal rents on a monthly basis are limited, but such listings suggest that two-bedroom units are renting for at least \$1,300. This rent would be affordable to a household earning about \$59,000 annually, assuming average monthly utility costs of \$175. The median income earning renter (\$43,679) could afford a rent of only about \$917 assuming a monthly utility

cost of \$175 and spending no more than 30% of income on housing. It is consequently not surprising that so many renters are paying far too much for their housing.

It is important to note that landlords typically require first and last month's rent and a security deposit on monthly rentals, also creating substantial up-front cash requirements for renters.

### *Cost Burdens*

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

Based on 2014 census estimates, 426 homeowners in Harwich were spending between 30% and 34% of their income on housing and another 1,174 were spending more than 35% of their income on housing expenses, totaling 1,600 or 36% of all owner households.

In regard to renters, 114 renters were spending between 30% and 34% of their income on housing and another 295 were allocating 35% or more of their income for housing for a total of 409 renter households or 43% of all renters.

*This census data suggests that 2,009 households or 37.5% of all Harwich households were living in year-round housing that was by common definition unaffordable.*

HUD provides additional data on housing affordability problems through its CHAS report that identifies cost burdens by household type and whether they are renters or owners, offering a breakdown of households within specific income categories as summarized in Table III-30. For example, the first cell indicates that of the 65 elderly renters earning at or below 30% of area income, 14 were spending between 30% and 50% of their income on housing costs with another 45 spending more than half of their income on housing.

This report, based on 2013 census data for Harwich (the latest report available), indicates that of the 6,008 year-round households included in this analysis, 2,482 or 41% were reported with cost burdens as they were paying more than 30% of their income on housing costs. Moreover, of these households, 1,199 or 20% of all households were spending more than 50% of their income on housing, referred to as being severely cost burdened.

**1,094 households or 46% of households earning at or below 80% of area median income were spending more than half of their income on housing costs and thus were experiencing severe cost burdens.**

*There were 2,369 households, or 39% of all households, who were earning at or below 80% of median income for the Barnstable County area. Of these, 1,692 households or about 71% were experiencing cost burdens.*

*It is particularly notable, that 790 households earning more than 80% of area median income, or 13% of all households, were also overspending. Consequently, cost burdens are spread along a wide range of incomes.*

More specific findings from this report include the following:

## **Harwich Housing Production Plan**

### Renters

- There were 949 year-round renters of whom 649 or 68% had incomes at or below 80% of median for Barnstable County. Of these, 518 or 80% were spending too much on their housing including 279 or 43% with severe cost burdens.
- Of the 233 elderly renters 62 years of age or older, 158 or 68% were overspending including 114 or 49% spending at least half of their income on housing costs. A total of 165 or 71% had incomes at or below 50% of median with 144 who were overspending and should be targets of additional subsidized housing. It is likely that the 31 elderly renters earning below 80% of median and who were not cost burdened were potentially living in subsidized senior housing at Pine Oaks Village.
- Of the 360 small families with incomes equal to or less than 80% of median, 295 or 82% were experiencing cost burdens, 145 or 40% with severe cost burdens.
- There were only 15 large families (5 members or more) that were renting in Harwich, all of whom had cost burdens. Large families are likely to encounter difficulty finding larger units to rent in the community and rents for homes are steep.
- There were also a significant number of non-family and non-elderly households, largely composed of single individuals, who were overspending on their housing including 60 or two-thirds of the 90 such households earning at or below 80% of median.

**Table III-30: Cost Burdens by Tenure, Income and Type of Household, 2013**

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% and < 100% MFI /# with cost burdens**	Households Earning > 100% MFI/ # with cost burdens**	Total
Elderly Renters	65/14-45	100/20-65	14/0-4	14/10-0	40/0-0	233/44-114
Small Family Renters	85/20-65	155/40-80	120/90-0	40/30-0	90/10-0	490/190-145
Large Family Renters	0/0-0	15/15-0	0/0-0	0/0-0	0/0-0	15/15-0
Other Renters	30/20-10	35/20-10	25/0-0	55/30-0	60/0-0	205/70-20
<b>Total Renters</b>	<b>185/54-120</b>	<b>305/95-155</b>	<b>159/90-4</b>	<b>109/70-0</b>	<b>190/10-0</b>	<b>943/319-279</b>
Elderly Owners	340/50-290	340/105-145	435/115-15	245/85-15	1,125/150-20	2,485/505-485
Small Family Owners	75/0-65	09/15-75	185/50-85	115/50-15	1,430/205-10	1,895/320-250
Large Family Owners	0/0-0	15/0-15	40/0-40	60/35-0	60/0-0	175/35-55
Other Owners	60/10-30	35/10-25	110/4-30	85/20-35	220/60-10	485/104-130
<b>Total Owners</b>	<b>475/60-385</b>	<b>480/130-260</b>	<b>770/169-170</b>	<b>505/190-65</b>	<b>2,835/415-40</b>	<b>5,065/964-920</b>
<b>Total</b>	<b>655/114-505</b>	<b>785/225-415</b>	<b>929/259-174</b>	<b>614/260-65</b>	<b>3,025/425-40</b>	<b>6,008/1,283-1,199</b>

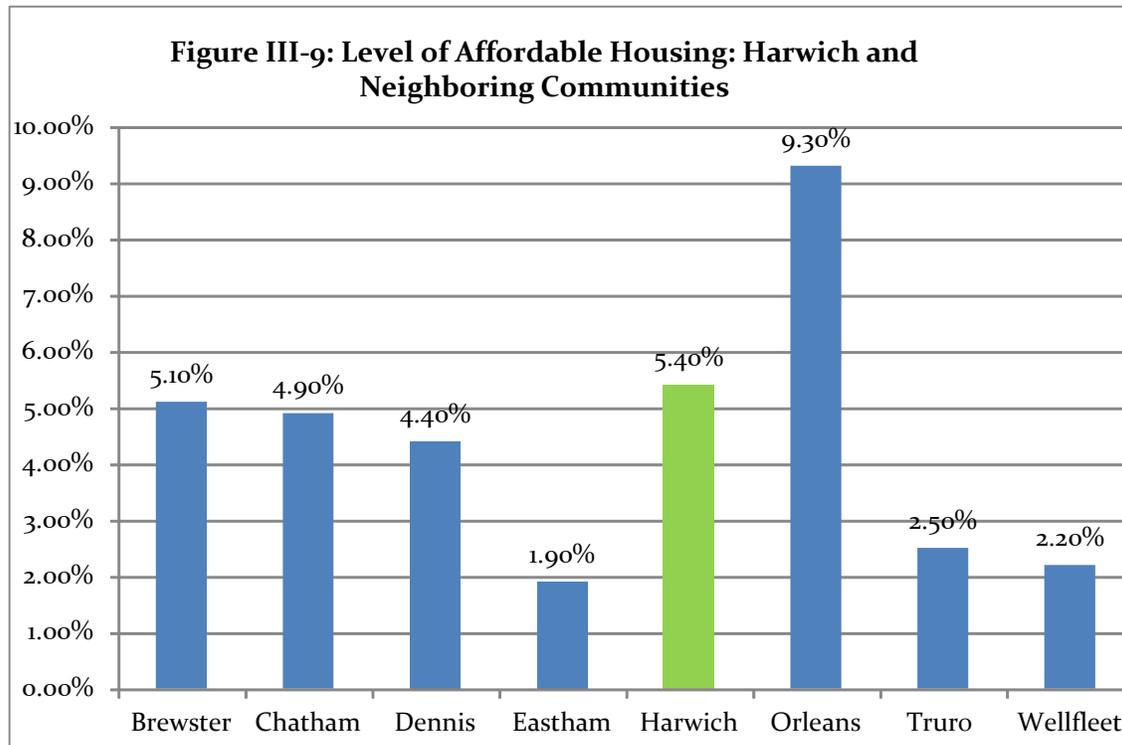
Source: U.S. Department of Housing and Urban Development (HUD), SOCDS CHAS Data, and American Community Survey, 2013. \*\* First number is total number of households in each category/second is the number of households paying between 30% and 50% of their income on housing (with cost burdens) – and third number includes those that are paying more than half of their income on housing expenses (with severe cost burdens). Small families have four (4) or fewer family members while larger families include five (5) or more members. Elderly are 62 years of age or older. “Other” renters or owners are non-elderly and non-family households. Median Family Income (MFI) in this analysis is the equivalent of AMI.

### *Owners*

- There were 5,065 year-round homeowner households identified in this report of which 1,884 or 37% were experiencing cost burdens including 920 or 18% with severe cost burdens.
- Of the 1,725 or 34% of owners earning at or below 80% of median income for the area, 1,174 or 68% were overspending and 815 or 47% were spending more than half of their income on housing costs.
- There were also 710 owner household that were earning more than 80% of area median and were still cost burdened. These comprise 21% of all households earning above this income category.
- Almost half (49%) of Harwich's homeowners are 62 years of age or older. Of these elderly households, 1,115 or 45% were earning at or below 80% of median income that included 720 with cost burdens and 450 with severe cost burdens.
- Families also had considerable cost burdens. Of the 1,895 small families (four or fewer household members) who owned homes, 990 or 52% were overspending on their housing including 250 or 13% with severe cost burdens.
- There were only 175 large families (five or more household members) that owned their homes, 55 were earning at or below 80% of area median, all with severe cost burdens.
- There were 485 non-family, non-elderly homeowners, mostly single individuals, of which 234 or 48% were experiencing cost burdens. Of these, 205 or 42% were earning at or below 80% of area median with 109 experiencing cost burdens and 105 with severe cost burdens

### **5. *Subsidized Housing Inventory (SHI)***

As of August 17, 2016, the state listed 333 affordable housing units in Harwich's state-approved Subsidized Housing Inventory (SHI), representing 5.4% of the total year-round housing stock of 6,121 units, up from 261 units at 4.5% in 2009. The town still needs to produce at least 279 more affordable units to reach the state's 10% goal based on the existing housing stock. Because the number of year-round units is based on the decennial census figure, it will change when the 2020 census figures are released and thus the 10% state threshold is a moving target.



Most communities in the state are confronting challenges in boosting their supply of affordable housing. Harwich’s neighbors also have affordable housing levels below the 10% state target, as visually presented in Figure III-9, although Orleans is getting very close at 9.3%. There has been a wide range of demonstrated progress exhibited by the remaining towns listed above, and Harwich is in the middle of the range.

To be counted as affordable under Chapter 40B, housing must be dedicated to long-term occupancy of income-eligible households through deed restrictions. Occupants of the affordable units must have incomes at or below 80% of area median income (AMI) that are provided annually by the U.S. Department of Housing and Urban Development (HUD) for the Barnstable County area (see Table II-1 for these levels, adjusted by household size, and Section II.B for more details).

Build-out projections estimated by the state’s Executive Office of Environmental Affairs (now renamed the Executive Office of Energy and Environmental Affairs) in 2000, indicated that Harwich could support 2,780 additional units of housing based on current zoning. These projections were modified by the Planning board in 2014 to 2,624 additional units, requiring, at least another 262 units be affordable to comply with the state’s 10% Chapter 40B goal. This is over and above the current 279 affordable units that are needed based on the existing housing stock, representing a projected 541 additional affordable units required at build-out based on this particular analysis – a daunting task for a small community.

#### *Current Inventory*

As noted above, Harwich currently had 333 units in its Subsidized Housing Inventory (as of August 17, 2016), 269 (81%) of which are rental, 55 (16.5%) that involve homeownership, and the

remaining 9 (2.7%) through rehab loan programs. Table III-31 summarizes SHI units that are eligible for counting towards the state's 10% state affordability goal.

The Harwich Housing Authority (HHA) manages 20 of these units, eight (8) units for DMH special needs clients and 12 units of family rental housing at 111 Long Pond Road/127 Headwaters Drive. The Housing Authority waitlist is open in anticipation of the state's On-Line waitlist that should be available this year. The current waitlist for the 12 units (includes 2, two-bedroom units and 10 three-bedrooms) contains more than 164 applicants (93 for two-bedroom units and 71 for three-bedrooms), with little or no turnover and an approximate wait time of more than 15 years! This extensive demand for family rental housing and very low turnover rate suggests a substantial existing need for more subsidized family rentals.

While the Harwich Housing Authority owns and manages the eight (8) units of special needs housing mentioned above, Fellowship Housing Resources works with DMH to fill any vacancies and provide necessary services.

The Housing Authority also manages state rental vouchers, now up to 20. A major problem has been the lack of rental units available with some voucher holders searching for units for well over three months.



*HHA's Long Pond Road development*

**Table III-31: Harwich's Subsidized Housing Inventory (SHI)**

Project Name	# Affordable Units	Project Type/ Financing	Use of a Comp Permit	Affordability Expiration Date
Special Needs Housing	8 (HHA owns manages/ DMH clients)	Special needs rental/DHCD Chapter 689	No	Perpetuity
Long Pond/ Headwaters*	12 (HHA owns and manages)	Family rental/ DHCD Chapter 705	Yes	Perpetuity
Cedardale Road*	1	Ownership/HOP	No	Perpetuity
Pine Oaks Village I*	60	Senior rental/ DHCD and RHS	No	2018
Pine Oaks Village II*	38	Senior rental/ DHCD and RHS	No	2018
Pine Oaks Village III*	65	Senior rental/ DHCD and HUD	Yes	2042
Queen Anne's Ct.	24	Ownership/DHCD HOP	Yes	2030
Community Way*	7	Ownership/DHCD HOP	No	2043
333 Route 28	11	Family rental/ FHLBB	Yes	2023
DMH Group Homes	8	Rental/Special Needs	No	NA
DDS Group Homes	18	Rental/Special Needs	No	NA
CCC HOR Program	1	Ownership/Rehab Program/DHCD	No	2015
CDP/LCCCCDC HOR Program	8	Ownership/Rehab Program/DHCD	No	2017-2019
HECH - Uncle Willis Lane	2	Family rental/ HUD	No	2039
Little Homesteads (CDP/LCCCCDC)	8	Family rental/ DHCD	No	2045
Robert Lane (CDP/LCCCCDC)	4	Family rental/ DHCD and HUD	No	2052
Habitat Gomes Way*	13	Ownership/HUD	Yes	Perpetuity
Harwich Buy-Down Program*	3	Ownership/DHCD	No	Perpetuity
Thankful Chases Pathway*	12	Rental/MHP and DHCD	Yes	2110
HECH Sisson Road	13	Rental/MassHousing and MHP	Yes	Perpetuity
HECH South Harwich	10	Rental/ MassHousing and MHP	Yes	Perpetuity
Habitat for Humanity/Oak St.	7	Ownership/DHCD	Yes	Perpetuity
<b>TOTAL</b>	<b>333</b>			

Source: Massachusetts Department of Housing and Community Development, August 17, 2016.

\*Projects involved Town-owned land.

**Shaded rows involve projects that were permitted since 2009 when the last Housing Production Plan was completed.**

Another 313 units were developed privately by for profit or non-profit developers including:

- *Pine Oaks Village*

Almost half of the SHI units, or 163 units, are part of three (3) phases of Pine Oaks Village that is owned by Mid-Cape Church Homes and has been managed by MB Management since the initial phase was developed in 1980 (see photo below). Phases I and II include a 98-unit elderly Section 8 property located on John Nelson Way and Phase III is a 65-unit elderly property located on Leighton's Lane. The affordability restrictions for Phases I and II are due to expire in 2018, however Phase I has a long-term Section 8 contract in place and is not at risk of losing its affordability any time soon.



**Nine projects with 167 total units took advantage of the Chapter 40B comprehensive permit process, representing half of all SHI units.**

- *DDS and DMH Group Homes*

In addition to new affordable housing development, Harwich can count 18 units through group homes managed by the state's Department of Developmental Services (DDS) and another eight units through the state's Department of Mental Health (DMH).

- *Housing Rehabilitation Programs*

Another nine SHI units were part of the Town's Housing Rehabilitation Program, but because deed restrictions were shorter in term, these units are falling off of the SHI with the last one expiring in 2019. These rehabbed units were subsidized with Community Development Block Grant (CDBG) funding through the Department of Housing and Community Development (DHCD), one still on the SHI initially administered by the Cape Cod Commission and another eight through the Lower Cape Cod Community Development Corporation (now called the Community Development Partnership). This Program provided funding for property owners who rent year-round to Cape residents, as well as income-eligible, single-family homeowners, to bring units up to current building, health, and safety codes. The units are scattered throughout the town of Harwich. Funding was obtained jointly with the Town of Dennis, but a recent application submitted with the Town of Eastham was not funded.

- *HECH Sisson Road*  
Harwich Ecumenical Council for Housing (HECH) was formed in 1990 by clergy and lay people from seven (7) Harwich churches for the purpose of providing housing for homeless families with children. In 2003, the organization purchased an old farmhouse on 1.67 acres on the open market for \$325,000 and redeveloped the property to accommodate 13 rental units and HECH's day care program. The farmhouse was reconfigured into three (3) apartments upstairs, the free day care facility on the first floor, two (2) apartments in the former garage as well as eight (8) more units in two (2) quadplexes. HECH continues to own and manage the property.

HECH received financing to acquire the property from Cape Cod Five Cents Savings Bank, construction financing from the Life Initiative, and the permanent mortgage from the Massachusetts Housing Partnership's Permanent Rental Financing Program. Total development costs were approximately \$4 million. Subsidies were provided by the Barnstable County HOME Consortium, the state's Affordable Housing Trust Fund, and Massachusetts Housing Partnership's Perm Plus Program.

- *HECH South Harwich*  
HECH also developed a project in South Harwich involving ten (10) rental units, nine (9) of which is affordable with the other one at a market rent. Because the project was developed through a comprehensive permit, all ten units count towards the Town's Subsidized Housing Inventory. Financing included \$695,000 from the Massachusetts Housing Partnership (MHP) Small Scale Rental Program, \$70,000 in Community Preservation funds, \$260,000 through the Affordable Housing Fund and \$120,000 in County HOME funding. The Life Initiative provided the construction funding.
- *Habitat Gomes Way*  
Habitat for Humanity of Cape Cod developed 13 affordable new homes in 10 separate structures at Gomes Way. The project was developed through a comprehensive permit and a special "women's build" initiative through Habitat. The Town of Harwich donated the nine-acre parcel and also allocated \$510,000 from Harwich's Affordable Housing Fund and another \$90,000 in CPA funding to further support this new development.
- *Main Street Extension/Thankful Chases Pathway*  
The Community Development Partnership worked with the Harwich Housing Authority on the development of a donated three-acre Town-owned property into 12 affordable rental units for families. The Town has also provided project subsidies including \$368,520 from its Affordable Housing Fund and another \$330,000 in CPA funds. The site is located past Depot Road near the Dennis line and was also developed with a comprehensive permit.
- *The American Dream Program I*  
Harwich contracted with the Harwich Housing Authority and built three new homes for first-time homebuyers on scattered Town-owned lots. The name, "The American Dream," aptly described the intent of providing a home that is both affordable and suitable for family life as well as a home built on a single lot whose design is compatible with the

existing neighborhood. In addition to conveying the lots for only a nominal amount, the Town allocated \$25,000 in CPA funding (sponsored by the Harwich Housing Committee) to the Harwich Housing Authority to support the costs of coordinating the program development and implementation process. The Housing Authority issued an RFP for the sites and selected McShane Construction as the developer. Given timing issues with respect to marketing, the units are not on the SHI.

- *Habitat for Humanity/Oak Street*  
Habitat for Humanity of Cape Cod also developed seven units for first-time homebuyers on Oak Street. The Town's Affordable Housing Fund provided \$139,500 in funding toward the acquisition of the parcel and another \$100,000 to subsidize construction costs. The Town, through its Community Preservation Committee, allocated still another \$140,000 to further subsidize the project and make it financially feasible. The project was permitted through a comprehensive permit.
- *Buy-Down Program I*  
The Town worked with the Harwich Housing Authority and Bailey Boyd Associates on a Buy-down Program that involved the purchase of existing housing units for eventual sale to eligible first-time homebuyers. The Harwich Housing Committee received approval for \$280,000 from the Town's Affordable Housing Trust as well as \$75,000 from the Barnstable County HOME Consortium. Three units have been funded to date.
- *Driftwood Lane*  
This project, developed by HECH, involved the construction of three single-family homes on formerly Town-owned property on Driftwood Lane, two for first-time homebuyers and another as a rental, all affordable. HECH still manages the rental unit. These three (3) units are not on the SHI given issues with the deed riders.

#### *Pipeline Projects or Potential Opportunities*

The Town has additional affordable units in the planning and predevelopment stages through the following projects:

- *Buy-Down Program II*  
The Town introduced a second round of the Buy-Down Program, providing \$75,000 with another \$75,000 coming from unspent Phase I funds and additional Housing Authority funding to support two first-time homebuyers. The Housing Assistance Corporation (HAC) conducted the lottery, and the two selected participants have closed on their homes. These units will soon be added to the SHI.
- *Habitat West Harwich*  
Habitat for Humanity is planning a six-unit development in West Harwich on property behind two homes owned by HECH. The project includes six single-family homes, four with three bedrooms and the other two with two bedrooms. The Town's Affordable Housing Fund supported acquisition costs with \$240,000 in funding, contingent upon the Habitat obtaining necessary permitting, also providing a grant of \$35,000 towards early feasibility work. HECH will be marketing the two homes that front the property as market units. One of these structures was previously owned and occupied by the Chase family, and while in poor condition, will hopefully be restored and reoccupied.

- *Harwich Middle School*  
The Harwich Middle School is currently vacant and plans were considered to convert the school to affordable housing through the Stratford Development Group, which successfully redeveloped another school in Yarmouth among other projects. Despite approval from a nonbinding referendum to repurpose the property as affordable housing, no action has yet been taken regarding the reuse of this former school.
- *Rec Building/WHS Cultural/Housing Development*  
Plans were previously underway to convert this Town-owned property to 22 rental units back in 2009, supported by an initial CPA allocation of \$85,000. These plans did not go forward, however some further consideration might be made to redeveloping this property as affordable housing in the future as it remains underutilized.
- *American Dream II Buy Down Program*  
The conveyance of additional Town-owned properties for additional second phases of the American Dream Program should be explored

### **C. Priority Housing Needs**

As the affordability analysis indicates in Section III.B.3 above, significant gaps remain between what most current year-round residents can afford and the cost of housing that is available. Based on the demographic, economic and housing characteristics and trends documented in this Housing Needs Assessment, the following priority housing needs have been identified:

#### **1. Rental Housing Need**

*The following indicators suggest a #1 priority need for more affordable rental units, particularly for those with very limited incomes:*

- Despite increasing household wealth, there are substantial numbers of households with incomes below \$25,000, including 920 households or 17.2% of all households based on 2014 census estimates. There are substantially more of these households than the 333 SHI units, and they are challenged to compete in Harwich's housing market.
- There were 2,369 households with incomes at or below 80% of area median income. Therefore, based on income alone, almost 40% of Harwich's households might have qualified for housing assistance.
- Of the 649 renter households earning at or below 80% of area median income, 518 or 80% were spending too much on their housing including 279 or 43% with severe cost burdens as they were spending more than half of their income on housing costs.
- The absolute numbers and proportion of those with incomes below the poverty level actually increased from increase in overall poverty from 6.4% in 1979 to 7.9% as of 2014.
- Wait times for Harwich Housing Authority units are about 15 years as there is little turnover.
- There are few housing options for seasonal workers who are essential for sustaining Harwich's significant resort and retirement market.

The analysis included in Table III-32 projects a shortage of 518 rental units for low- and moderate-income renters. This data, however, was based only on existing renters in 2013 and does not reflect pent-up regional need for additional rental opportunities, particularly in the context of an

increasingly costly housing market. If Harwich wants to attract more young adults and service employees, it will have to make sure that it provides additional affordable rental opportunities to enable them to live in town as the current subsidized rental stock is inadequate to meet these needs.

**Table III-32: Rental Unit Gap Analysis**

Income Group	Income Range*	Affordable Rent**	# Renter Households	# Existing Affordable Units***	Deficit/Surplus
Less than 30% of AMI	\$20,400 and less	Less than \$335	185	11	-174
Between 30% and 50% of AMI	\$20,401 to \$34,000	\$335 to \$675	305	55	-250
Between 50% and 80% of AMI	\$34,401 to \$54,350	\$676 to \$1,184	159	65	-94
<b>Total</b>			649	131	-518

Source: 2013 HUD SOCDs CHAS Data

\* Based on 2016 HUD Income Levels for average household size of two persons.

\*\* Includes an average monthly utility cost of \$175 and renters not spending more than 30% of their income on housing costs. \*\*\* Assumes those renters that are not cost burdened.

A further analysis of the rental needs of different types of households is included in Table III-33. This table indicates that in 2013 there were 568 renter households spending too much of their income on their existing housing. Just looking at the proportionate need of seniors, families, and single individuals, seniors comprise about 28% of those with cost burdens, families make-up about 62%, and singles about 11%.

**Table III-33: Cost Burdens by Type of Renter Household**

Income	Elderly	Small Families	Large Families	Other Renters	Total
< 30% AMI	59	85	0	30	174
30-50% AMI	85	120	15	30	250
50-80% AMI	4	90	0	0	94
> 80% AMI	10	40	0	0	50
<b>Total</b>	158	335	15	60	568

Source: 2013 HUD SOCDs CHAS Data

This Housing Needs Assessment recommends that rental housing be distributed as follows largely based on the deficit in Table III-32 and the distribution suggested in Table III-33:

**Table III-34: Projected Distribution of Rental Units**

Target Renter Households	Target Unit Size	Proportion of Need	# Units
Seniors/Individuals	One bedroom	40%	135
Small Families	Two bedrooms	50%	95
Large Families	Three+ bedrooms	10%	40
<b>Total</b>		100%	518

Source: 2013 HUD SOCDs CHAS Data

## 2. **Homeownership Need**

The following indicators suggest that the Town's #2 priority need should be to provide a wider range of affordable housing options that includes first-time homeownership opportunities, particularly for younger households entering the job market and forming their own families as well as for empty nesters.

- In 1980 those between the ages of 25 and 34 comprised about 12% of Harwich's residents, but by 2010 the percentage of those in this age category was down to only 3.6%. These residents are typically entering the labor market and beginning to form their own families, and their decline not only reduces the pool of workers but also reduces the socio-economic diversity of the community.
- While the number of families increased substantially from 1980 to 2000, from 2,646 to 3,545 households, they decreased as a proportion of all households from about 71.4% to 64.8%. They continued to decrease through 2010 and 2014 in both number and in proportion to all households, reaching 62.2% as of 2014.
- To afford the median sales price of a single-family home of \$350,000, based on *Banker & Tradesman* data as of August 2016, a household would have to earn an estimated \$79,430 with 95% financing.<sup>20</sup> This income is much higher than the median household income for the town per 2014 census estimates of \$67,332 and consequently there is a considerable affordability gap. If the calculations were based on 80% financing with a 20% down payment, the income would be reduced to about \$69,400, still above the town's median household income in 2014 and requiring the purchaser to come up with about \$75,000 in upfront cash.
- The median income earning household could likely afford a single-family home of about \$272,000 based on 95% financing. *The affordability gap is then about \$78,000* - the difference between the price of the median priced single-family home (\$350,000) and what a median income household can afford (\$272,000).<sup>21</sup> In the case of 80% financing, requiring a 20% down payment, a purchaser would need to borrow less and therefore could afford a home of about \$324,000 and thus the affordability gap would decrease to \$26,000. The affordability gaps would in fact be significantly greater if not for unprecedentedly low mortgage interest rates that have made housing more affordable in Harwich and throughout the country.
- For those earning at 80% of area median income limit (\$61,150 for a family of three), this gap is \$93,500, the difference between the maximum they could afford of approximately \$256,500 and the median single-family house price of \$350,000.
- At this point there are no affordability gaps for condos although many condos are likely to be small, in poor condition, or not suitable for year-round use.

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<sup>20</sup> Figures based on 95% financing, interest of 4.0%, 30-year term, annual property tax rate of \$9.07 per thousand, and insurance costs of \$4 per \$1,000 for condominiums and \$6 per thousand for single-family homes). The calculations are also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. It is also assumes private mortgage insurance of .3125% of the mortgage amount for 95% financing.

<sup>21</sup> Private mortgage insurance (PMI) was not included in these calculations assuming that the purchaser earning at Harwich's median income could qualify for a subsidized mortgage program such as the ONE Mortgage Program or a MassHousing program for example.

- 1,094 households or 46% of households earning at or below 80% of area median income were spending more than half of their income on housing costs and thus were experiencing severe cost burdens.
- Rents are also high. Listings of year-round or even winter or seasonal rents on a monthly basis are limited, but such listings suggest that two-bedroom units are renting for at least \$1,300. This rent would be affordable to a household earning about \$59,000 annually, assuming average monthly utility costs of \$175. The median income earning renter (\$43,679) could afford a rent of only about \$917 assuming a monthly utility cost of \$175 and spending no more than 30% of income on housing. It is consequently not surprising that so many renters are paying far too much for their housing.

Table III-35 is based on the HUD CHAS report summarized in Table III-30, comparing numbers of households earning within income categories to units that are affordable as there are households without cost burdens. These calculations suggest that there is almost a 1,884-unit deficit in homeownership units, including 1,174 units for those earning below 80% of area median income based on the difference between existing units and households. Because there is a gap between the current costs of housing and what residents can afford, this Housing Needs Assessment recommends that first-time homeownership opportunities be included as a priority in the town's affordable housing agenda either through the development of starter homes or condos for young workers and their families.

Empty nesters looking to downsize from their existing single-family homes should be able to find accessible and affordable condominiums in Harwich. However, state requirements regarding assets, such as not having more than \$200,000 in net equity from a previous house and an additional \$75,000 in financial assets, put many seniors out of the running for affordable housing that can be counted as part of the Subsidized Housing Inventory. Nevertheless, such housing does serve an important need for local seniors who want to afford to live independently in Harwich. Some service-enriched housing for seniors and single individuals should also be considered.

As noted earlier, only those units that are occupied by those earning at or below 80% of area median income can be counted as part of the Subsidized Housing Inventory.

**Table III-35: Homeownership Affordability Analysis 1**

Income Group	Income Range*	Affordable Sales Prices for Single-family/Condo <sup>22</sup>	# Households**	# Existing Affordable Units**	Deficit or Surplus
Less than 80% AMI	Less than \$61,150	Less than \$256,500/220,000	1,725	551	-1,174
Between 80% and 100% AMI	\$61,150 to \$69,390	\$256,501 to \$333,500/\$220,001 to \$294,000	505	250	-255
Above 100% AMI	Above \$69,390	More than \$333,500/\$294,000	2,835	2,380	-455
Total			5,065	3,381	-1,884

Sources: and Census data, Harwich Assessor's Office

\*Based on 2013 HUD Income Levels for household size of three persons.

\*\* Based on 2013 HUD SOCDs CHAS data

### 3. *Special Population Need*

Some amount of new housing should be built handicapped-adaptable or accessible to the disabled, including a growing population of seniors, and more supportive housing services should also be integrated into new development based on the following indicators:

- Of the 2014 noninstitutionalized population of 12,076, 1,747 or 14.4% claimed some type of disability, up from 9.3% in 2000. Of those under 18 years of age, 89 or 4.8% had a disability with another 740 in the 18 to 64 age range that also claimed a disability or 10.7% of those in this age range. In regard to the population 65 years of age or older, 914 seniors or about 28% of those in the age group claimed some type of disability. *These levels of disability, particularly those of seniors, represent significant special needs within the Harwich community and are high in comparison to the 11.3% level for the state.*
- The numbers of residents age 60 or over increased by 45.5%, from 3,182 in 1980 to 4,629 by 2010, more than the 36.5% overall population increase during this period.
- Those older adults, age 65 years or more, are projected to increase from 29% of the population in 2010 to 41.6% by 2030, a gain of 2,045 residents.
- Of the 233 elderly renters 62 years of age or older, 158 or 68% were overspending including 114 or 49% spending at least half of their income on housing costs. A total of 165 or 71% had incomes at or below 50% of median with 144 who were overspending and should be targets of additional subsidized housing.
- The only affordable rental units for seniors are part of Pine Oaks Village where there are five-year waits for a unit in Phase I (for those age 62 and over), seven-year waits for Phase II (for those 62 or over or for younger disabled individuals), and 3½ years for Phase III. These developments also have very limited handicapped accessible units available.
- There are very limited assisted living units in Harwich with the small Royal at Harwich Village on Parallel Street and Epoch of Harwich on the Route 124 line. None of these units are affordable however.

Goal of 10% of all new units created, 20% for seniors.

<sup>22</sup> Figures based on 95% financing, interest of 4.0%, 30-year term, annual property tax rate of \$9.07 per thousand, insurance costs of \$6 per \$1,000 for single-family homes and \$4 per thousand for condos, private mortgage insurance estimated at 0.3125 of loan amount, and estimated monthly condo fees of \$250.

#### **4. *Housing Condition Need***

*Programs are needed to support necessary home improvements, including deleading and septic repairs for units occupied by low- and moderate-income households, particularly for the elderly living on fixed incomes and investor-owned properties tenanted by qualifying households based on the following indicators:*

- About 64% of Harwich’s housing stock was built prior to 1980, and houses in this age category are more likely to have traces of lead-based paint, posing safety hazards to children, as well as problems concerning aging system and structural conditions.
- Because there are no municipal sewer services, it is likely that some existing septic systems are failing or in disrepair.
- There are a very limited number of handicapped accessible units in the town’s Subsidized Housing Inventory and home modifications could be included in the loan.

Goal of about half of ownership units.

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

This Housing Needs Assessment suggests that the Town of Harwich establish the following targeted affordable housing production goals based on priority housing needs over the next five years, the term of the Housing Production Plan.

While the deficit for homeownership is higher for homeownership than rentals based on Tables III-32 and 35, this Plan recommends a split of 80% and 20% for rentals and ownership, respectively, for the following reasons:

- Focus on the proportionately greater numbers of renters with cost burdens than homeowners as 80% of all renters are overspending on their housing compared to 37% for homeownership.
- Maintain a comparable division of rentals and homeownership on the SHI.
- Target the needs of the community’s most vulnerable residents with very limited financial means as rental housing is typically more affordable and requires less up-front cash.
- Promote greater housing diversity as most of the more recent development has largely involved single-family homes that are primarily directed to those who can afford market prices. More housing options are necessary to meet the needs of local workers who are priced out of the housing market, people who grew up in Harwich and want to raise their own families locally, and empty nesters, for example.
- Invest local subsidy funds (e.g. CPA, Affordable Housing Fund) in support of greater numbers of households/occupants over time as rentals turnover more regularly than ownership units.
- Provide more appropriately sized units for increasing numbers of small households.
- Provide opportunities for some seniors who are “overhoused” and spending far too much on their housing to relocate to more affordable and less isolated settings, opening up their homes to families requiring more space.
- Leverage other funds as state and federal resources are almost exclusively directed to rental housing development, family rentals in particular.

- Enhance the ability to qualify occupants for housing subsidies as state requirements for including units on the SHI make it very difficult for long-term homeowners to be eligible for subsidized housing.
- Provide opportunities for mixed-income housing where several different income tiers can be accommodated within the same project.

Table III-36 presents the projected distribution of affordable units over the next five years largely based on the rental/ownership split discussed above and the distribution by target populations and bedroom sizes in Table III-34.

**Table III-36: Summary of Priority Housing Needs and Targeted Production Goals**

Type of Housing	Seniors/Single Persons One Bedroom Units @ 40%	Small Families/2 Bedrooms @ 50%	Large Families/3+ Bedrooms @ 10%	Total/5-Year Goals
Rental @ 80%	50	62	12	124
Ownership @ 20%	12	16	3	31
Total	62	78	15	155
Special Needs* (% of total units)	(12) 20%	(8) 10%	(2) 10%	(22) 14%

Source: 2013 HUD SOCDS CHAS and Karen Sunnarborg Consulting

**\* Represents 10% of all units created in family housing and 20% in senior and single person housing. For example, of the total estimated 62 one-bedroom units produced, 20% or 12 would be handicapped accessible and/or include supportive services.**

## IV. CHALLENGES TO PRODUCING AFFORDABLE HOUSING

It will be a great challenge for the town of Harwich to create enough affordable housing units to meet the state's 10% affordable housing standard, production goals and local needs, particularly in light of the following constraints to new development:

### A. Infrastructure

A major constraint and cost factor for new development relates to infrastructure, particularly the lack of sewer services that raises concerns among residents about impacts of any new development on the environment, water supply and quality in particular, which are critical issues for Cape Cod. Residents must rely solely on on-site septic systems unless special treatment facilities are integrated into the new development, a costly measure that requires a fairly large project to be feasible. It should also be mentioned that some very limited areas of Harwich also do not have municipal water services.

As part of the 2006 Pleasant Bay Estuary System Report, DEP released suggested total maximum daily loads (TMDLs) for total nitrogen (N) for the Pleasant Bay watershed that includes a portion of Harwich. The primary goal is to lower the concentrations of nitrogen by greatly reducing the loading from on-site subsurface wastewater disposal systems through a variety of centralized or decentralized methods such as sewerage or treatment with nitrogen removal technology, advanced treatment of septage, upgrade/repairs of failed on-site systems, and/or installation of N-reducing on-site systems.

In February 2013, Town drafted a Comprehensive Wastewater Management Plan (CWMP) in coordination with the Commonwealth of Massachusetts and the Cape Cod Commission. Draft recommendations of the Draft CWMP include:<sup>23</sup>

- A master plan to be implemented in eight phases;
- Two projects to enhance natural attenuation, one in the Saquatucket Harbor watershed and the other in the Pleasant Bay watershed;
- Connection to the existing Chatham wastewater treatment facility to serve areas of East Harwich and the Pleasant Bay watershed;
- A later phase of construction of a second wastewater treatment facility near the Harwich landfill site to serve Wychmere, Allen and Saquatucket Harbor watersheds and portions of the Herring River watershed; and
- Non-infrastructure strategies to enhance environmental protection.

The CWMP was reviewed concurrently by the Cape Cod Commission (CCC) as a Development of Regional Impact (DRI) and for consistency with the county's Wastewater Plan. CCC and the state recently approved the Plan, and the Town is considering next steps in its implementation.

**Mitigation Measures:** It will be important for any new affordable housing development to address these infrastructure constraints, septic issues in particular, and insure that there are sufficient amounts of subsidies incorporated into the project to adequately service new residents and protect the environment. Also, the Town will need to consider providing municipal sewer

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<sup>23</sup> Harwich Draft Open Space and Recreation Plan, July 2015.

services in some areas of town where growth could better be directed at some point in the future. Also, with data distributed from the Massachusetts Estuaries Project (MEP) about nitrogen impaired coastal waters, the Town is now evaluating wide-scale wastewater treatment including public sewerage. Moreover, future water supply sites need to be addressed and protected in the Town's growth management planning.

## **B. Environmental Concerns**

Harwich's eleven (11) miles of coastline, 22 ponds, the Herring River estuary, Pleasant Bay coastal embayments, hundreds of acres of protected parkland or conservation land, among other natural areas, attract thousands of visitors annually and provide highly valued opportunities for a wide range of recreational activities. These important natural assets need to be protected to the greatest extent possible and include, but are not limited to the following:

- *Water* -- The town has 22 fresh water ponds including 14 great ponds of ten acres or more and eight lesser ponds. Flax Pond was polluted in the past and mitigation was undertaken. In other ponds some mitigation of polluted runoff is warranted. The Department of Highways has a program for Drainage Manholes which has addressed many of these problems. Also, excessive well pumping near ponds may damage certain rare species habitats. The town also has substantial areas of cranberry bogs and freshwater wetlands that should, to the greatest extent possible, be preserved. There are also important salt water bodies including Nantucket Sound, Pleasant Bay, and the Herring River watershed that include estuaries and embayments that are valuable environmental, economic and aesthetic assets. These areas have been subject to some degradation based on erosion, debris and overuse. The Cape's watersheds are being mapped by the Massachusetts Estuaries Project (MEP), which is evaluating the ability of Cape Cod's estuaries and marine embayments to assimilate nitrogen loads from their watersheds.
- *Monomoy Lens* -- Harwich, along with Dennis, Orleans and Chatham, obtains its drinking water from a sole-source aquifer, the Monomoy Lens. Because drinking water is such a crucial resource, the Town has enacted a Drinking Water Resource Protection By-law that limits development of land within its Zone II's, the recharge areas for its wellfields. Further, the Town has enacted the Six Ponds Special District to further protect against the destruction of habitat and pollution of surface and groundwater resources involving 1,350 acres of land area and 114 acres of pond surface area.
- *Existing Open Space* -- The Town has struggled to protect open space, which is under tremendous development pressures. As a result of both public and private efforts, approximately 1,500 acres of the town's land area is now permanently protected. There is a full understanding that as build-out approaches, development pressures will increase, which further suggests the need to actively preserve land and accommodate affordable housing within existing and future development.
- *Rare, Threatened or Endangered Species* -- The Massachusetts Division of Fisheries and Wildlife's Natural Heritage and Endangered Species Program maintains a list of vascular plants, invertebrates and vertebrates observed in Harwich that are considered endangered, threatened, or of special concern. This list includes six birds such as the

Piping Plover and Common Tern, five moths or dragonflies, the Bridle Shiner fish, Eastern Box Turtle, and a wide assortment of vascular plants. Although habitats of the listed species are varied, the most common threat to all is development.

- *Hazardous Waste Sites* – The Town has identified a number of groundwater pollution hazardous waste sites that involve petroleum contamination, landfill, or septage lagoons. Approximately five petroleum contamination sites can be found in Harwich; three in Harwich Port along Route 28, one in North Harwich on Depot Street, and one in Pleasant Lake in the area of the Cape Cod Regional Technical High School. Two landfill hazardous waste sites are known to exist in Harwich; in North Harwich in the vicinity of the Town Disposal Area and off of Lothrop Avenue in the Town’s major wetland resource area surrounding the Herring River. The Town Disposal Area housed the septage lagoons as of 1991. These facilities were closed as of 1992 because of their potential as a hazardous waste site.<sup>24</sup>

**Mitigation Measures:** The impacts of any new development must be identified as to how they affect the environment and what actions might be required to mitigate problems. While regulations to protect the environment, such as wetland by-laws and ZONE II regulations, and to protect the public health, such as Title V regulations, are important and essential, they nevertheless present challenges to development by reducing the amount of buildable land and increasing the time and costs of developing new housing.

Housing strategies are largely oriented to actions that will promote smart growth and limit impacts on the environment such as promoting accessory apartments, converting existing housing to long-term affordability, developing infill sites in existing neighborhoods, promoting cluster development, and encouraging mixed-use development (see Section VI.B and C for details on these strategies). The Town of Harwich updated its Land Management/Open Space and Recreation Plan in July 2015, which will help the Town better plan for the use and protection of its natural resources.

### C. Zoning

As is the case in most American communities, a zoning by-law or ordinance is enacted to control the use of land including the patterns of housing development. The Town is divided into a number of different Zoning Districts<sup>25</sup>, each with its own requirements including:

- Residential – Rural Estate (R-R)
- Residential – Low Density (R-L)
- Residential – Medium Density (R-M)
- Residential – High Density 1 (R-H-1)
- Residential – High Density 4 (R-H-3)
- Commercial – Village (C-V)
- Commercial – Highway 1 (C-H-1)
- Commercial – Highway 2 (C-H-2)
- Industrial – Limited (I-L)

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<sup>24</sup> Town of Harwich Draft Open Space and Recreation Plan, July 2015.

<sup>25</sup> Harwich Zoning By-law, Section III Establishment of Zoning Districts.

- Multi-family Residential – Low Density (M-R-L)
- Multi-family Residential – Low Density 1 (M-R-L-1)
- Drinking Water Resource Protection District (W-R)
- Personal Wireless Service Overlay District (P-W-S)
- Elderly Affordable Housing (E-A-H)

Moreover, the By-law establishes additional overlay districts that are specifically delineated areas that overlay existing zoning district(s) and provide for more specific regulations and requirements to protect environmentally sensitive areas, promote housing affordability for seniors, and control commercial development in villages, for example. These Zoning Overlay Districts include:

- Elderly Affordable Housing
- Drinking Water Resource Protection District
- Six Ponds Special District<sup>26</sup>
- Personal Wireless Service Overlay District
- Harwich Center Overlay District
- Village Commercial Overlay District

These Zoning Districts allow the Town to better control and direct development. However, like most localities in the Commonwealth, Harwich’s Zoning By-law embraces large-lot zoning of at least 40,000 square feet. As of May 1988, the minimum required area for single-family purposes anywhere in Town became 40,000 square based on a finding that one unit per acre was the maximum acceptable density to protect the drinking water supply. The minimum required frontage became 150 feet.<sup>27</sup>

Low housing density severely constrains the construction of affordable housing. There are, however, several zoning provisions included in the existing By-law that are meant to potentially promote smart growth and/or more housing affordability including:

- *Accessory Apartments*<sup>28</sup>  
The Zoning By-law allows accessory apartments in single-family homes by special permit in a number of zoning districts under the following conditions:
  - The dwelling should have the appearance of a single-family home.
  - The residential lot must have between 15,000 to 40,000 square feet depending on the district.
  - The owner of the property must occupy the principal dwelling or accessory unit on a year-round basis except for bona fide temporary absences.
  - The accessory unit cannot be larger than 900 square feet and include no more than two bedrooms.
  - One off-street parking space is required.
  - At least one (1) wall of at least eight (8) linear feet of living space for both the principal dwelling and apartment is common to both dwelling units.

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<sup>26</sup> The Six Ponds Special District, Harwich Center Overlay District and Village Commercial Overlay District are not officially mapped.

<sup>27</sup> Town of Harwich Draft Open Space and Recreation Plan, July 2015.

<sup>28</sup> Harwich Zoning By-law, Section X. 7 and 8 Administrative Official and Section II Definitions.

- An applicant for an accessory apartments in the W-R (Water Resource) District must provide proof of a recorded covenant that states that the lot containing the dwelling will not be reduced to less than 60,000 square.

Failure to comply with these provisions will result in the special permit becoming null and void and within the next 12 months, the kitchen must be removed and the home brought back to single-family status.

The Zoning By-law includes another section related to accessory apartments, referred to as Certification of Dwelling Units, that states, “An accessory apartment or any dwellings in existence on the effective date of this by-law that were not in compliance with existing zoning when constructed may be granted a special permit from the Board of Appeals to allow the use to continue provided that any units (either the main or accessory unit or a number of units equal to the number not permitted) is *deed restricted to remain affordable* as defined by the Department of Housing and Community Development for a period of 20 years, and that the Board of Appeals finds that the issuance of the special permit will not be detrimental to the neighborhood.”<sup>29</sup> The dwelling must be inspected and be in compliance (or brought into compliance within 60 days) with all building codes and Board of Health regulations.

This by-law was adopted before changes were made to state requirements for including such units in the SHI. These changes included requiring deed restrictions, the affirmative market of the units, tenant selection through a lottery, prohibiting inclusion of occupied units and residency of family members, among others. Consequently, almost all communities that had affordability provisions in place have not used them.

- *Two-family Dwellings*<sup>30</sup>  
The Planning Board can also provide special permits for two-family dwellings that the By-law defines as “a building containing two (2) dwelling units, whether side-by-side, over each other or in any other combination provided there is a common roof or a series of roofs connecting the dwelling units.”<sup>31</sup> The special permit requires that the following conditions be met:
  - The lot area must be at least 40,000 square feet of contiguous upland with the exception of the W-R (Water Resource) District where the minimum is raised to 60,000 square feet.
  - Minimum floor area for each unit of 800 square feet.
  - Two off-street parking spaces per unit.
- *Multi-family Dwellings*<sup>32</sup>  
Multi-family housing is permitted under special permit in the R-H-2 and R-H-3 Districts, the By-law requiring 40,000 square feet per unit plus another 4,500 or 7,500 square feet per additional unit. Multi-family units in the MR-L and MRL-1 districts require parcels of

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<sup>29</sup> Harwich Zoning By-law, Section X.15 Administrative Official.

<sup>30</sup> Harwich Zoning By-law, Section X.13 Administrative Official.

<sup>31</sup> Harwich Zoning By-law, Section II Definitions.

<sup>32</sup> Harwich Zoning By-law, Section V Use Regulations and Section VI Area, Height and Bulk Regulations.

at least ten (10) or eight (8) acres, respectively, with maximum densities of eight (8) and four (4) bedrooms per acre, respectively. The W-R district allows multi-family housing based on 60,000 square feet per unit. Other restrictions include that the units and accompanying lots not comprise more than 15% of the land area in the R-H-3 and M-R-L districts, going up to 30% in the R-H-2 district. This by-law has not been used as there is not enough land in the places where such housing is allowed.

- *Open Space Residential Development*<sup>33</sup>

The By-law allows the Planning Board to issue special permits for Open Space Residential Development where part of the parcel is set-aside and regulated as permanent open space and the plan is preferable to a conventional residential subdivision. The By-law defines Open Space Residential Development as “an optional form of development of single-family dwelling subdivisions, that permits lots with lesser area and frontage than conventional development, provided there is no increase in the number of lots that would be permitted under a conventional development, as provided in Section 4.2, and the balance of the land not included in single-family building lots is set aside as permanent open space. Open space residential development is synonymous with the concept of ‘cluster’ development.” This provision promotes a “smarter” and more compact type of development pattern as units are built in a cluster instead of the conventional grid pattern, allowing higher density on a portion of the site and creating permanently restricted open space. Specific provisions in the By-law include:

  - Minimum lot size of 12,000 square feet.
  - Minimum lot frontage of 50 feet on any proposed roadway within the development, 100 feet for lots on an existing roadway, and 25 feet on any roadway where the building site is to be generally behind another site relative to the same road frontage or at least 75 feet from the front lot line.
  - Set-backs may be reduced by one-half if the Planning Board determines that this reduction would result in a better overall design and improved protection of natural and scenic resources.
  - The Planning Board may require that at least 10% of the open space or two acres, which ever is less, provide an informal field for group recreation or community gardens for the residents of the subdivision.
  - Up to 10% of the open space may be set-aside for accessory structures or facilities necessary for the use of the open space including parking and paved pathways.
  - The open space must be conveyed as permanent to the Town, a non-profit organization or land trust, or other corporation or trust formed by the owners of the residential properties. The permanent restriction must comply with the requirements of the state’s Executive Office of Energy and Environmental Affairs.
  - The Planning Board can reduce the roadway requirements under conditions when at least 50% of the site is permanently restricted as open space and where these reductions will lead to better overall site design.

A total of 31 separate developments have used this by-law, with clusters of housing scattered throughout the community.

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<sup>33</sup> Harwich Zoning By-law, Section X.4 Administrative Official.

- *Village Commercial Overlay District*<sup>34</sup> and *Harwich Center Overlay District*<sup>35</sup>  
The provisions for the Village Commercial Overlay District (for Harwich Port) and Harwich Center Overlay District are almost identical in language and intent and enable the development and redevelopment of these village centers to be in keeping with historic development patterns, including the size and spacing of structures and additional open space. They are also meant to be used in conjunction with other by-laws designed to encourage appropriate and consistent patterns of village development (for example, see *Apartments Incidental to Commercial By-law* below). The focus is to have the structures facing the street frontage portion of the property and to locate parking, septic and open space to the rear. The by-laws include dimensional requirements that foster existing development patterns.

In the context of good town planning and smart growth, the likely location for denser development that could provide housing for smaller households and seniors is in or near commercial areas and village centers. Mixed-use development is particularly well suited to these areas as the residential units add vitality; provide housing for small households in easy walking distance to goods, services and transportation; and reduce the amount of traffic.

- *Apartments Incidental to Commercial*<sup>36</sup>  
The Planning Board can also grant a special permit for integrating residential units into a commercial space under the following conditions:
  - No less than 33% of the floor area of the building can be dedicated to commercial use.
  - There must be at least 10,000 square feet of lot area per unit.
  - Off-street parking with screening must comply with Section IX of the Zoning By-law.
  - A landscaped public area must be provided.
  - Site Plan approval is required.
- *Elderly Affordable Housing District*<sup>37</sup>  
The By-law allows an Elderly Affordable Housing District if it is established as a special district which overlays an existing residential zoning district. Provisions include the following:
  - Occupants must be at least 60 years of age.
  - Units must be leased by a non-profit organization or governmental entity.
  - Rent levels must not exceed HUD Fair Market Rents.
  - Minimum parcel size of eight (8) acres.
  - Minimum lot frontage, side yard and rear yard requirements of 50 feet.
  - Minimum density of eight (8) units per acre of contiguous upland.
  - Maximum building height of 40 feet and 2½ stories.

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<sup>34</sup> Harwich Zoning By-law, Section X.11 Administrative Official.

<sup>35</sup> Harwich Zoning By-law, Section X.14 Administrative Official.

<sup>36</sup> Harwich Zoning By-law, Section X.12 Administrative Official.

<sup>37</sup> Harwich Zoning By-law, Section XII Elderly Affordable Housing District.

- One parking space per unit.

The by-law has not been used to date. This Housing Needs Assessment documents a need for more affordable housing for seniors, particularly rental housing, and at some point the Town might want to consider fine-tuning this By-law to better define affordability requirements (e.g., units must count as part of the Subsidized Housing Inventory, allow mixed-income development, allow private development, change bulk, area and height restrictions, etc.)

- *Residential Subdivision Growth Rate Limit*<sup>38</sup>

The Residential Subdivision Growth Rate Limit By-law is “to ensure that the rate of development does not exceed the Town’s ability to provide at least the current level of municipal services (e.g., schools, fire and police protection, an adequate supply and distribution of clean drinking water, roadways, solid waste disposal, etc.) and maintain at least the current ratio of protected open space area per year-round resident”. The by-law therefore limits residential subdivision development to no more than 50 building permits per year and no person or persons can be granted more than 10% of this total. Such permits are issued on a first-come, first-served basis and no more than 10% of the available building permits can be issued in one calendar month. Applicants must demonstrate ownership at the time of application and for at least the prior 12 months. The By-law does importantly exempt low and moderate income housing developed by a public agency, non-profit organization or a limited dividend sponsor of affordable housing as defined under Chapter 40B. The by-law might have had a larger impact during past growth periods, but given that less new housing is being built, development has and will likely continue to fall far short of the growth limits.

**Mitigation Measures:** This Housing Production Plan includes a number of strategies that are directed to reforming local zoning regulations, making them “friendlier” to the production of affordable housing and smart growth development. These include adding inclusionary zoning, further modifying accessory apartment provisions, promoting mixed-use development, and better integrating affordable housing in its clustered zoning by-law (see Section VI.B and C).

#### **D. Local Capacity**

The Town of Harwich is fortunate to have a number of local and regional housing agencies and organizations involved in providing affordable housing. The Harwich Housing Authority owns and manages 20 units of subsidized housing and partnered with CDP on the Main Street Extension/Thankful Chases Pathway project with another 12 units. It is also working with the Town on managing a number of local initiatives.

The Town of Harwich also has experience in working with non-profit housing providers such as the Harwich Ecumenical Council on Housing (HECH), Habitat for Humanity of Cape Cod, the Community Development Partnership (CDP), and Housing Assistance Corporation (HAC). It will be important for the Town to continue to establish important partnerships with developers, for profit and non-profit, and build its capacity to promote new affordable units by aggressively reaching out for necessary technical and financial resources in addition to securing the necessary political support for new housing initiatives.

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<sup>38</sup> Harwich Zoning By-law, Section XIV Residential Subdivision Growth Rate Limit By-law.

Harwich is also fortunate to have a Town Planner. Nevertheless, unlike some other towns on and off the Cape, the Town does not currently have a Housing Coordinator on staff or on a consulting basis to oversee affordable housing issues. The continued and increased use of the Housing Authority can help fill this need.

**Mitigation Measures:** This Housing Plan suggests that the Town secure additional support to oversee the implementation of the Plan, recommending that the Town hire a Housing Coordinator on a yearly retainer to advise the Town of Harwich on housing-related matters and preform a number of activities. The Town will also continue to actively engage the Harwich Housing Authority as well as local and regional non-profit organizations in specific housing initiatives to secure important support in the implementation of this Plan (see strategy VI.A.2 and VI.C).

### **E. School Enrollment**

While the overall population increased by 36.5% between 1980 and 2010, those under age 18 decreased by 27 children, representing a declining portion of the population – from 22.3% in 1980 to 16.1% by 2010. It is interesting to note that the number of children below 18 years actually decreased by 50 between 1980 and 1990 despite a 14.5% increase in the overall population suggesting that some families likely left during a time when individuals or households without children arrived. This is testament to the fluctuations in the “net in/out-migration” of families with children over the years.

Census estimates indicate declining school enrollments related to demographic shifts to fewer families and children. Those enrolled in school (nursery through graduate school) in 2000 totaled 2,430 residents or almost 20% of the population, down to 2,227 as of 2014. Additionally, those enrolled in kindergarten through high school totaled 1,868 students in 2000, down to 1,399 as of 2014, representing 63% of those who are enrolled in school.

With the exception of the Harwich Elementary School, most schools serving Harwich are regional including the Cape Cod Vocational Technical School (enrollment of 616 in 2015-2016 down from 717 in 2005 with 74 students from Harwich), the Cape Cod Lighthouse Charter School (240 students in 2015-2016 up from 228 in 2012 and 48 students from Harwich), 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.

Historic enrollment data is included in Table IV-1, demonstrating slow declines through the 2011-2012 school year and then general increases through 2014-2015 and only a small decrease after that to 1,896 students as of October 2016.

**Table IV-1: Historic School Enrollments for the Monomoy Regional School District  
Pre-Kindergarten through 12<sup>th</sup> Grade  
2005-2016**

Year	Total 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

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

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

Projections of school enrollments through to the 2025-2026 school year from the New England School Development Council are presented in Table IV-2, showing continued slow but steady declines from year to year to 1,799 students by 2025.

**Table IV-2: 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.

### ***Mitigation Measures***

This Housing Production Plan recognizes the need for a wider range of affordable housing options in Harwich, including first-time homebuyer opportunities and more affordable rentals for young families. It is likely that this new development will not have a significant impact on school capacity, particularly in light of current and projected declining enrollments. Moreover, 85% of

the units included in long-term production goals focus on small one- or two-bedroom units that are not conducive to lots of children.

#### **F. Public Transportation**

Like most of Cape Cod, Harwich encounters significant problems with traffic congestion, particularly in the summer months when the population doubles in size. While limited, there are a number of public transportation options.

The Cape Cod Regional Transit Authority (CCRTA) provides several transportation options for Harwich residents. For example, the b-Bus is a seven-day-a-week, door-to-door bus service for trips of any purpose by appointment. This service also includes trips to Boston area hospitals.

Starting in June 2006, CCRTA introduced Flex-Route, which provides bus service throughout the Outer Cape including Harwich. Those living within a half mile of the route can call the service to arrange pick-up. Twelve buses were purchased through a federal grant obtained by the National Seashore, and all participating towns pay the operating expenses with some support from passengers via a token system.

CCRTA also operates the H2O which runs along Route 28 between Hyannis and Orleans. The service is a traditional fixed route bus service with two designated stops in Harwich. The bus will also stop along the route if a patron flags them down.

It should also be noted that Harwich's Council on Aging offers free transportation to area seniors, thus promoting independent living for this part of the population. Nevertheless, public transit remains limited and largely requires residents to have access to automobiles, further increasing the cost of living in Harwich and presenting a barrier to those low- and moderate-income residents who are more likely to feel the financial strains of owning and maintaining a car.

**Mitigation Measures:** The Town will have to pay particular attention to the projected traffic implications of any new development, working with the developer to resolve problems. One of the strategies included in this Housing Plan is to explore higher density, mixed-use development in appropriate locations that has the potential for reducing the reliance on the automobile (see Section VI.B.3 for details). Opportunities to direct development to areas that are most conducive to higher densities, such as village centers and commercial corridors, may serve to reduce transportation problems somewhat.

#### **G. Availability of Subsidy Funds**

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

Community Preservation funding offers Harwich an important resource for affordable housing production and since Harwich adopted CPA, a total of \$2,662,481 has been allocated for housing activities. The Town also established a special Affordable Housing Fund. Recent allocations include \$140,000 in FY14, nothing in FY15, \$27,000 for the Harwich Housing Authority in FY16, and two grants for Habitat for Humanity in FY17 that totaled about \$12,100. The fund balance as of

October 31, 2016 was \$230,752. HOME funding from the Barnstable County HOME Consortium is also an important and flexible resource. See Appendix 1 for more information on these important resources. Nonetheless, the Town will continue to need substantial support from regional, state and federal resources to implement this Housing Production Plan (see Appendix 2 for specific program information).

**Mitigation Measures:** This Housing Plan provides guidance on the use of Community Preservation Funds and its special Affordable Housing Fund for affordable housing initiatives that will enable the Town to support the production of new affordable units and leverage other public and private funding sources. Moreover, like other communities on Cape Cod, Harwich has access to federal HOME subsidies, administered by the Barnstable County HOME Consortium. In an effort to better manage and coordinate funding for affordable housing purposes, this Plan recommends that the Town contract with a Housing Coordinator (see Section VI.A.2 for details).

## **H. Community Perceptions**

Residents in most communities are concerned about the impacts that any new development will have on local services and quality of life, and many may also have negative impressions of affordable housing in general. Therefore, local opposition to new affordable developments is more the norm than the exception. On the other hand, with real estate prices rising once again, community perceptions should be tilting towards the realization that workforce housing is needed in the community. More people are recognizing that the new kindergarten teacher, their grown children, or the elderly neighbor may not be able to afford to live or remain in the community. Also, housing demand during the summer months compels some to rent their homes to make ends meet, forcing them to double-up with friends or family or even camp out. Housing for seasonal workers is also a serious concern of local employers. It is this growing awareness that is spurring communities such as Harwich to take a more proactive stance in supporting affordable housing initiatives.

**Mitigation Measures:** Harwich proposes continuing an ongoing educational campaign to inform local leaders and residents on the issue of affordable housing, to help dispel negative stereotypes, provide up-to-date information on new opportunities and to garner political support (see details on this strategy in Section VI.A.1). It will be important to continue to be sensitive to community concerns and provide opportunities for residents to not only obtain accurate information on housing issues, whether they relate to zoning or new development, but have opportunities for real input. Moreover, this Plan proposes that the Town hold occasional housing summits to provide opportunities for local leaders to share information about the status of affordable housing initiatives to better promote municipal communication and cooperation in the implementation of various strategies as well as for local leaders to obtain ongoing training related to affordable housing.

## V. HOUSING PRODUCTION GOALS

The Massachusetts Department of Housing and Community Development (DHCD) is administering the Housing Production Program in accordance with regulations that have enabled cities and towns 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>39</sup> If DHCD certifies 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 comprehensive permit applications for one or two-years, respectively.<sup>40</sup>

Despite considerable progress towards promoting affordable housing in recent years, it will still be a substantial challenge for Harwich to meet the prescribed annual affordable housing production goal of 33 units or a total of 66 units for the two-year goal. When the next decennial census count becomes available, housing growth will drive-up this annual production goal as well as the 10% goal somewhat

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

- At a minimum, at least fifty percent (50%) of the units that are developed on publicly-owned parcels should be affordable to households earning at or below 80% of area median income – the **affordable units**. The rental projects will also target some households earning at or below 60% of area median income and lower depending upon subsidy program requirements. It should also be noted that the Town can provide CPA assistance to subsidize units for those earning between 80% and 100% of area median income, commonly referred to as “**community housing**” units.
- Projections are based on no fewer than four (4) units per acre, averaging about eight (8) total bedrooms. However, given specific site conditions and financial feasibility it may be appropriate to decrease or increase density as long as projects are in compliance with state Title V and wetlands regulations.

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<sup>39</sup> Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

<sup>40</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.

- Because housing strategies include some development on privately owned parcels, production will involve projects sponsored by private developers through the standard regulatory process or possibly the “friendly” comprehensive permit process. The Town will continue to work with these private developers to fine-tune proposals to maximize their responsiveness to community interests and to increase affordability to the greatest extent feasible, potentially infusing funding from the Affordable Housing Fund or CPA where appropriate.
- The projections involve a mix of rental and ownership opportunities that reflect the priority housing needs in the Housing Needs Assessment (see Section III.C) where about 80% of the units are directed to rentals. The Town will work with developers to promote a diversity of housing types directed to different populations with housing needs including families, seniors and other individuals with special needs to offer a wider range of housing options for residents.

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

<b>Strategies by Year</b>	<b>Units &lt; 80% AMI</b>	<b>Ineligible SHI Units</b>	<b>Total # Units*</b>
<b>Year 1 – 2017</b>			
Buy Down Program/ownership	2	0	2
West Harwich Habitat Project/ownership	6	0	6
Rental Assistance Program	0	8	8
<i>Subtotal</i>	8	8	16
<b>Year 2 – 2018</b>			
Buy-down Program/homeownership	2	0	2
Accessory apartments	0	4	4
Development of Town-owned property – Middle School/rental	56		56
Rental Assistance Program	0	8	0
<i>Subtotal</i>	58	12	70
<b>Year 3 – 2019</b>			
Private development - "friendly" 40B/ Rental	16	0	16
Development of Town-owned, tax-foreclosed properties/homeownership	6	0	6
American Dream II/homeownership (units on Town-owned property)	4	0	4
Buy-down Program/homeownership	2	0	2
Accessory apartments	0	4	4
Private development – OSRD/ Homeownership	5	0	35
Rental Assistance Program	0	8	8
<i>Subtotal</i>	33	12	75
<b>Year 4 – 2020</b>			
Private development – group home/special needs rental	5	0	5
Private development – mixed-use /rental	1	0	6
Private development – inclusionary zoning/ Ownership	3	0	20
Development of Town-owned property – "friendly" 40B/rental	14	0	14
Buy-down Program/homeownership	2	0	2
Accessory apartments	0	4	4
Housing Rehab Program/homeownership	5	0	5
Private development – motel conversion by-law/rental	4	0	12
Rental Assistance Program	0	8	8
<i>Subtotal</i>	42	12	76
<b>Year 5 – 2021</b>			
Private development "Friendly" 40B/ rental for seniors with supportive service	40	0	40

(perhaps some Town-owned land for Pine Oaks IV*)			
Buy-down Program	2	0	2
Accessory apartments	0	4	4
Housing Rehab Program/homeownership	5	0	5
Rental Assistance Program	0	8	8
<i>Subtotal</i>	47	12	59
<b>Total</b>	<b>180</b>	<b>56</b>	<b>296</b>

Total = 180 affordable units (for those earning at or below 80% of area median income) and a total projected number of housing units created of 296 units.

\* Includes market units.

## VI. HOUSING STRATEGIES

The strategies outlined below are based on previous plans, the Housing Needs Assessment, local housing goals and the experience of the Town and 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, Housing Production and Housing Preservation and Assistance – and categorized according to priority as those to be implemented within Years 1 and 2 and those within Years 3 to 5. A summary of these actions is included in Table I-4.

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>41</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;*
  - Promote affordable housing in mixed-use development (see strategy VI.B.3)
- *Identification of specific sites for which the municipality will encourage the filing of comprehensive permit projects;*
  - Continue to make suitable public land available for affordable housing (see strategy VI.C.1)
  - Promote affordable housing in mixed-use development (see strategy VI.B.3)
  - Continue to partner with private developers (see strategy VI.C.2)
  - See “friendly” 40B projects listed in production goals (Section V)
- *Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;*
  - Update local LIP regulations and procedures (see strategy VI.B.5)
  - Adopt inclusionary zoning (see strategy VI.B.2)
  - Integrate affordable housing in the Open Space Residential By-law (see strategy VI.B.1)
  - Convert existing housing to affordability (see strategy VI.C.3)
  - Modify accessory apartment by-law (strategy VI.B.4)
  - As indicated in strategy VI.C.2, the Town should continue to work with developers to create affordable housing in line with smart growth principles including:
    - Mixed-use development in appropriate locations,
    - Redevelopment of nonresidential properties into housing,
    - Smaller infill housing in existing neighborhoods, and
    - Cluster development.
- *Municipally owned parcels for which the municipality commits to issue requests for proposals to develop affordable housing.*
  - Continue to make suitable public land available for affordable housing (see strategy VI.C.1)

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<sup>41</sup> Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

- *Participation in regional collaborations addressing housing development*
  - Participate in Barnstable County HOME Consortium (see strategy VI.D.2)
  - Promote homebuyer counseling and other homebuyer services (see strategies VI.D.2)

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

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

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

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

Additionally, a Subsidized Housing Inventory New Units Request Form must be submitted to DHCD to insure that these units get counted.

The Town needs to designate a municipal employee or a consultant to coordinate this work (see strategy VI.A.2). Associated administrative costs should come from the project budget and could also be covered by Community Preservation funding or the Affordable Housing Fund. The affordability restrictions for all units produced through the Local Initiative Program will be monitored by DHCD, but it is the premise of LIP that the municipality and DHCD work together to create affordable housing and fulfill the obligations of the affordability restrictions.

It should be noted however, that a major goal of this Plan is not only to strive to meet the state’s 10% goal under Chapter 40B, but to also to serve local needs and there are instances where housing initiatives might be promoted to meet these needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory (examples potentially include the promotion of accessory apartments or housing for those earning between 80% and 120% of area

median income or mixed-income housing that includes “community housing” or “workforce housing” units).

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

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

As noted in the Housing Needs Assessment, the Town of Harwich has made considerable progress in producing affordable housing during the past few years, bringing the number of affordable units from 261 to 333, with other units in the pipeline. This level of activity was spurred by partnerships created between the Town and developers including the support of a capable Housing Authority and an active Housing Committee. Key components to building on the substantial progress that has been accomplished to date and bolstering local capacity include:

- ***Plan***  
The Town adopted a brief Housing Strategy at its Special Town Meeting on May 6, 2003. The first recommendation was to adopt a plan and strategy with concrete production goals. During 2009 the Town prepared a Housing Needs Assessment and Housing Production Plan that represented the culmination of the 2003 recommendation, providing an important roadmap for prioritizing and implementing affordable housing initiatives based on documented local needs, community input and existing resources. This Plan continues to build on these prior planning efforts, providing updated documentation to revisit priority housing needs and strategies. The Plan also provides important guidance on how to strategically invest funding from the Affordable Housing Fund and CPA for housing.
- ***Dedicated Municipal Oversight***  
Harwich has created a viable organizational structure to implement the Housing Production Plan. The Town has an active Housing Committee and Housing Authority to promote affordable housing issues and development. Moreover, the Community Preservation Committee (CPC) has been very supportive of affordable housing initiatives and is involved in the preparation of this Housing Production Plan, participating in the planning process and providing funding support. It will be incumbent on the Town to continue to foster coordination among these parties towards the implementation of the Housing Plan, securing support from other important boards and committees as well including the Planning Board, Zoning Board of Appeals and Board of Selectmen.

- Affordable Housing Fund***

The second recommendation in the 2003 Housing Strategy was to “establish a local fund for affordable housing for the receipt of cash contributions, state and private grants, and local funds dedicated to affordable housing”. The Town has created this special fund, its Affordable Housing Fund, and has capitalized it through a number of sources including the sale of Town-owned land that has resulted in sales proceeds totaling more than \$1.6 million (Great Western I = +/- \$113,000, Great Western II = +/- \$1,465,000, and miscellaneous parcels = +/- \$34,000) as well as revenue from a cell tower lease of approximately \$70,000 per year to 2027). Therefore, in addition to CPA funding, Harwich is fortunate to have a separate local Fund that is available to support affordable housing initiatives (see Appendix 2 for funding details).
- Support in Implementation***

In order to oversee the implementation of the Housing Plan, the Town of Harwich will need ongoing support. The Town is fortunate to have a capable Housing Authority that in addition to owning and managing 20 units of publicly-assisted housing, has been engaged by the Town to administer a number of special initiatives including a Rental Assistance Program, Buy Down Program, the American Dream I Program (involving new home construction on Town-owned lots scattered throughout Harwich), and Main Street Extension Project in coordination with the Community Development Partnership. While the Housing Authority has been responsible for insuring that its new units meet all state requirements and are eligible for inclusion in the Subsidized Housing Inventory, it will be important for the Town to identify a municipal staff person who will be responsible for coordinating this work for other affordable units, hire the Housing Authority to conduct this work on a broadened professional services contract, or bring on a part-time staff person or a consultant (see strategy VI.A.2). Consultants are also likely to be needed to offer specialized expertise and to further supplement existing staff resources.
- Comprehensive Permit Guidelines***

The Town of Harwich adopted “Regulations and Procedures for Accepting Comprehensive Permit Applications under the Local Initiative Program (LIP)” in May 2000. These guidelines included a list of qualifications for use in determining, at least initially, the acceptability of a project for support from the Board of Selectmen in a “friendly” 40B project. This document has been of some use, but should be revisited to make it more consistent with current needs, priorities, resources and market conditions as well as state comprehensive permit regulations and guidelines.
- Partnerships***

The successful implementation of this Housing Production Plan will require continued access to a wide range of resources – financial and technical – as well as maintaining important partnerships with a range of organizations, funding agencies, developers and lenders on new initiatives. Over the past decade, Harwich has relied on the following organizations for a significant amount of its housing production activity:

**Table VI-1: Affordable Housing Activity in Partnership with Non-Profit Organizations or Agencies**

<b>Organization</b>	<b>Completed Units to Date</b>	<b>Units in Conceptual Phase, Planning or Development</b>
Harwich Housing Authority	28 units 8 with Fellowship Housing Resources; 12 with CDP and another 3 with American Dream I (not on SHI); and 3 with the Buy Down Program An additional 2 units recently closed through the Buy Down Program with support from HAC	
Harwich Ecumenical Council for Housing (HECH)	18/21 (Sisson Road, Driftwood Lane, Uncle Willis Lane, South Harwich)	
Habitat for Humanity of Cape Cod	20 units 13 (Gomes Way) 7 (Oak Street)	6 units through the West Harwich project in process
Community Development Partnership (CDP)	32 units 8(Little Homesteads) 4 (Robert Lane) 8 current units (Housing Rehab Program) 12 (Thankful Chases Pathway with Housing Authority)	
Mid-Cape Church Homes	163 (Pine Oaks Village I, II and III)	

The Town should continue to foster these partnerships and reach out to other developers as well via Requests for Proposals.

- ***Local Leadership and Community Support***

Last but not least, communities that have made considerable progress in producing affordable housing, like Harwich, typically have leaders who are willing to advocate for new housing initiatives and residents who are sympathetic to the importance of diversifying the local housing stock. Because most of the housing strategies rely on local approvals, including those of Town Meeting, community support for new initiatives has and will continue to be essential. Strategic efforts to better inform key officials and residents on the issue of affordable housing and specific new initiatives to build local support will help generate a greater understanding of the benefits of affordable housing, reduce misinformation, and dispel negative stereotypes. These opportunities will also help the Town obtain useful feedback on its housing agenda (see strategy VI.A.1).

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

### 1. **Conduct Ongoing Community Education**

*Current Status:* Affordable housing has been a more visible issue in Harwich, largely as a result of the level of activity that is being conducted by the Town through various developments and initiatives as well as housing prices that are rising once again following the recession. In January 2017, the Harwich Housing Committee presented the draft of this updated Housing Production Plan to the Harwich Board of Selectmen that was carried on the local cable network that highlighted the current gaps between the supply of housing and local needs, also recommending actions to address these needs.

Additional opportunities to engage the community in discussions on affordable housing and to present information on the issue are needed to continue to dispel myths and misinformation and help galvanize local support, political and financial, for new affordable housing production. These outreach efforts are mutually beneficial as they provide useful information to community residents and important feedback to local leaders on local concerns and suggestions.

*Next Steps:* The presentation of this Housing Production Plan offers an opportunity to continue to bring attention to the issue of affordable housing that can help attract community support for affordable housing initiatives. Efforts need to be made to not only conduct outreach to the overall Harwich community, but to also provide specific information on affordable housing opportunities to those who may qualify for it.

Additional education opportunities should be pursued such as:

- *Forums on specific new initiatives*  
As the Town develops new housing initiatives, the sponsoring entity should hold community meetings to insure a broad and transparent presentation on these efforts to other local leaders and residents, providing important information on what is being proposed and opportunities for feedback before local approvals are requested.
- *Housing summits*  
Most communities lack an effective mechanism for promoting regular communication among relevant Town boards and committees on issues related to affordable housing. This coordination is particularly important in Harwich where housing-related responsibilities are shared among a number of local entities including the Housing Committee, Board of Selectmen for the Affordable Housing Fund, Housing Authority, Community Preservation Committee, ZBA and Planning Board. Having a forum to share information on current housing issues would help foster greater communication and coordination among these entities. Additionally, inviting community residents can help build community interest, improve communication and garner support. Many communities are sponsoring such events, including a recent regional housing meeting in Truro.
- *Public information on existing programs and services*  
The Town should get the word out about existing programs and services that support homeownership, property improvements or help reduce the risk of foreclosure including first-time homebuyer and foreclosure prevention counseling from HAC and the Community Development Partnership. Also, in the past, members of the Housing

Committee appeared on local cable access Channel 18 on a quarterly basis to provide updates on housing activities, which the Town should explore reintroducing.

A brochure describing available local, regional and state housing programs and services would also help spread the word to potentially qualifying households. The Town, through the Housing Committee, might also consider reaching out to residents and request funding or property donations to support existing and future affordable housing projects, explaining the tax advantages involved in such contributions. Another recent opportunity has been the Council on Aging's recent Housing Summit where a wide range of important information related to housing issues was presented to participants.

- *Educational opportunities for board and committee members*

Local boards such as the Community Preservation Committee, Housing Committee, Zoning Board of Appeals, Planning Board and other interested local leaders, as well as members of the Harwich Housing Authority, should receive ongoing training on affordable housing issues. Well advised and prepared board and committee members are likely to conduct Town business in a more effective and efficient manner. New members without significant housing experience would benefit substantially from some training and orientation regarding their responsibilities. Moreover, requirements keep changing and local leaders must keep up-to-date. Funding for the professional development of staff, including the Town Planner and any designated Housing Coordinator (see strategy VI.A.2), Assistant Town Administrator, etc. would also help keep key professionals informed and up-to-date on important new developments, best practices and regulations.

The University of Massachusetts Extension's Citizen Planner Training Collaborative (CPTC) offers classes periodically throughout the year and will even provide customized training sessions to individual communities. The Massachusetts Housing Partnership conducts at least annually the Massachusetts Housing Institute, which is "an educational program to support municipalities and local participants to better understand the affordable housing development process and have an effective role in initiating and implementing local solutions to increasing housing choices". Other organizations and agencies, such as DHCD, MHP, CHAPA, and the Community Preservation Coalition, also provide conferences and training sessions on a wide variety of housing issues that would be useful for local officials and staff persons to attend. In addition, there are numerous written resources for localities. For example, DHCD has prepared a procedural "how to" booklet for local communities on the development process, MHP has many technical guides for localities, and CHAPA has a wide variety of reports on many issues related to affordable housing as well.

*Timeframe:* Years 1-2

*Responsible Party:* Housing Committee

*Resources Required:* Volunteer time of members of the Housing Committee to prepare outreach materials, appear on cable TV programs, and track training opportunities are needed. Attendance fees for special housing workshops or conferences could be paid through the Affordable Housing Fund or Community Preservation Fund when required, the total costs potentially ranging from \$2,000 to \$4,000 annually.

## **2. Hire a Part-time Housing Coordinator**

*Current Status:* The Town of Harwich has been fortunate to have a capable Housing Authority that has been expanding its mission beyond the ownership and management of publicly assisted housing. The Town has established a strong working partnership with the Housing Authority, contracting with the Authority to administer programs including the Renters Assistance Program, American Dream I, and the two phases of the Buy-down Program. Services have included marketing and lotteries for affordable units and insuring that affordable units get counted as part of the Subsidized Housing Inventory.

DHCD guidelines require that each community have a “local project administrator” who is responsible monitoring the affordability of SHI units or designate this task. Most communities designate some staff person or entity to do this work, if applicable, and communities have accomplished this in different ways. For example, the Town of Marshfield issued a Request for Proposals for a Housing Coordinator position and split the work into two components, bringing on a separate consultant for each using CPA funding. Bourne has also used CPA funds to hire a part-time Affordable Housing Specialist, expanding the number of hours as the Scope of Work increased. The Town of Grafton has an Assistant Planner on board to assume many of these housing-related functions based on initial guidance from a housing consultant. Dennis just hired a part-time Housing Coordinator funded through CPA funds.

*Next Steps:* The Town should determine how best to insure that it has adequate oversight to monitor affordability and insure that all affordable units are counted as part of the SHI and continue to meet all state requirements. Additionally, the Town could use some support in undertaking the following potential activities:

- Staff the Housing Committee;
- Provide HOME Program related tasks;
- Answer housing inquiries;
- Maintain a list of those to notify when affordable housing opportunities arise;
- Conduct marketing/lottery work;
- Review and submits reports regarding development proposals;
- Review affordable housing development documents;
- Coordinate new or modify zoning related to affordable housing, working with the Town Planner;
- Oversee HPP implementation;
- Assist in the preparation of Requests for Proposals (RFP) for housing projects;
- Provides orientation to new housing-related board members;
- Perform community outreach and education, including the preparation of materials;
- Research funding sources available to supplement local resources;
- Draft criteria to evaluate affordable housing proposals;
- Organize public forums and special events, including housing summits;
- Explore development opportunities; and
- Draft funding guidelines and the action plans for the Affordable Housing Fund.

With input from the Housing Committee, the Board of Selectmen should develop a Scope of Services for a part-time housing consultant/housing coordinator and issue a Request for Proposals

(RFP) to solicit interest from qualifying professionals or organizations to undertake these services. It should also be noted that other consultants could be brought on as needed to handle specific activities including environmental engineers for predevelopment work, appraisers, surveyors, lawyers, etc.

*Timeframe:* Years 1-2

*Responsible Party:* Board of Selectmen with input from the Housing Committee

*Resources Required:* Annual funding for a part-time Housing Coordinator typically ranges from \$25,000 to \$35,000 depending upon the Scope of Services. This funding could come from CPA or the Affordable Housing Fund.

## **B. Zoning Strategies**

Housing production is contingent not only on actual development projects but on the regulatory tools that enable localities to make well informed decisions to strategically invest limited public and private resources on housing creation. To most effectively and efficiently execute the strategies included in this Plan and meet production goals, greater flexibility will be needed in the Town's Zoning By-law, and new tools will be required to capture more affordable units and better guide new development to specific "smarter" locations.

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

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

### **1. Integrate Affordable Housing into the Open Space Residential Development By-law (Cluster Development)**

*Current Status:* Harwich's Zoning By-law includes an Open Space Residential Development By-law that requires part of the development parcel be set-aside and regulated as permanent open space when such plan is preferable to a conventional residential subdivision. This provision promotes a "smarter" and more compact type of development pattern as units are built in a cluster instead of the conventional grid pattern, allowing higher density on a portion of the site and creating permanently restricted open space. About 31 separate developments have used this by-law, with clusters of housing scattered throughout the community. The by-law does not include any requirements or incentives for including affordable housing.

*Next Steps:* The Town should consider density bonuses for the integration of some amount of affordable housing into the By-law and allow some multi-family dwelling types as well. More incentivized density bonuses and affordability requirements should encourage mixed-income development and support greater project feasibility. Associated design guidelines and review as well as inclusionary requirements can insure that goals are met in ways appropriate and beneficial to the Town.

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

*Timeframe:* Years 1-2

*Responsible Party:* Planning Board

*Resources Required:* The Planning Board should coordinate this effort with other appropriate local officials, drafting the zoning amendment and coordinating the necessary approvals towards implementation. This strategy is also likely to require the professional support from the Town Planner with input potentially from a consultant that could be covered by CPA funding or the Affordable Housing Fund.

## **2. Adopt Inclusionary Zoning**

*Current Status:* Inclusionary zoning, not currently included in Harwich's Zoning By-law, is a zoning provision that requires a developer to include affordable housing as part of a development or potentially contribute to a fund for such housing. This mechanism has been adopted by 161 communities in the state.

Studies on inclusionary zoning indicate that mandatory provisions coupled with strong incentives are most effective in promoting affordable housing. It is important to provide sufficient incentives to developers to make sure that the incorporation of affordable units will be financially feasible. Incentives also reduce the risk of litigation from developers who claim that the mandatory inclusion of affordable units involves a "taking" of their property rights. In fact inclusionary zoning can be legally vulnerable if requirements make it impossible for the developer to earn a reasonable return on the project as a whole.

Many of the municipalities that have inclusionary zoning in place are reaping the rewards of these actions through the creation of actual affordable units and/or cash contributions to the locality for investment in affordable housing production. Most of the by-laws include mandated percentages of units that must be affordable, typically 10% to 20%, and density bonuses<sup>42</sup>. Some also allow the development of affordable units off-site and/or cash in lieu of actual units. Table VI-1 provides a summary of some inclusionary zoning requirements from other communities.

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<sup>42</sup> Density bonuses allow increased densities beyond what is allowed under the Zoning By-law.

**Table VI-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>
Amherst	Based on project size Ranges from 7% to 12%	10 Units	No <sup>43</sup>
Arlington	15%	6 Units	Yes
Barnstable	10%	10 Units	Formed a committee to study
Belmont	10%, 12.5% or 15% depending on project size	2 single-family or two-family homes	Yes
Brookline	15%	6 Units	Yes
Cambridge	15%**	10 Units	Yes
Duxbury	10%	6 Units	Yes
Hopkinton	10%	10 Units	Yes
Medway	10%	6 Units	Yes
Newton	15%	4 Units*	Yes
Somerville	12.5% to 20% depending on location	6 Units*	Yes
Tewksbury	15%	4 Units*	Yes
Watertown	12.5%	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%.

*Next Steps:* There are a variety of by-laws that have been adopted in localities throughout the state but requirements vary considerably. The Executive Office of Environment and Energy’s Smart Growth Toolkit includes a model inclusionary zoning by-law that highlights key local decisions and makes some commentary for consideration throughout ([www.mass.gov/envir/smart\\_growth\\_toolkit/pages/SG-by-laws.html](http://www.mass.gov/envir/smart_growth_toolkit/pages/SG-by-laws.html)). The Citizen Planner Training Collaborative’s website has a model by-law with commentary and some policies as well ([www.umass.edu/masscptc/exampleby-laws.html](http://www.umass.edu/masscptc/exampleby-laws.html)).

The Harwich Planning Board should explore models and prepare a zoning amendment that is best suited to supporting affordable housing in Harwich. The Planning Board should prepare, adopt and present the by-law to Town Meeting for adoption. Ideally the adoption of this by-law would lead to the production of actual housing units, but may also deliver payments in lieu of actual units to help capitalize Harwich’s Affordable Housing Fund.

*Timeframe:* Years 3-5

*Responsible Party:* Planning Board

*Resources Required:* The research and preparation of the by-law could be performed by the Town Planner, potentially with input from a consultant. If the Town decided to hire a consultant, the fee should not be more than \$5,000 and could be covered by CPA funds, the Affordable Housing

<sup>43</sup> A cash in-lieu fee was recommended as part of the Housing Production Plan that the Town approved in 2013.

Fund, Cape Cod Commission's Technical Assistance Program (TAP), or state technical assistance funding such as DHCD's Planning Assistance Towards Housing (PATH) Program.

It will be important to also insure that all affordable units produced through the by-law get counted as part of the Subsidized Housing Inventory, applied through the Local Initiative Program (LIP) administered by DHCD if another housing subsidy is not used. Some professional oversight is required (see strategy VI.A.2). The monitoring of projects to insure continued affordability based on use restrictions would be the responsibility of a designated monitoring agent, DHCD in the case of LIP units, however towns also have a role in supporting the monitoring process.

### **3. *Promote Affordable Housing in Mixed-Use Development***

*Current Status:* Harwich's Zoning By-law allows mixed-use development through its Village Commercial Overlay District (for Harwich Port) and Harwich Center Overlay District, both of which are meant to be used in conjunction with other by-laws designed to encourage appropriate and consistent patterns of village development such as the Apartments Incidental to Commercial by-law (see Section IV), including mixed-use development with housing above commercial space. The focus is to have the structures facing the street frontage portion of the property and to locate parking, septic and open space to the rear. The by-laws include dimensional requirements that foster existing development patterns. At this point the by-law does not require or provide any incentives for including some housing affordability.

*Next Steps:* The Planning Board should explore by-laws for promoting mixed-use development in all villages that incorporates some housing affordability and prepare a zoning amendment that best meets Harwich's needs. Housing affordability should be required and design guidelines met in return for allowing the density that will make high quality development economically feasible.

There are by-laws that have been adopted in other communities that offer models on how to integrate housing, including affordable housing, in town or village centers and other commercial areas. The Town of Yarmouth adopted a Village Center By-law 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. The establishment of Smart Growth Zoning Overlay District under the state's 40R and 40S provisions may also be helpful in promoting the feasibility of mixed-use development (40R/40S are described in Appendix 2).

It should be noted that the Town's lack of sewer services significantly constrains density unless special treatment facilities are available. At some point in the future the Town might consider adding sewer services to its village centers to better promote the vitality of these areas and follow "smart growth" principles.

Another option would be to develop policy and design guidelines on mixed-use development and process acceptable mixed-use development projects through the "friendly" 40B process as established under the state's Local Initiative Program (LIP).

In 2009, the Town considered providing funding as an incentive for business owners in Harwich Port to create second story apartments above their businesses. The Town should once again

explore the implementation of this Second Story Program in the Harwich Port Business District where under current zoning business owners who have second floor expansion capacity can add an affordable rental unit above their business. The Program was meant to provide funds for feasibility studies. If it turned out that a unit could not be produced, the funding became a grant. If the owner could or was willing to pursue the creation of the unit, the funding became a loan however.

*Timeframe:* Years 3-5

*Responsible Party:* Planning Board

*Resources Required:* This strategy will require staff time from the Town Planner with potential input from a consultant. Introducing a Second Story Program would involve some administrative costs and capacity, either through the Housing Authority or the proposed Housing Coordinator (see strategy 8.1.2).

#### **4. *Modify Accessory Apartment By-law***

*Current Status:* The Zoning By-law allows accessory apartments in single-family homes by special permit in a number of zoning districts. Several relatively recent and positive changes were made to the bylaw including the reduction of minimum lot size from 40,000 square feet across the board to a range of 15,000 to 40,000 depending upon the zoning district, the ability to include these units in detached structures, and an increase in the maximum accessory unit size to 900 square feet and two bedrooms. However, additional modifications can be made to better promote such units that provide the following important benefits:

- Provide homeowners with additional income, which is particularly important for elderly homeowners, single parents, and others who are spending too much of their income on housing and for whom such income may be critical to remaining in their homes. Also, without the flow of income from the rent of an accessory apartment, some young families or moderate-income households might not be able to afford homeownership.
- Offer appropriately sized units for growing numbers of smaller households.
- Provide a fairly inexpensive means of increasing the supply of year-round rental units at lower cost than new construction and without significant impact on the surrounding neighborhood.
- Create housing units that do not require additional Town services such as new streets or utilities and involve little or no loss of open space.
- Potentially provide companionship, security and services for the homeowner.
- Generate increased tax revenue in a locality because accessory units add value to existing homes.
- Offer a way of preserving historic properties given the rental stream available to help maintain the property.

While the by-law includes a section to certify affordable accessory apartments for counting as part of the Subsidized Housing Inventory, these provisions have not been used to date, largely because of changes in state requirements. Deed restrictions are now required, tenants must be chosen through a pre-approved list of renters, and family members are not eligible as occupants.

Nevertheless, accessory units do serve a pressing local need for smaller, year-round rentals and should be encouraged.

*Next Steps:* Because accessory apartments provide small rental units that diversify the housing stock within the confines of existing dwellings or lots, the Town should amend the by-law to better promote such units even if they are not eligible for inclusion in the Subsidized Housing Inventory. Such modifications might include the following:

- Consider preparing a hybrid by-law that includes the two-tier approach to approvals (by-right and special permit). The by-right units must meet relatively standard requirements but those through the special permit process involve somewhat more restrictive requirements. Good models for this approach include Lexington and Amherst’s by-laws.
- Allow accessory units in additions.
- Reduce off-street parking to one space or have the owners make any parking determinations as is the case in Wellfleet.
- Promote accessory apartments in commercial structures.
- Enable investor owners to participate in the program.
- Consider implementing an amnesty period to permit illegal apartments.
- Provide CPA or proposed Affordable Housing Funds to implement a deferred loan program to support the costs of creating the accessory unit that meets all health and safety codes.

*Timeframe:* Years 3-5

*Responsible Party:* Planning Board in coordination with the Housing Committee

*Resources Required:* The donated time of local officials with professional support from the Town Planner and proposed Housing Coordinator. It will also be important to obtain buy-in from both the Building Department and the Board of Health given permitting and enforcement issues.

##### **5. Update Local LIP Regulations and Procedures**

*Current Status:* The Town of Harwich adopted “Regulations and Procedures for Accepting Comprehensive Permit Applications under the Local Initiative Program (LIP)” in May 2000. These guidelines included a list of qualifications for use in determining, at least initially, the acceptability of a project for support from the Board of Selectmen in a “friendly” 40B project.

*Next Steps:* This document has been of some use, but should be revisited to make it more consistent with current needs, priorities, resources and market conditions. It may be useful for the Board of Selectmen to appoint an Ad Hoc Task Force to review the existing document and recommend changes. It would be important to keep the revised document as consistent as possible with this Housing Production Plan as well as changes in the state’s comprehensive permit regulations and guidelines.

*Timeframe:* Years 3-5

*Responsible Party:* Board of Selectmen with support from the Zoning Board of Appeals, Planning Board and Housing Committee.

*Resources Required:* Donated time of representatives from various town boards and committees with staff support from the Town Planner, the proposed Housing Coordinator (see strategy VI.A.2), or a consultant.

## **6. Adopt a Motel Conversion By-law**

*Current Status:* Harwich has a number of motel properties that are increasingly becoming antiquated and less economically viable. Other Cape communities with similar uses have adopted or are considering zoning to incentivize the redevelopment of these properties to better serve local needs.

The Town of Yarmouth has adopted a Motel Conversion By-law to meet two local community development needs – the need for affordable multi-family housing and the need to redevelop under-performing properties by allowing the conversion of motels to permanent housing under specific conditions, including the provision of affordable housing. The by-law provides Route 28 motel owners with a viable alternative to Chapter 40B development through the ability to develop motel properties by-right into stand-alone, multi-family housing or mixed-use development.<sup>44</sup> The use of the Motel By-law has been promoted by financial assistance offered through a Motel Predevelopment Fund that provides grants of up to \$40,000 to qualified sponsors of motel redevelopment projects on Route 28. Grants are in the form of a zero interest, deferred loan that is forgivable after five (5) years. For highly competitive raze and replace projects, the Motel Redevelopment Program offers grants of up to \$30,000 per affordable unit for acquisition and construction costs.

Yarmouth also approved an allocation of \$2 million in CPA funding for the Housing Trust to acquire and rehabilitate an existing motel, converting it to long-term affordability. It issued a Request for Proposals to solicit interest from motel owners in participating in the special program by selling their property. It is working with a current owner and will ultimately issue another RFP to select a developer to convert the property to multi-family rental housing that includes affordable housing.

*Next Steps:* Representatives from the Planning Board and Housing Committee should arrange a meeting with Yarmouth’s Community Development Department to learn more about their efforts and then work together to adapt the by-law for Harwich.

*Timeframe:* Years 3-5

*Responsible Party:* Planning Board in coordination with the Housing Committee

*Resources Required:* The donated time of local officials with professional support from the Town Planner and proposed Housing Coordinator.

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<sup>44</sup> Yarmouth Zoning By-law Section 404 specifies a maximum density of 16 units per acre, the size of units (600 square feet for raze and replace and a schedule of sizes ranging from 250 square feet to 750 + square feet for redevelopment), the number of affordable units (based on overall density with a maximum requirement of 25% affordability), and design standards. Affordable units are required to meet the state’s Local Initiative Program (LIP) standards.

### C. Housing Production Strategies

As noted in the Housing Needs Assessment, the Town of Harwich has made considerable progress in producing affordable housing during the past decade or so including:

- Approximately 30 units were produced by non-profit and private developers from 2003 to 2008 with another 55 produced after that;
- Two (2) affordable units are ready to be added to the SHI as first-time purchasers have recently closed on their homes as part of the second phase of the Town's Buy Down Program.
- Six (6) affordable units are in the planning stage for a Habitat for Humanity project in West Harwich.

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

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

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

*Current Status:* The contribution or "bargain sale" of land owned by public entities, including the Town and Housing Authority, but not essential for public purposes has been a major component of Harwich's housing strategy, and to date 211 units have been produced on donated Town-owned property (see Table III-31 for specific projects included in the Subsidized Housing Inventory).

The Town has identified a list of additional publicly-owned properties that have already been approved for future affordable housing development as summarized in Table VI-2.

Of particular recent interest has been the potential redevelopment of the now vacant Harwich Middle School. The Stratford Capital Group proposed converting the property to affordable housing in response to a Town-sponsored RFP, much the same as they did with the John Simpkins Elementary School in Yarmouth. While nonbinding referendum approved the reuse of the building for affordable housing, there has been no final decision on how the property will be repurposed.

Also, the Housing Committee has identified 334 parcels that in tax title and 143 FY16 real estate bills with overdue balances. Some of these properties might become available through the tax foreclosure process.

**Table VI-2: Publicly-owned Properties with Potential for Affordable Housing Development**

Parcels	Map #/ Parcel #	Total Parcel Acres/	Estimated # Affordable Housing Units	Comments
759 Queen Anne Road	72/L262	.23 acres	1	Difficult topography
215 Pleasant Bay Road	113/X5	.61 acres	1	
5 Dexter Road*	49/X1-4	.31 acres	2	
3 Dexter Road*	49/X-6	.29 acres		
Depot Road	63/J1	1.41 acres	33 homes/ 99 bedrooms	
Orleans Road	63/J2	4.59 acres		
Depot Road	63/J3	17.35 acres		
Middle Road	63/J4	2.70 acres		
Depot Road	63/J6	2.06 acres		
Harwich Middle School	40/T6	18.49 total acres with approx. 6.8 acres for Middle School bldg.	40+ units depending on design	

\* Combine into one (1) lot.

Additionally, the Town should become alert to opportunities for acquiring property that would be suitable for some amount of affordable housing. Ideally such properties would meet a number of smart growth principals such as:

- The redevelopment of existing structures,
- Infill site development including small home development as starter housing,
- Development of housing in underutilized locations with some existing infrastructure,
- Parcels large enough to accommodate clustered housing,
- Mixed-use properties in village areas or along commercial corridors;
- Property with good carrying capacity for water and septic systems or can accommodate special treatment facilities,
- Buffer between adjacent properties, and
- Located along a major road.

The Town, through the Housing Committee, is also beginning to reach out to residents and request funding or property donations to support existing and future affordable housing projects, explaining the tax advantages involved in such contributions. **The Donation Tax Credit has recently been adopted by the Massachusetts Legislation. This credit is in the form of a state tax credit for the donation of property at below fair market value. Regulations have not yet been promulgated but it bears watching as another potential tool for the Town to create affordable housing.**

*Next Steps:* The Housing Committee should continue to identify and pursue surplus municipal property for the development of affordable housing.

Where appropriate, the Town should also support the costs of preliminary feasibility analyses of existing Town-owned parcels or Housing Authority owned properties or on sites identified at a later time on the open market, through negotiations with interested sellers for reduced prices or through tax foreclosures that might potentially include some amount of affordable housing. Such analyses could be funded through Community Preservation funds or the Affordable Housing Fund. In fact, the Affordable Housing Fund and CPA funding will be tapped to assist the Housing Committee in the development of lay-out concepts for its Home Sweet Home Program that was never implemented.

Following the necessary approvals for the conveyance of Town-owned properties, the Town's Chief Procurement Officer and proposed Housing Coordinator or a consultant, should prepare a Request for Proposals (RFP) to solicit interest from developers based on the Town's specific project requirements and select a developer based also on identified criteria included in the RFP. Projects may require densities or other regulatory relief beyond what is allowed under the existing Zoning By-law, and this might be obtained through the "friendly" comprehensive permit process under DHCD's Local Initiative Program (LIP). In fact the Chapter 40B has been used in the past in the development of a number of formerly Town-owned parcels. Additionally, the Town will need to be involved in helping the selected developer attract the necessary financial, technical and political support. Evidence of municipal support is often critical when seeking financial or technical assistance from regional, state or federal agencies.

*Timeframe:* Years 1-2

*Responsible Party:* Board of Selectmen with support from the Housing Committee

*Resources Required:* The Housing Committee has been very "hands-on" in the identification and pursuit of Town-owned properties for affordable housing, working closely with the Town Administrator's Office and the Board of Selectmen. Just recently the Housing Committee was asked to comment on a list of municipally owned property that is being reviewed as part of the Town's Open Space Plan. The timing of this Housing Plan and the Open Space Plan provide an opportunity for the Housing Committee and the Conservation Commission, with input from other boards and committees as well, to identify properties on this list that might be suitable for affordable housing development. There are also some possible small tax title properties, currently estimated at 143, that could possibly become available for affordable housing.

Resources will also be required to help subsidize the development. Comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units in fact subsidize the affordable ones. Many communities have used the "friendly" comprehensive permit process to take advantage of these internal subsidies, to create the necessary densities to make development feasible, and to make it easier to navigate the existing regulatory system. Other communities are finding that they 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 these objectives. Because the costs of development are typically significantly higher than the rents or purchase prices that low- and moderate-income households can afford, multiple layers of subsidies are often required to fill the gaps. Even Chapter 40B developments are finding it useful

to apply for external subsidies to increase the numbers of affordable units, to target units to lower income or special needs populations, or to fill gaps that market rates cannot fully cover.

It is likely that a number of financial and technical resources will be required to produce affordable units in Harwich. Appendix 2 includes summaries of most of these programs. A potential program opportunity is the Starter Home Program that was included in state legislation 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. DHCD is amending the 40R regulations but 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.

Additionally, the Massachusetts Housing Partnership (MHP) and MassHousing have been working with DHCD to develop 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 (LIHTC) program. This program, if adopted, would provide a deeper level of resources to small-scale projects that do not use LIHTCs. 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) would be in the best position to utilize such a program. This program may also become a useful resource for Harwich.

*Projected # Affordable Units Produced: 80 units*

## **2. Continue to Partner with Private Developers**

*Current Status:* With incentives created in the zoning by-law to promote affordable housing (see Section VI.B) and with the availability of the "friendly 40B" option, the Town is in a good position to continue to work cooperatively with developers, both for profit and non-profit, to guide new development to appropriate locations that incorporates affordable units. The Town of Harwich is fortunate to have a working relationship with a number of development entities including the Harwich Housing Authority, Community Development Partnership (CDP), Housing Assistance Corporation (HAC), Harwich Ecumenical Council for Housing (HECH) and Habitat for Humanity of Cape Cod. It has also reached out to other developers, such as Community Housing Resource, Inc., to get advice on housing issues and to encourage interest in possibly working in Harwich. Moreover, it has worked with private developers include McShane Construction on the American Dream Program for example.

This Housing Production Plan suggests that new development, including affordable housing, should be in line with "smart growth" principles:

- Mixed-use development in appropriate locations,
- Redevelopment of nonresidential properties into housing such as the Harwich Middle School,
- Smaller infill housing in existing neighborhoods, and
- Cluster development.

Development should also comply with the Town’s Regional Land Use Vision that maps suitable locations for new construction activities.

Support for such development could be processed through normal regulatory channels when the projects are in basic compliance with existing zoning or could be handled through the “friendly” 40B process offered through the state’s Local Initiative Program (LIP). Comprehensive permits have proven to be a useful tool in many communities for projects that require significant waivers of local zoning but meet local needs and priorities. Harwich has used the comprehensive permit process on a number of its affordable housing developments as noted in Table III-31. Many of these projects have also incorporated more affordable units than those required under Chapter 40B. Key to the success of these developments was the partnership between the Town and the developer to build affordable housing and the infusion of state-supported subsidy programs (see Appendix 2 for a summary of resources) as well as the expertise of the developer in building affordable housing.

*Next Steps:* The Town should make efforts to work cooperatively with developers who propose new residential developments, trying to provide important input into preliminary plans. Updating local affordable housing guidelines (see strategy VI.B.5) will give developers better information on the local housing needs and preferences. To further guide development, the Town should identify the Housing Committee as the municipal entity to oversee this preliminary review of early plans and bring on a Housing Coordinator in support of this review process (see strategy VI.A.2).

*Timeframe:* Years 1-2

*Responsible Party:* Housing Committee

*Resources Required:* This Housing Plan recommends that a part-time Housing Coordinator be hired on a yearly retainer basis based on a Scope of Services and selected through an RFP process (see strategy VI.A.2).

*Projected # Affordable Units Produced:* 90 units

### **3. Convert Existing Housing Units to Affordability**

*Current Status:* The Town has embarked on a Buy-down Program, managed by the Housing Authority, which provides subsidies to qualified first-time homebuyers to fill the gap between the market purchase price and the affordable price that is allowed under the state’s Local Initiative Program (LIP). Purchasers are pre-qualified through the Program and then selected through a lottery before they are able to search in the private housing market for a qualifying home. Purchasers are also required to attend first-time homebuyer classes and encouraged to explore more affordable mortgage financing such as loans through the state’s ONE Mortgage Program.

The first phase of the Program received an initial funding allocation of \$280,000 and supported three participants with subsidies of up to \$75,000 per purchaser.

*Next Steps:* A second phase of the Program has been completed that included \$71,000 in funding remaining from the first phase, donated administrative funds from the Housing Authority, and

another CPA allocation of \$75,000, Two participants were selected through a lottery conducted by the Housing Assistance Corporation, and these participants recently closed on their new homes.

The Harwich Housing Authority also contemplated the development of a rental buy-down program that would involve a Request for Proposals to owners of rental properties who would agree to enter into 15-year deed restrictions to convert their rental units to affordability in line with state requirements. The Housing Authority would apply for subsidies through CPA and HOME to make necessary improvements, to manage the units and the program, and offer some compensation to the property owners as well. This Program might also work well in tandem with their Rental Assistance Program. The Town in concert with the Housing Authority should evaluate whether to move forward with such an initiative.

*Timeframe:* Years 1-2

*Responsible Party:* Housing Committee in tandem with the Housing Authority

*Resources Required:* Additional subsidies of at least \$75,000 per purchaser to provide ongoing annual support for the Program from CPA or the Affordable Housing Fund. Also, ongoing administrative support.

*Projected # Affordable Units Produced:* 10 units

#### **D. Housing Preservation and Assistance Strategies**

Housing production is critical, but the Town also needs to be concerned that it does not lose current as well as future units counted as part of its Subsidized Housing Inventory to the greatest extent possible and provides assistance to residents to access affordable housing or make necessary property improvements.

##### **1. Monitor Affordability of Subsidized Housing Inventory (SHI)**

*Current Status:* Based on how housing was financed, how long the affordability requirements were established, and other stipulations in affordability agreements, the affordable status of housing units may be in jeopardy in many communities in the future. Harwich's existing Subsidized Housing Inventory includes a number of projects where affordability restrictions are currently projected to expire including:

- Cape Cod Commission or CDP/Lower Cape CDC Housing Rehab Program (9 units) – expiration from 2015 to 2019
- Pine Oaks Village I and II (98 units) – affordability restrictions due to expire in 2018
- Pine Oaks Village III (65 units) – expiration in 2042
- 333 Route 28 (11 units) – restrictions due to expire in 2023
- Queen Anne's Court (24 units) – expiration in 2030
- Uncle Willis Lane (2 units) – expiration in 2039
- Community Way (7 units) – expiration in 2043 (2 units have restrictions in perpetuity)
- Little Homesteads (8 units) – expiration in 2045
- Robert Lane (4 units) – expiration in 2052
- Thankful Chases Pathway (12 units) – expiration in 2110

As many as 240 units might be lost to the existing Subsidized Housing Inventory. The 9 units that were part of rehab loans programs had lower subsidies per unit and 15-year affordability restrictions and will not unfairly go off the SHI as the restrictions expire. Most of the units with restrictions that are not in perpetuity are not due to have their affordability in jeopardy for many years. The affordability restrictions for Pine Oaks Village Phases I and II are due to expire in 2018, however Phase I has a long-term Section 8 contract in place and is not at risk of losing its affordability any time soon.

It is important to insure that affordable housing units remain a part of the Town's Subsidized Housing Inventory for as long a period of time as possible. While expiration dates are largely a ways off, developers can typically prepay their mortgages after a certain amount of time and at that point chose to convert affordable units to market ones. However, because most of these units were developed by non-profit entities, it is likely that they will want to extend affordability when the time comes.

*Next Steps:* Because most of the developments, including Pine Oaks Village, were developed by non-profits it is probable that affordability is not in jeopardy. Nevertheless, the Housing Committee should continue to closely monitor developments with "expiring" affordable units, communicating directly with project owners regarding their intentions.

In case problems surface, the Housing Committee should contact DHCD or CEDAC to seek guidance on the exact status of the developments and appropriate next steps. There are a number of non-profit organizations that specialize in the acquisition and refinancing of these "expiring use" developments and state funding under Chapter 40T<sup>45</sup> has provided a good mechanism for refinancing many of these projects.

*Timeframe:* Years 1-2

*Responsible Party:* Housing Committee

*Resources Required:* Some volunteer time from the Housing Committee to make the necessary inquiries and monitor the status of existing affordable units with potential support from the proposed Housing Coordinator (see strategy VI.A.2).

*Projected # Affordable Units Produced:* While this strategy is unlikely to create new affordable units, it is essential for maintaining existing affordable units in the SHI.

## **2. Help Qualifying Residents Access Housing Assistance**

*Current Status:* Rising housing costs create challenges for many lower income residents. For example, renters continue to confront difficulties finding safe and decent rental units, especially during the summer. Owners, including seniors living on fixed incomes, are finding it increasingly difficult to afford the costs associated with increasing taxes, energy costs, insurance and home

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<sup>45</sup> Chapter 40T, which passed in 2009, has several provisions aimed at giving tenants of affordable housing plenty of notice and resources if their landlord decides to pursue the conversion of the property to market rate after affordability restrictions have expired. One of these provisions gives DHCD the right of first refusal when a building with affordable units comes up for sale. DHCD does not buy the properties outright, but relies on a pre-approved list of affordable housing developers with whom it works to help acquire and manage the property, insuring extended and long-term affordability.

improvements and some may be faced with foreclosure. Additionally, some seniors and those with special needs require handicapped adaptations and repairs to help them remain in their homes. Harwich residents might also benefit from technical and financial support in the case of septic failures and Title V compliance issues.

The Town previously had access to Community Development Block Grant (CDBG) funding from the state to support a Housing Rehabilitation Program. This Program provided important technical and financial support to low- or moderate-income owner-occupants, earning at or below 80% AMI, or investor-owners that rented to low- or moderate-income households in making much-needed repairs to their properties. Program assistance was offered at a 0% interest deferred loan. Harwich should continue to apply to the state for CDBG funds to reintroduce this Program or use CPA or the Affordable Housing Fund.

HECH also manages the Libby Arnold Stevens Resident Stabilization Fund that is available countywide to provide emergency assistance to residents that are experiencing a financial crisis. Additional emergency assistance to cover delinquent utility bills is available through the Chase Fund.

There are also counseling programs available to help renters prepare for homeownership and to assist existing residents in preventing foreclosure. The Housing Assistance Corporation has received state and federal funding to provide this counseling.

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

- *Existing Homeowner Rehabilitation Assistance Program*  
Provides a no-interest, deferred payment loan to qualifying homeowners, the amount not to exceed \$25,000 and to be repaid upon the sale or refinancing of the property. The maximum house value for participating properties is \$362,000 and consequently many properties in Harwich may not qualify. The needs of seniors, handicapped and single parents are given priority consideration for funding, as are houses with substantial repair needs.
- *Get the Lead Out*  
With funding from MassHousing, this Program provides low-cost financing to owners of 1-4 family properties to remove lead and reduce the possibility of lead poisoning in children.
- *Home Modification Loan Program*  
Offers financial assistance to persons seeking to make modifications to their home to improve accessibility for the physically disabled.
- *Weatherization*  
A federally-funded program to help qualifying property owners make energy-efficient home improvements. Most households that receive fuel assistance also qualify for this program.
- *Heartwrap*  
An emergency repair program for households receiving fuel assistance that require the repair or replacement of their heating system.
- *Keyspan Gas Program*

- Provides installation, caulking and weather stripping to income-eligible tenants and homeowners who heat with Keyspan Gas and receive the lowered gas rate.
- *Cape Light Compact Efficiency Program*  
Offers energy-saving devices (i.e., light bulbs, water conservation and other devices) and technical assistance to qualifying tenants and homeowners on how to save on their electrical bills. Some participants can also qualify for a free refrigerator, freezer.

*Next Steps:* The Town should continue funding the Rental Assistance Program and reintroduce the Housing Rehabilitation Program, hopefully with CDBG funding through the state. DHCD has been revisiting some of its criteria for allocating this funding, and Harwich may find itself in a more competitive position in the future to receive this financial support. If such funding is not forthcoming, the Town should consider using CPA or the Affordable Housing Fund to support program operations.

Through the community educational campaign recommended in Section VI.A.1, important information on rental assistance, education and counseling services, and housing improvement resources could be disseminated to real estate professionals, local organizations and community residents. The Town, through its Housing Committee and Council on Aging, as well as the Housing Authority, should provide the necessary education and referrals to programs sponsored by the Harwich Housing Authority, Community Development Partnership, Housing Assistance Corporation and MassHousing. Written materials on available housing programs and services, with links to service providers, can be prepared and distributed throughout the community, also included on the Town's website.

*Timeframe:* Years 1-2

*Responsible Party:* Housing Committee, Housing Authority, and Council on Aging

*Resources Required:* Donated time of volunteers or staff time from the Council on Aging and Housing Authority as well as the proposed Housing Coordinator (see strategy VI.A.2) to disseminate important housing information. Potential additional CPA or Affordable Housing Trust funding to support a Housing Rehab Program and continued funding of the Rental Assistance Program, both at about \$100,000 per year.

*Projected # Affordable Units Produced:* The Rental Assistance Program and available home repair programs provide needed assistance, however, these programs do not typically include the necessary requirements to enable properties to be included in the SHI with the exception of those programs that require deed restrictions including the Home Repair Program operated by HAC and the previous CDBG-funded Housing Rehab Program. The Rental Assistance Program has provided important services however, assisting over 100 households since the Program started in 2010, with 33 current participants.

## APPENDIX 1

### Local and Regional Organizations

The town of Harwich has a number of local and regional agencies and organizations available to help support the production of affordable housing or provide housing-related services:

**1. *Harwich Housing Authority (HHA)***

The Harwich Housing Authority was established in 1986 and currently owns and manages 20 units of affordable housing including 12 family rental units at 111 Long Pond Road/127 Headwaters Drive. These units involved side-by-side duplex construction on scattered sites in existing neighborhoods. The other eight (8) units are for DMH special needs clients. The Authority also manages a number of state rental vouchers through the Massachusetts Rental Voucher Program (MRVP).

In addition to its property management functions, the Housing Authority administers a couple of local housing programs including the Rental Assistance that provides qualifying households with a voucher of up to \$350 per month for three years to make their market rental affordable. It has also overseen the Buy Down Program that subsidizes first-time homeownership for qualifying households and properties, and the American Dream Program that brought on a private developer, McShane Construction, to build three homes on scattered Town-owned properties.

Additionally, the Authority worked with CDP on the Main Street Extension project (Thankful Chases Pathway) that produced 12 new rental units on former Town-owned property.

**2. *Harwich Community Preservation Committee (CPC)***

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

In November 2004, Harwich Town Meeting adopted the CPA and ballot approval occurred in May 2005, with support of 82% of all voters. Harwich approved a 3% surcharge without any exemptions. Like the other communities on Cape Cod, Harwich voted to convert the 3% property tax surcharge that had been committed to the Land Bank for the purchase and conservation of open space into funding to support the Community Preservation Fund. As a result, the Town was

able to continue to receive state matching funds, as state support for the Land Bank had run out, without raising additional taxes.

The Community Preservation Committee includes nine (9) members including representatives of the Board of Selectmen, Housing Authority, Housing Committee, Conservation Commission, Historical Commission, Planning Board, and Recreation and Youth Commission, and Real Estate and Open Space Committee appointed for three-year terms by the Board of Selectmen. The Town is focused on paying for land it purchased awhile back for conservation purposes, but has also allocated significant funding for housing including:

- \$90,000 for Habitat for Humanity's development at Gomes Way.
- \$830,000 for the Rental Assistance Revolving Loan Program operated by the Harwich Housing Authority.
- \$69,553 in support of HECH's South Harwich development.
- \$100,000 for predevelopment work on the Portuguese Men's Club and CDP's sponsored housing development (did not proceed/returned).
- \$30,000 in predevelopment funding for the Housing Authority's and CDP's Main Street Extension development and another \$300,000 to further subsidize the affordable units.
- \$25,000 sponsored by the Harwich Housing Committee towards the Harwich Housing Authority's administration of the American Dream Program I and an additional \$20,000 towards down payment costs.
- \$200,000 towards the Housing Authority's Infrastructure Development Fund that is available to developers who are in the beginning stages of producing rental housing. The funds can be used for predevelopment activities or small gap financing needs.
- A total of \$296,750 in five articles in 2006, 2007 and 2008 towards the Rec Building WH School Cultural/Housing Mixed-Use Development sponsored by the Housing Committee, Cultural Council and Historic Commission (\$130,000).
- \$282,928 for the Buy Down Program.
- \$140,000 for Habitat's Oak Street project.
- \$455,000 for HECH's West Harwich project (did not proceed/returned)

### **3. *Harwich Housing Committee***

The Harwich Housing Committee was established by the Board of Selectmen to promote diverse solutions to the acknowledged shortage of affordable housing that will further the Town's goal of reaching the 10% affordability goal stated in the Harwich Local Comprehensive Plan. The Board of Selectmen appoints five (5) members to work with the Harwich Housing Authority to perform the following functions:

- Identify the need for affordable housing including emergency housing, handicap accessible units, rental and ownership needs, and seasonal housing needs and issues;
- Review the Local Comprehensive Plan (LCP) regarding goals and objectives relating to affordable housing;
- Identify existing housing resources for low- and moderate-income housing, potential mixed-use properties, and current Town-owned property suitable for multiple or single-unit housing;
- Identify potential remedies and courses of action to promote affordable housing;
- Develop financial analysis related to potential housing strategies;

- Identify potential funding sources; and
- Prepare a written report for presentation to the Board of Selectmen on an annual basis that includes specific recommendations with a plan to address affordable housing needs.

The Harwich Housing Committee has been the primary advocate for new housing initiatives, working closely with the Housing Authority as well as other Town boards and committees on new housing efforts.

#### **4. *Harwich Affordable Housing Fund***

The Harwich Board of Selectmen established an Affordable Housing Fund in September 2005 to preserve, promote, and increase affordable housing within the Town of Harwich. The Town had prepared a home rule petition to the state for official approval of the fund. The vote to pursue this legislation was approved at a special Town Meeting in February 2008, and the Town received state approval in January 2009.

The Board of Selectmen is authorized to expend fund monies to pay for a wide range of affordable housing activities including planning, research, acquisition, creation, construction, repair, maintenance, rehabilitation, program administration, legal and engineering costs associated with and incurred for affordable housing, and to fund grants to the Harwich Housing Authority for any low-income rental assistance programs.

The Town of Harwich has effectively dedicated special resources towards the support of affordable housing initiatives through the creation of this Fund, in this case rents from a cell tower lease that averages about \$70,000 per year and sale of Town-owned property that while assessed at \$250,000 was sold for \$1.6 million. The local Housing Committee was instrumental in getting early approval of the use of these funds for affordable housing. Also additional public funds have been appropriated to the Fund by Town Meeting and other gifts or grants can be directed to the Fund pursuant to an affirmative vote of the Board of Selectmen. The policy that has been established provides the Board of Selectmen with significant flexibility regarding what affordable housing initiatives to fund.

As of the end of FY 2009, over \$1.8 million has been deposited into the Fund. Allocations from the Fund have included the following:

- Two contributions of \$325,000 and \$185,000 to Habitat for Humanity of Cape Cod for its Gomes Way project,
- \$143,000 to subsidize the resale price of two affordable homes where deed restrictions would have resulted in unaffordable prices (the deed restrictions were rewritten to insure that the resale price formulas were no longer tied to market values),
- Support for Barnstable's homelessness prevention program – Operation in From the Streets,
- Additional funding for predevelopment work on potential developments including \$260,000 to HECH and \$368,000 for the Community Development Partnership,
- \$280,000 has been approved for Harwich's Buy-down Program,
- \$20,000 for American Dream I,
- \$15,000 for American Dream II,
- \$20,000 for the Second Story Program,

- \$140,000 in FY14,
- \$27,600 to the Harwich Housing Authority in FY16,
- About \$12,100 for Habitat for Humanity, and
- \$5,000 towards the preparation of this Housing Production Plan.

##### 5. *Harwich Council on Aging*

The Harwich Council on Aging is a Town department that supports the quality of life of Harwich's elders through a wide variety of services. These activities include an information and referral service on a wide range of issues, community-based services to promote independent living such as a free shuttle van "The Cranberry Coach" to local stores and services, and in-home support services. The Council relies heavily on local volunteers to support its activities and operates a senior center.

The Council receives a number of inquiries regarding housing, particularly regarding where elders might find affordable housing, either rental or ownership, that is easily accessible on the ground floor or by elevator. Particularly vulnerable seniors are those who lose a spouse that results in a substantial decrease in their fixed incomes during a time of rising housing expenses including taxes, utilities and insurance. A number of Harwich's seniors would prefer to move from their more isolated and increasingly difficult to maintain single-family homes, but are finding that they cannot afford to stay in town. The only affordable rental units for seniors is Pine Oaks Village where there are 3½ to 7-year waits for a unit and where only a couple of handicapped accessible units are available, and Davenport units in Harwich Port that are not part of the Subsidized Housing Inventory but provide rentals at the lower end of the price range from about \$1,250 to \$1,800.

In regard to condos, there are few affordable options. None of the condos are currently eligible for counting as part of the Subsidized Housing Inventory but there are some condo developments that have attracted seniors including:

- *Harwich House*
- *The Melrose*
- *Myacomet Condos*
- *The Anchorage*
- *Beach Plum Condos*

The Council on Aging indicated that reverse mortgages were fairly popular a couple of years ago, but interest has declined considerably given the softening of the real estate market. It was suggested that some effort to promote home sharing and accessory apartments would be very helpful for local seniors who live in large homes and could benefit from some additional income as well as companionship.

The Assessing Department has a Real Estate Tax Exemptions Program summarized both on their website and in their office for the public to obtain. This Program is for income qualifying residents including those who are sight impaired, seniors, veteran's, surviving spouses, etc. that reduces property tax bills. The Council on Aging works with the Town on the Senior Citizen Property Tax Work Off Program that abates taxes for qualifying seniors in exchange for services to the Town. The Program currently allows a maximum of \$1,000 to be worked off in exchange for

100 hours credited at \$10.00 per hour with an annual allocation of 30 slots. If a qualifying senior cannot do the work, they may designate a family member designee to do the work for them.

The Council on Aging has also prepared a Ten-Year Strategic Plan that identified the types and levels of services required to meet the needs of Harwich's increasing senior population. The Council on Aging hired a consultant, the Wheeler Performance Group, to do this work; and the results provide important updated information to the Harwich Housing Committee and Housing Authority on the current and future needs of the community's seniors. Particularly noteworthy was the demographic analysis that indicated that Harwich's seniors (defined as 59½ years or more for this study) would comprise 61% of all residents by 2019. The document further states, "Among this growth will be an influx from the current resident Baby Boomers and others who move to Harwich from off-Cape locations over the coming decade. These new seniors will be better educated and demand more from the COA. Such a scenario will have very significant implications for not only the COA but for Harwich as well. The ability of the COA, without proper planning, to meet the needs of Harwich's seniors will be challenged at best." Harwich is at about 38% of the year-round population over the age of 60 based on 2014 census estimates.

The COA held a Housing Summit in October 2016 with 91 in attendance and covered financial assistance, legal matters, downsizing, low income housing and wait times, assisted living, nursing home facilities etc. The COA will be hosting another Housing Summit II in January 2017 and then each month after will choose 1-2 topics related to housing issues to cover more in depth.

The COA's Board invited Housing Committee Chair, Art Bodin, to their December 2016 Board meeting the Housing Committee with plans to work cooperatively in support of potential senior/affordable housing projects to bring forward to Selectmen and Town Meeting. Support for such development has also been forthcoming from the Friends of the Harwich COA.

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

The Cape Cod Commission (CCC) was created as the regional planning and regulatory agency for the Cape. In addition to coordinating a wide range of planning and policy activities, the Commission administers the Technical Assistance Program (TAP), which provides funds for consultant to assist communities in promoting affordable housing. The Commission also manages the allocation of a number of housing subsidy funds that can be made available to communities to support affordable housing efforts including the oversight of HOME Program funds on behalf of the Barnstable County HOME Consortium, the DRI Fund Management, and the Down Payment and Closing Cost Assistance. (3225 Main Street, Barnstable, MA 02630; 508/362-3828).

#### **7. *Barnstable County HOME Consortium***

This Consortium includes all municipalities in Barnstable County and provides federal HOME Program funding to support the financing of a wide variety of housing activities. These funds are available to all towns participating in the Consortium, including Harwich, and are administered by the Cape Cod Commission. HOME funding for Harwich through September 20, 2014 included:

- \$11,800 for the HECH duplexes at Uncle Willis Lane,
- \$100,000 for HECH's Sisson Road development,
- \$80,000 for Pine Oaks III,

- \$117,286 for 836 Route 28 (Little Homesteads Project),
- \$64,332 for the Down Payment/Closing Cost Program (27 loans),
- \$71,221 for nine (9) loans as part of the Homeowner Repair Program,
- \$125,000 for CDP's Main Street Extension project, and
- \$125,000 for Habitat for Humanity of Cape Cod's Gomes Way project.

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

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

Harwich Ecumenical Council for Housing (HECH) was formed in 1991 by clergy and lay people from seven (7) Harwich churches for the purpose of providing housing for homeless families with children. HECH has developed programs in homelessness prevention, mortgage foreclosure prevention, child care, and youth counseling. In 1996, HECH began purchasing its own rental housing and has purchased a house or condominium to keep a family housed. The organization raises funds from individual donors and through special events. To date the organization has produced 25 units of affordable housing units through its Sisson Road, Uncle Willis Lane developments and South Harwich developments.

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

**9. *Community Development Partnership (CDP)***

The Community Development Partnership (CDP), formerly known as the Lower Cape Cod Community Development Corporation (LCCDC), was established in 1992 to promote affordable housing and economic development in the towns of the Lower Cape. In regard to affordable housing, the organization recognized that the dwindling supply of affordable housing was becoming a critical problem and focused on two important strategies. Through its Housing Development Program it is creating new, year-round, affordable housing units by purchasing existing units or building new units. The organization also used to manage the Housing Rehabilitation Program throughout the Lower Cape that was supported through Community Development Block Grant (CDBG) funds provided by the state. Program activities were suspended given state funding constraints.

CDP completed the Little Homesteads development in Harwich that involved the rehabilitation of a former motel, schoolhouse, and historic Captain's house on a single property on Route 28 in Harwich into eight (8) rental units consisting of two (2) 2-bedrooms units, five (5) one-bedroom units, and one (1) studio. The buildings had previously been used as market-rate rentals. The CDC purchased the property, rehabbed the units, and converted them into affordable apartments, deed restricted in perpetuity. CDP purchased the property in 2005, using seller financing to bridge the gap between when state financing was committed and when funds were received. State Affordable Housing Trust Funds, HOME, CDBG, Barnstable County Rental Program, CEDAC, and Weatherization funds were awarded to the project, totaling \$1,252,164. CDP was able to retain a number of the existing tenants and, at the time of purchase, filled the remaining units with households earning under 50% and 60% of AMI. CDP conducted renovations while the units were occupied, completing the project in the spring of 2006. CDP obtained permanent financing through Cape Cod Five Cents Savings Bank.

CDP also worked with the Harwich Housing Authority on the development of 12 affordable rental units on former Town-owned land that was conveyed to the Housing Authority for the Main Street Extension project (also known as Thankful Chases Pathway). (P.O. Box 1860, Main Street Mercantile, North Eastham, MA 02651; 508/240-7873)

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

Habitat for Humanity is an ecumenical, non-profit Christian ministry dedicated to building simple, decent homes in partnership with families in need that has grown over the past two decades into one of the largest private homebuilders in the world. The organization has almost 1,600 U.S. affiliates and over 2,000 affiliates worldwide, including one on the Cape that has been able to build new homes for first-time homebuyers through donated land, materials, labor and funding as well as other special financing strategies. The organization developed 13 new affordable homes in Harwich on Gomes Way, another seven on Oak Street, and is working on another project to build six homes on land currently owned by HECH. (658 Main Street, West Yarmouth, MA 02673; 508/775-3559)

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

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

## APPENDIX 2

### Summary of Housing Regulations and Resources

#### I. SUMMARY OF HOUSING REGULATIONS

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

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

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

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

According to Chapter 40B regulations, the ZBA decision to deny or place conditions on a comprehensive permit project cannot be appealed by the developer if any of the following conditions are met<sup>46</sup>:

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<sup>46</sup> Section 56.03 of the new Chapter 40B regulations.

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

If a municipality does not meet any of the above thresholds, it is susceptible to appeals by comprehensive permit applicants of the ZBA’s decision to the state’s Housing Appeals Committee (HAC). This makes the Town susceptible to a state override of local zoning if a developer chooses to create affordable housing through the Chapter 40B comprehensive permit process.<sup>47</sup> Recently approved regulations add a new requirement that ZBA’s provide early written notice (within 15 days of the opening of the local hearing) to the application and to DHCD if they intend to deny or condition the permit based on the grounds listed above that make the application appeal proof, providing documentation for its position. Under these circumstances, municipalities can count projects with approved comprehensive permits that are under legal approval, but not by the ZBA, at the time.

Applicants wishing to appeal the ZBA decision based on appeal-proof grounds must notify the ZBA and DHCD in writing within 15 days of receipt of the ZBA notice. If the applicant appeals, DHCD will review materials from the ZBA and applicant and issue a decision within 30 days of receipt of the appeal (failure to issue a decision is a construction approval of the ZBA’s position). Either the ZBA or application can appeal DHCD’s decision by filing an interlocutory appeal with the Housing appeals Committee (HAC) within 20 days of receiving DHCD’s decision. If a ZBA fails to follow this procedure, it waives its right to deny a permit on these “appeal-proof” grounds.

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

- *40R*  
Units receiving Plan Approval under 40R now count when the permit or approval is filed with the municipal clerk provided that no appeals are filed by the board or when the last appeal is fully resolved, similar to a Comprehensive Permit project.

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<sup>47</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.

- *Certificate of Occupancy*  
Units added to the SHI on the basis of receiving building permits become temporarily ineligible if the C of O is not issued within 18 months.
- *Large Phased Projects*  
If the comprehensive permit approval or zoning approval allows a project to be built in phases and each phase includes at least 150 units and average time between the start of each phase is 15 months or less, then the entire project remains eligible for the SHI as long as the phasing schedule set forth in the permit approval continues to be met.
- *Projects with Expired Use Restrictions*  
Units become ineligible for inclusion in the SHI upon expiration or termination of the initial use restriction unless a subsequent use restriction is imposed.
- *Biennial Municipal Reporting*  
Municipalities are responsible for providing the information on units that should be included in the SHI through a statement certified by the chief executive officer.

Towns are allowed to set-aside up to 70% of the affordable units available in a 40B development for those who have a connection to the community as defined per requirements under the state's Local Initiative Program.

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

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

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

- *Information provided by the municipality or other parties regarding municipal actions previously taken to meet affordable housing needs, including inclusionary zoning, multi-family districts and 40R overlay zones.*

- Whether the conceptual design is appropriate for the site including building massing, topography, environmental resources, and integration into existing development patterns.
- That the land valuation, as included in the pro forma, is consistent with DHCD guidelines regarding cost examination and limitations on profits and distribution.
- Requires that LIP site approval applications be submitted by the municipality's chief executive officer.
- Specifies that members of local boards can attend the site visit conducted during DHCD's 30-day review period.
- Requires that the subsidizing agency provide a copy of its determination of eligibility to DHCD, the chief executive officer of the municipality, the ZBA and the applicant.

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

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

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

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

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

in communities with 7,500 housing units as of the latest Census, 250 units in communities with 5,001 to 7,499 total units, 200 units in communities with 2,500 to 5,000 units, and 150 units or 10% of housing in communities with less than 2,500 units).

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

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

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

If the process heads into the third stage – the appeals process – the burden is on the ZBA to demonstrate that the denial is consistent with local needs, meaning the public health and safety

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

## **B. Housing Production Regulations**

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

- Prepare and adopt an Housing Production Plan that demonstrates production of an increase of .05% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (22 units and 44 units, respectively, for Harwich until the new census figures are available in 2011) for approval by DHCD.<sup>48</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 production documentation to DHCD, or 24 months if the 1.0% threshold is met.

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

- Include a comprehensive housing needs assessment to establish the context for municipal action based on the most recent census data. The assessment must include a discussion of municipal infrastructure include future planned improvements.
- Address a mix of housing consistent with identified needs and market conditions.
- Address the following strategies including -
  - Identification of geographic areas in which land use regulations will be modified to accomplish affordable housing production goals.
  - Identification of specific sites on which comprehensive permit applications will be encouraged.
  - Preferable characteristics of residential development such as infill housing, clustered areas, and compact development.
  - Municipally owned parcels for which development proposals will be sought.
  - Participation in regional collaborations addressing housing development.

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<sup>48</sup> Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

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

**C. Chapter 40R/40S**

In 2004, the State Legislature approved a new zoning tool for communities in recognition that escalating housing prices, now beyond the reach of increasing numbers of state residents, are causing graduates from area institutions of higher learning to relocate to other areas of the country in search of greater affordability. The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature as Chapter 40R of the Massachusetts General Laws. The key components of these regulations are that “the state provide financial and other incentives to local communities that pass Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots and the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income”.<sup>49</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>50</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:

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

<sup>49</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>50</sup> Massachusetts General Law, Chapter 40R, Section 11.

There are also density bonus payments of \$3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. Communities with populations of less than 10,000 residents are eligible for a waiver of these density requirements, however significant hardship must be demonstrated. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would enact the Zoning Districts, would be “able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood.”<sup>51</sup>

The principal benefits of 40R include:

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

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

- The Town holds a public hearing as to whether to adopt an Overlay District per the requirements of 40R;
- The Town applies to DHCD prior to adopting the new zoning;
- 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

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<sup>51</sup> “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” p. 4.

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>52</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 payed 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>53</sup>, private mortgage insurance (if putting less than 20% of purchase price down), and hazard insurance.

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<sup>52</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>53</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.

- The initial maximum sales price or rent is calculated as affordable to a household with a number of household members equal to the number of bedrooms plus one (for example a two-bedroom unit would be priced based on what a three-person household could afford).

### ***Allowable Financing and Costs***

- Allowable development costs include the “as is” value of the property based on existing zoning at the time of application for a project eligibility letter (initial application to DHCD). Carrying costs (i.e., property taxes, property insurance, interest payments on acquisitions financing, etc.) can be no more than 20% of the “as is” market value unless the carrying period exceeds 24 months. Reasonable carrying costs must be verified by the submission of documentation not within the exclusive control of the applicant.
- Appraisals are required except for small projects of 20 units or less at the request of the Board of Selectmen where the applicant for the LIP comprehensive permit submits satisfactory evidence of value.
- Profits are limited to no more than 20% of total allowable development costs in homeownership projects.
- In regard to rental developments, payment of fees and profits are limited to no more than 10% of total development costs net of profits and fees and any working capital or reserves intended for property operations. Beginning upon initial occupancy and then proceeding on an annual basis, annual dividend distributions will be limited to no more than 10% of the owner’s equity in the project. Owner’s equity is the difference between the appraised as-built value and the sum of any public equity and secured debt on the property.
- For LIP comprehensive permit projects, DHCD requires all developers to post a bond (or a letter of credit) with the municipality to guarantee the developer’s obligations to provide a satisfactory cost certification upon completion of construction and to have any excess profits, beyond what is allowed, revert back to the municipality. The bond is discharged after DHCD has determined that the developer has appropriately complied with the profit limitations.
- No third party mortgages are allowed for homeownership units.

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

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

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

### ***Regulatory Requirements***

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

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

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

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

1. Written support of the municipality’s chief elected official, the Board of Selectmen in the case of towns, and the local housing partnership, trust or other designated local housing entity. The chief executive officer is in fact required to submit the application to DHCD.
2. At least 25% of the units must be affordable and occupied by households earning at or below 80% of area median income or at least 20% of units restricted to households at or below 50% of area median income.
3. Affordability restrictions must be in effect in perpetuity, to be monitored by DHCD through a recorded regulatory agreement.
4. Project sponsors must prepare and execute an Affirmative Fair Housing Marketing Plan that must be approved by DHCD.
5. Developer’s profits are restricted per Chapter 40B requirements.

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

1. Application process
  - Developer meets with Town
  - Developer and Town agree to proposal
  - Town chief elected officer submits application to DHCD with developer's input
2. DHCD review involves the consideration of:
  - Sustainable development criteria (redevelop first, concentrate development, be fair, restore and enhance the environment, conserve natural resources, expand housing opportunities, provide transportation choice, increase job opportunities, foster sustainable businesses, and plan regionally),
  - Number and type of units,
  - Pricing of units to be affordable to households earning no more than 70% of area median income,
  - Affirmative marketing plan,
  - Financing, and
  - Site visit.
3. DHCD issues site eligibility letter that enables the developer to bring the proposal to the ZBA for processing the comprehensive permit.
4. Zoning Board of Appeals holds hearing
  - Developer and Town sign regulatory agreement to guarantee production of affordable units that includes the price of units and deed restriction in the case of homeownership and limits on rent increases if a rental project. The deed restriction limits the profit upon resale and requires that the units be sold to another buyer meeting affordability criteria.
  - Developer forms a limited dividend corporation that limits profits.
  - The developer and Town sign a regulatory agreement.
5. Marketing
  - An Affirmative Fair Housing Marketing Plan must provide outreach to area minority communities to notify them about availability of the unit(s).
  - Local preference is limited to a maximum of 70% of the affordable units.
  - Marketing materials must be available/application process open for a period of at least 60 days.
  - Lottery must be held.
6. DHCD approval must include
  - Marketing plan, lottery application, and lottery explanatory materials
  - Regulatory agreement (DHCD is a signatory)
  - Deed rider (Use standard LIP document)
  - Purchase arrangements for each buyer including signed mortgage commitment, signed purchase and sale agreement and contact information of purchaser's closing attorney.

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

application must be submitted to DHCD for the units to be counted as affordable. This application is on DHCD's web site.

The contact person at DHCD is Janice Lesniak of the LIP staff (phone: 617-573-1309; fax: 617-573-1330; email: [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 Harwich are described below.<sup>54</sup>

### **A. Technical Assistance**

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

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

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<sup>54</sup> Program information was gathered through agency brochures, agency program guidelines and application materials as well as the following resources: Verrilli, Ann. Housing Guidebook for Massachusetts, produced by the Citizen's Housing and Planning Association, June 1999.

directly contribute to housing production. This program replaces the Priority Development Fund that was introduced by the state in 2004.

**2. *Peer to Peer Technical Assistance***

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

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

**3. *MHP Intensive Community Support Team***

The Massachusetts Housing Partnership Fund is a quasi-public agency that offers a wide range of technical and financial resources to support affordable housing. The Intensive Community Support Team provides sustained, in-depth assistance to support the development of affordable housing. Focusing on housing production, the Team helps local advocates move a project from the conceptual phase through construction, bringing expertise and shared lessons from other parts of the state. The team can also provide guidance on project finance. Those communities, which are interested in this initiative, should contact the MHP Fund directly for more information.

**4. *MHP Chapter 40B Technical Assistance Program***

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

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

- State housing agencies will now appraise and establish the land value of 40B sites before issuing project eligibility letters.
- State will put standards in place for determining when permit conditions make a 40B development “uneconomic”.
- There will be set guidelines on determining related-party transactions, i.e., when a developer may also have a role as contractor or realtor.

- Advice on how to identify the most important issues early and communicate them to the developer, how informal work sessions can be effective, and how to make decisions that are unlikely to be overturned in court.

## **B. Housing Development**

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

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

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

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

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

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

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

cannot be combined with another state subsidy program with several exceptions including the Low Income Housing Tax Credits, HIF and the Soft Second Program.

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

### **2. *Community Development Block Grant Program (CDBG)***

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

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

### **3. *Housing Stabilization Fund (HSF)***

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

### **4. *Low Income Housing Tax Credit Program***

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

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

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

#### **5. *Affordable Housing Trust Fund***

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

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

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

#### **6. *Housing Innovations Fund (HIF)***

The state also administers the Housing Innovations Fund (HIF) that was created by a 1987 bond bill and expanded under two subsequent bond bills to provide a 5% deferred loan to non-profit organizations for no more than \$500,000 per project or up to 30% of the costs associated with developing alternative forms of housing including limited equity coops, mutual housing, single-room occupancy housing, special needs housing, transitional housing, domestic violence shelters and congregate housing. At least 25% of the units must be reserved for households earning less than 80% of median income and another 25% for those earning within 50% of area median income. HIF can also be used with other state subsidy programs including HOME, HSF and Low Income Housing Tax Credits. The Community Economic Development Assistance Corporation

(CEDAC) administers this program. Applicants are required to complete the One-Stop Application.

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

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

**8. *MHP Permanent Rental Financing Program***

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

**9. *OneSource Program***

The Massachusetts Housing Investment Corporation (MHIC) is a private, non-profit corporation that since 1991 has provided financing for affordable housing developments and equity for projects that involve the federal Low Income Housing Tax Credit Program. MHIC raises money from area banks to fund its loan pool and invest in the tax credits. In order to qualify for MHIC's OneSource financing, the project must include a significant number of affordable units, such that 20% to 25% of the units are affordable to households earning within 80% of median income. Interest rates are typically one point over prime and there is a 1% commitment fee. MHIC loans range from \$250,000 to several million, with a minimum project size of six units. Financing can be used for both rental and homeownership projects, for rehab and new construction, also covering acquisition costs with quick turn-around times for applications of less than a month (an appraisal is required). The MHIC and MHP work closely together to coordinate MHIC's construction financing with MHP's permanent take-out through the OneSource Program, making their forms compatible and utilizing the same attorneys to expedite and reduce costs associated with producing affordable housing.

**10. *Section 8 Rental Assistance***

An important low-income housing resource is the Section 8 Program that provides rental assistance to help low- and moderate-income households pay their rent. In addition to the federal Section 8 Program, the state also provides rental subsidies through the Massachusetts Rental Voucher Program as well as three smaller programs directed to those with special needs.

These rental subsidy programs are administered by the state or through local housing authorities and regional non-profit housing organizations. Rent subsidies take two basic forms – either granted directly to tenants or committed to specific projects through special Project-based rental assistance. Most programs require households to pay a minimum percentage of their adjusted income (typically 30%) for housing (rent and utilities) with the government paying the difference between the household’s contribution and the actual rent.

**11. *Massachusetts Preservation Projects Fund***

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

**12. *District Improvement Financing Program (DIF)***

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

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

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

**14. Community Based Housing Program**

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

**15. 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.

### **C. Homebuyer Financing and Counseling**

#### **1. *ONE Mortgage Program***

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

#### **2. *Homebuyer Counseling***

There are a number of programs, including the Soft Second Loan Program and MassHousing's Home Improvement Loan Program, as well as Chapter 40B homeownership projects, that require purchasers to attend homebuyer workshops sponsored by organizations that are approved by the state, Citizens Housing and Planning Association (CHAPA) and/or HUD as a condition of occupancy. These sessions provide first-time homebuyers with a wide range of important information on homeownership finance and requirements. The organization that offers these workshops in closest proximity to Harwich is the Housing Assistance Corporation or Lower Cape Cod CDC.

#### **3. *Self-Help Housing.***

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

## **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 Southern Middlesex Opportunity Council (SMOC), with an office located in Buzzards Bay, administers this program for the Cape.

## APPENDIX 3

### Glossary of Housing Terms<sup>55</sup>

#### **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, which 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)**

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.

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<sup>55</sup> Heudorfer, Bonnie, “Taking the Initiative: A Guidebook on Creating Local Affordable Housing Strategies”, Citizens Housing and Planning Association with funding from the Massachusetts Housing Partnership Fund, November 2002.

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

**Regional Planning Agencies (RPAs)**

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

**Request for Proposals (RFP)**

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

**Section 8**

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

**Smart Growth**

The term used to refer to a rapidly growing and widespread movement that calls for a more coordinated, environmentally sensitive approach to planning and development. A response to the problems associated with unplanned, unlimited suburban development – or sprawl – smart growth principles call for more efficient land use, compact development patterns, less

dependence on the automobile, a range of housing opportunities and choices, and improved jobs/housing balance.

**Subsidy**

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

**Subsidized Housing Inventory (SHI)**

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

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

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

