



HOUSING PRODUCTION PLAN

Prepared for the
TOWN OF HARWICH
www.harwich-ma.gov

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TOWN OF HARWICH HOUSING PRODUCTION PLAN (HPP)

I. EXECUTIVE SUMMARY

A. Purpose of Project

The Town prepared Housing Production Plans (HPPs) in both 2010 and 2016, and this HPP represents an opportunity to provide another update to accomplish the following purposes:

- Obtain a current understanding of the housing dynamic in Harwich based on updated U.S. Census Bureau figures, market information, and other important indicators of housing need.
- Reflect on what has been accomplished towards meeting local housing needs since the 2016 Housing Plan was approved.
- Reflect on what housing strategies have worked to promote housing diversity and affordability, what actions should be taken to expand and/or modify these approaches, and what new actions should be introduced.
- Review what other comparable communities have done with respect to housing policies, regulation, programs, and projects that Harwich might consider adapting.
- Obtain approval from the state under Housing Production regulations and guidelines that offer

This Housing Production Plan offers an analysis of demographic, economic and housing trends that describe a community where older residents, together with second home owners, predominate. The question arises as to what interventions the Town can undertake to support some greater social and economic diversity, sustainability, and vitality? This Housing Plan acknowledges that the housing dynamic in Harwich and throughout the Cape is complex and solutions need to be multi-faceted.

communities greater local control over housing development, including the potential to deny inappropriate comprehensive permit projects that can override local zoning.¹

- In light of limited resources and other local constraints to development, determine the most effective avenues for addressing the wide range of local housing needs, charting the Town's housing agenda for the next five years.
- Help establish better communication and coordination among Town boards and committees with updated information and guidance from this document. For example, recent work by the Harwich Affordable Housing Trust in developing a Strategic Plan is an important contribution to this HPP.

The Town is preparing this HPP as part of efforts to update its Local Comprehensive Plan (LCP) with housing being an important component of the community's focus on better understanding current municipal needs and priorities and a vision for the future. The Town selected the firm, Tigie & Bond, to undertake the LCP under the oversight of a special Local Planning Committee with Karen Sunnarborg Consulting hired to

prepare the HPP.

¹ Massachusetts General Law, Chapter 40B, 760 CMR 56.03 (4).

While this HPP focuses on the creation of Subsidized Housing Inventory (SHI) units to meet annual housing production goals, the Town is also interested in creating housing opportunities for those who may earn above the 80% AMI limits but are still priced out of the local housing market. This can be accomplished through various approaches that are highlighted in this HPP, including establishing different income tiers within new development, whether it be for rental or homeownership.²

B. Affordability Challenges³

Demographic Changes

Demographic shifts are occurring which have a bearing on housing needs. Data indicates that gains in the proportion of older residents and declines in younger people will likely continue. For example, those under age 18 declined by 27% between 2000 and 2021 while older adults 65 years of age and older increased by 27% during a time when the overall population grew by 7.6%. The aging of the population is also reflected in the increase in median age, from 48.8 to 58.4 years during this period.

Older adults will continue to be better able to move into Harwich, as they are more likely to possess the significant equity needed to participate in the local housing market, which is increasingly dominated by owner-occupied units. A complicating factor over the years has been the high housing demand from second home owners and retirees that, while boosting the community's economy, have typically had the means to afford the community's increasingly high housing costs. With the median income of Harwich residents at \$79,651, based on 2021 census estimates and \$51,786 for renter households, current opportunities for first-time homeownership are more a dream than a reality. The growth in Short Term Rentals has also removed units from year-round use as owners can earn about the same amount on temporary rentals while still being able to use the units themselves, also with less wear and tear on the property.

The general trend towards declining numbers of young adults and children is occurring throughout Cape Cod, where the mismatch 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 away.

Despite a growing population of seniors, buoyed by the baby boom generation and the community's desirability as a retirement destination, housing for younger people is critically needed because of the ongoing losses from the younger age groups and the expected continued prevalence of homeownership among seniors. For example, there were significant declines in those between the ages of 25 and 34 who are entering the labor market and beginning to form their own families, thus reducing the pool of entry-level workers and service employees.

² "Affordable" housing is defined in this HPP as units that meet state requirements under Chapter 40B. The term "attainable" housing is used to define those units that are targeted to those with incomes above the 80% AMI limits but still priced out of the local housing market, up to 100% or 120% AMI. There is also a growing recognition that even those with incomes above these limits, including some essential workers, are challenged to find housing they can afford in Harwich and should be considered in developing new housing units.

³ This Housing Production Plan provides the most current information available, often offering historical data to demonstrate important demographic or housing trends. The 2020 decennial census data is offered when actual counts are available, also providing updated 2021 census estimates from the U.S. Census Bureau's American Community Survey.

These trends suggest that the Town continue to foster a community that protects the elderly and attracts young families, thus promoting the creation of starter homes as well as options for downsizing. To attract a more stable labor force, it is important to work towards providing more affordable and appropriately-sized housing opportunities. Consequently, the Town will largely target its affordable and attainable housing efforts on the development of year-round rental options for younger households. There are also pragmatic considerations including that almost all government financing programs are targeted to rental development.

The Town recognizes that homeownership opportunities for first-time purchasers and empty nesters are also a part of its housing agenda. Even those with incomes above 120% of area

During this planning process, the LPC received extensive input that the perceived need is significant in the 80% AMI and over sector, even over 120% AMI. School administrators have commented that it is difficult to attract teachers and other personnel due to the lack of available housing. Similarly, during a recent meeting of the Harwich Board of Health, one member indicated that housing was the biggest issue facing Harwich, and another noted that the Outer Cape Health Center is having difficulty acquiring qualified medical professionals due to the lack of housing.

median income, including those needed to fill essential jobs in education, health, and public service, are being shut out of

the housing market. Moreover, because Harwich has a relatively high level of residents who claim a disability (13.5% of all residents) as well as an aging population, another housing need is the promotion of handicapped accessibility and support services in new housing development. This Housing Plan also recognizes the significant need for resources that will enable owners to make important property improvements, especially for health and safety purposes.

Because of their increasing numbers, reliance on fixed incomes, and unique needs, a substantial segment of seniors will require smaller more affordable and accessible dwelling units as well as assisted living arrangements. When asked what the major housing problem was for seniors, a representative of the Council on Aging responded that affordable housing is a challenge for so many living or wanting to live on the Cape, but it is especially difficult for older adults with fixed incomes and potential health problems or disabilities.

Rising Affordability Gaps and Cost Burdens

The Town of Harwich, like much of Cape Cod, continues to have a pressing need for more attainable housing, particularly in the context of rising housing values for both homeownership and rentals. The median single-family home price was \$650,000⁴ based on *Banker & Tradesman*

data as of August 2023, up from \$352,500 in 2010. This represents an 84% increase, more than twice the 41% rate of inflation during this period. To afford this median price, a household would have to earn an estimated \$191,200 based on 95% financing.⁵ This income is more than twice Harwich's median household income per 2021 census estimates of \$79,641 as well as considerably more than the 2023 HUD area median income level for a family of four of \$123,400. If the calculations were based on 80%

⁴ The Warren Group's *Banker & Tradesman* as of October 2023 based on actual sales data.

⁵ Figures based on 95% financing, interest of 6.5%, 30-year term, annual property tax rate of \$6.64 per thousand, and insurance costs of \$6 per thousand. Also based on the purchaser spending 30% of gross income on mortgage, taxes, and insurance.

financing with a 20% down payment, the estimated required income would be reduced to about \$160,200, about twice the town's median household income and requiring the purchaser to come up with about \$135,000 in upfront cash for the down payment and closing costs, a significant challenge for many.

The median income earning household could likely afford a single-family home of about \$286,500 based on 95% financing. *The affordability gap would then be about \$363,500* - the difference between the price of the median priced single-family home (\$650,000) and what a median income household could afford (\$286,500).⁶ 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 \$331,300, and thus the affordability gap would decrease to \$318,700, still very high.

First-time home purchasers are also challenged by high interest rates as well as stringent lending criteria in response to the recession that occurred more than 15 years ago that precipitated high down payment requirements and rigorous credit standards. Some homeowners lost their homes to foreclosure while others have found that rising energy, flood insurance, and other housing-related costs are much more challenging to afford. Moreover, of the 1,835 owner households with incomes at or below 80% of median income for Barnstable County, 1,234 or two-thirds were spending too much on housing costs (more than 30% of income) including 644 or 35% who were spending more than half of their income on housing.

The situation is challenging for renters as well. More affordable rentals are urgently needed in Harwich, based largely on the concentration of service-sector and seasonal jobs and the related high degree of job turnover. While a median income-earning renter household (\$51,786) could afford a rent of approximately \$1,045 based on spending no more than 30% of income on housing and average monthly utility costs of \$250, median market rents are closer to \$2,400. Even the median income-earning household in Harwich (\$79,641) would be hard-pressed to pay more than \$1,741 in rent. No wonder an estimated 42% of renters with incomes at or below 80% AMI were paying too much for their housing.⁷

The Cape Cod Times cited a New York Times study that listed Cape Cod as #4 on a list of places where people moved to escape COVID which further exacerbated the region's housing crisis, increasing housing demand, lowering the available supply, and driving up prices.

Rentals also exact high up-front cash requirements, often including first and last month's rent and a security deposit. Credit checks and other references also place barriers to securing housing for some. Information from the Harwich Housing Authority further suggests that there are hundreds of applicants for their subsidized units which rarely turnover.

As would be expected from a community in a tourist area, seasonal housing use remains high and, consequently, in the summer months Harwich's population increases substantially, putting considerable demands on local services but bolstering the town's economy. Having about 40% of units unavailable for year-round occupancy further limits the supply of affordable housing for year-round residents. Nevertheless, more housing is also needed in the summer months to house seasonal workers which are

⁶ 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.

⁷ Defined as spending more than 30% of total income on housing costs.

essential to the community's economy but, given low wages and a lack of available inventory, struggle to find places to live.

The Concord Group Report found that the “Great Mismatch” will continue to have long-lasting impacts on Cape communities’ sustainable development if actions are not taken promptly to better control it. The report indicates that a widening wealth gap, negative job growth, polarized industry composition, top-heavy age structure with growing unmet demand for care are a few of the apparent consequences of having too little attainable housing inventory.

While seasonal and occasional units increased over prior decades, COVID-19 reversed this trend when off-Cape residents moved to Harwich and other Cape communities in search of a safer place to ride-out the pandemic. This surge in housing demand in tandem with limited housing production drove up prices.

To further aggravate local and regional housing and economic challenges is the mismatch between what jobs are available and the housing that is affordable. The Housing Assistance Corporation (HAC) hired The Concord Group to study and report on the Cape’s regional economy and housing market and provide solutions for addressing the housing crisis and increasing affordability gaps.⁸

The report claims, “Continuing to build “capital A Affordable” housing is critically important, however, focusing too heavily on strictly affordable efforts will not fully solve resident displacement. The housing crisis will only be fully corrected when municipalities make legislative efforts (zoning to make

building legal and offering density bonuses by adding capital A units) to incentivize denser multi-family development. It is not feasible to strictly continue to deliver capital A affordable housing as the costs of doing so does not allow for the scalability of this product type. This will never significantly reduce the imbalance of supply and demand. The development of more market-rate rental units is a necessity to give current and future community members a chance for residency on the Cape.” The report also identified 28,789 households on the Cape earning \$50,000 or less as of 2020 and only 1,789 “capital A Affordable” SHI units.

The state currently lists 328 affordable housing units in Harwich’s state-approved Subsidized Housing Inventory (SHI), representing 4.98% of the total year-round housing stock of 6,581 units. This is up from 261 units and 4.5% in 2009 but down somewhat from 333 units and 5.4% in 2016 (based on 2010 census count of 6,121 year-round units). The town still would need to produce at least 330 more affordable units to reach the state’s 10% goal based on the existing year-round housing count from the 2020 census. Because the number of year-round units is based on the decennial census figure, it will change again when the 2030 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 (at least \$2,400 for a two-bedroom unit), high cost burdens (42% of all renters earning at or below 80% of area median income were spending too

⁸ The Concord Group, *Housing Market Overview and Economic and Fiscal Benefits of Housing Development in Barnstable County, MA*, prepared for the Housing Assistance Corporation, October 2022.

much for their housing), and limited public housing stock which rarely turns over; more subsidized rental housing is necessary. The goal for affordable units created should be at least 80% rentals given additional considerations including the need to target resources to some of the most vulnerable residents in the community, to better leverage local resources as almost all state subsidies are for rental development, to make up for some of the loss of year-round rentals, and to provide greater diversity of housing types and choice for example. The 80% goal also reflects the current percentage of rental units on the SHI.

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

Priority Need #2: Create a wider range of affordable and attainable housing options, including first-time homeownership opportunities, particularly for younger households entering the job market and forming their own families and some empty nesters looking to downsize. The goal for affordable units created is about 20% for homeownership given that there is only very limited state and federal financing for homeownership which means that it is very challenging to create projects at any scale, particularly given such wide affordability gaps that lead to large per unit subsidy needs. The 20% goal also reflects the current percentage of homeownership units on the SHI.

3. *Senior and special needs housing*

Priority Need #3: Harwich has a relatively high proportion of residents with disabilities at 13.5% of the noninstitutionalized residents in comparison to 11.7% for the state. Some amount of new housing should be built handicapped-adaptable or accessible to those with disabilities, 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 younger individuals.

4. *Housing conditions*

Priority Need #4: About 61% 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 for the elderly living on fixed incomes and properties tenanted by qualifying households. Goal of about half of the ownership units.

C. **Summary of Development Challenges**

Continuing a proactive housing agenda to promote affordable and attainable 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 as well as its sensitive environment, Harwich lacks sewer services in most areas at this point and a few areas are still without municipal water, making denser development more costly and difficult.⁹ This raises concerns among residents about water supply and water quality impacts of any new development. It should be noted that requirements in Harwich's municipal sewer agreement limit development to no growth above current zoning levels which will limit the Town's ability to connect higher-density housing to municipal sewer unless addressed at some point.

⁹ The Town is in the process of implementing its Comprehensive Wastewater Management Plan (CWMP) with the first phase completed in East Harwich.

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. Zoning changes to allow and incentivize greater density and economies of scale in development in appropriate locations is key to this HPP.

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 the Harwich Affordable 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 as well as CPA. It should also be noted that the Town has created an Affordable Housing Stabilization Fund to receive 25% of the revenues from the rooms/Short Term Rental tax. When created, it was estimated that this fund would initially receive \$500,000. As the tax increase would go into effect with the FY24 year, the Town should see what the actual income is quite soon.

Because the Town has limited commercial and industrial uses, it relies predominantly on property taxes raised through its residential base. Nevertheless, commercial and industrial uses are not needed to keep property taxes down where extensive high-priced residential property exists. Moreover, commercially-zoned land and outdated commercial buildings should be primary targets for residential conversions and new residential development. While tax revenues are increasing based on rising property values, Harwich, like other nearby communities, has a relatively low tax rate of \$6.64 per thousand¹⁰ as opposed to more than \$15.00 per thousand in quite a few other communities in the Boston region.

Fourth, the lack of community support for new development, including affordable or attainable units, has created road blocks for some development opportunities.

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 0.50% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (SHI). 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.¹¹ Harwich would have to produce at least 33 affordable units annually to meet these annual production goals.¹²

¹⁰ For fiscal year 2023.

¹¹ 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 EOHLC, 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 EOHLC, with a copy to the ZBA, within 15 days of its receipt of the ZBA’s notice, including any documentation to support its position. EOHLC 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,

E. Summary of Housing Strategies

The strategies summarized below are based on previous plans, the Housing Needs Assessment, the Housing Trust's Strategic Plan, 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 – Housing Production, Governance, Regulatory Strategies, and Housing Preservation and Direct Assistance – and categorized according to priority as those to be implemented within Years 1 and 2 and those within Years 3 to 5. The strategies also reflect state requirements that ask communities to address a number of major categories of strategies to the greatest extent applicable.¹³ This Housing Plan also includes Appendices that summarize resources that can be helpful in implementation.

It will be important to establish and integrate greater financial capacity for the Town to meet the wide range of housing needs. By building such local financial capacity, programs can be designed to address specific community needs that might not necessarily meet all requirements of state and federal programs.

While a major goal of this Plan is to eventually meet the state's 10% affordability goal under Chapter 40B, another important goal is to serve a wider range of local housing needs. This includes the promotion of accessory apartments and opportunities to produce workforce or attainable 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. *These strategies are presented as a package for the Town to consider, further 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 Trust Fund among other local resources.

1. Housing Production Strategies

Of utmost importance to this HPP are developments that will boost Harwich's supply of affordable and attainable units. The Town needs to move forward expeditiously towards a resolution of two key developments, 456 Queen Anne Road that is owned by the Harwich Affordable Housing Trust (HAHT) and Pine Oaks Village IV that represents another phase of Mid Cape Church Homes current projects. In combination, these developments could create another 100 affordable or attainable rental units,

provided, however, that any failure of the EOHLC 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.

¹² 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.).

¹³ Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

increasing the SHI considerably and offering safe harbor from inappropriate comprehensive permit projects for periods of time.

It will be essential for the Town to foster relationships with capable developers, both non-profit and for-profit, and secure sources of public and private financing to create new affordable and attainable units.

- *Continue to make publicly-owned property available for affordable housing*
Convey suitable publicly-owned properties to selected developers through a Request for Proposals (RFP) process that includes some amount of affordable and attainable housing.
- *Partner with developers on privately-owned properties*
Continue to work effectively with area non-profit and for-profit developers who have been active in producing affordable housing to develop affordable or mixed-income housing in line with local needs and priorities.

2. Governance Strategies

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

- *Further capitalize the Harwich Affordable Housing Trust (HAHT)*
Continue to provide ongoing funding to enable HAHT to implement their Strategic Plan, key elements of this HPP, and the Local Comprehensive Plan, also enabling them to respond effectively to housing opportunities as they arise. Potential sources include annual CPA funding, the Affordable Housing Stabilization Fund from the rooms tax and Short Term Rental revenues, potential inclusionary zoning payments in-lieu of units, state and federal financing, etc.
- *Conduct ongoing education*
Continue to provide information related to housing to help galvanize local support, political and financial, for new housing initiatives that address important community needs. Such information is helpful in mitigating against misinformation and “putting a face on” who will benefit from affordable housing.
- *Better define local housing responsibilities.*
Given that the missions of the Housing Committee and Affordable Housing Trust appear somewhat overlapping, further discussion on better defining the respective roles and responsibilities of the entities is warranted as well as the potential of merging these entities at some point.
- *Monitor Subsidized Housing Inventory (SHI)*
Ensure that all affordable units, current and future, remain a part of the Town’s Subsidized Housing Inventory (SHI) to the greatest extent possible.

3. Regulatory Strategies

Housing production is contingent not only on actual development projects but on the regulatory tools that enable localities to effectively promote housing creation. This HPP recommends new zoning to increase density in appropriate locations, to mandate and incentivize the inclusion of affordable and attainable units, and to provide guidelines in support of new development and redevelopment activities.

- *Adopt an Affordable Housing Tax Exemption*
Move forward on a proposed Affordable Housing Property Tax Exemption for owners of year-round rental units with tenants earning at or below 125% AMI and affordable rents. The exemption is \$1,000 for units with 500 square feet or less and \$1,500 for larger units.
- *Better promote village development*
Consider modifying the Harwich Port and Harwich Center bylaws by including affordability requirements and extend adoption to other villages. The integration of housing affordability should be required and design guidelines met in return for allowing the density that will make high quality development economically feasible.
- *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 Select Board in May 2000, to make them more consistent with current needs, priorities, resources, and market conditions. Such guidelines will provide developers with some standards regarding unit mix, appropriate densities, development constraints (e.g., environmental) and opportunities (e.g., resources, village locations, infrastructure), and permitting protocols.
- *Adopt inclusionary zoning*
Adopt inclusionary zoning with mandates and incentives to ensure that any new residential development over a certain size in Harwich includes a percentage of affordable and attainable units or cash in-lieu of units to be invested in the HAHT.
- *Explore a Starter Home Zoning District under Chapter 40Y*
Consider adopting new zoning that enables municipalities to establish a starter home zoning district ordinance or bylaw that includes affordability and density requirements as well as financial support from the state.
- *Integrate affordable housing in the Open Space Residential Development (OSRD) by-law (cluster development)*
Require the integration of some amount of affordable housing into the by-law and allow multi-family dwelling types as well. More incentivized density bonuses should encourage mixed-income development and greater project feasibility. Also consider zoning for cottage-style cluster housing.
- *Consider Short Term Rentals regulations*
Consider bylaws that have been created in other communities to regulate Short Term Rentals. While these temporary rentals, such as airbnbs or VHBOs, offer income to property owners as well as new tax revenue to the Town, they are also contributing to the erosion of year-round rentals while driving up prices. The state's registry counted 1,098 such units in Harwich in April 2024.
- *Allow housing for seasonal workers under proper controls*
Identify appropriate locations for the potential siting of seasonal housing units and explore zoning changes to enable employers to build housing for their workers. This includes provisions that allow dormitory-style housing in appropriate locations and under reasonable conditions.

4. *Housing Preservation and Direct Assistance Strategies*

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; provides resources to support the deferred home maintenance needs of qualifying homeowners, including seniors; and helps stabilize lower income renters.

- *Establish housing preservation initiatives*
Given the age of the housing stock, the aging of the population that requires home modifications, and the reliance on septic systems, the Town should establish programs that will support health and safety home improvements for qualifying homeowners
- *Expand the Rental Assistance Program*
Explore approaches for improving the Rental Assistance Program to enable it to expand participation and benefits that have been critical to stabilizing local renter households.

Table I-1: Summary of Housing Strategies

Strategies	Priority for Implementation		# SHI Units	Responsible Party**
	In Years 1-2	In Years 3-5		
A. Housing Production Strategies				
1. Continue to make suitable public property available for housing	X		58	SB/HT/HC
2. Partner with developers of privately-owned property	X		157	SB/HT/PB/ZBA
B. Governance Strategies				
1. Capitalize the Harwich Affordable Housing Trust	X		*	HC/HT
2. Conduct ongoing community education	X		*	SB/HT/CPC
3. Better define local housing responsibilities	X		*	SB/HT/HC
4. Monitor Subsidized Housing Inventory (SHI)	X		*	HC
C. Regulatory Strategies				
1. Adopt an Affordable Housing Tax Exemption	X		*	Assessor
2. Better promote village development	X		*	PB
3. Update local LIP regulations and procedures	X		*	SB/ZBA//PB/HT/HC
4. Adopt inclusionary zoning		X	*	PB
5. Explore a Starter Home Zoning District under Chapter 40Y		X	*	PB
6. Integrate affordable housing in the OSRD by-law (cluster development)		X	*	PB
7. Consider Short-term Rental regulations		X	*	PB
8. Allow housing for seasonal workers under proper conditions		X	*	PB
D. Housing Preservation and Direct Assistance Strategies				
1. Establish Housing Preservation Initiatives	X		*	HC/HT
2. Expand the Rental Assistance Program	X		*	HC/HT/CPC/HHA

**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**

Affordable Housing Trust = HT

Housing Committee = HC

Select Board = SB Planning Board = PB Zoning Board of Appeals = ZBA Harwich Housing Authority = HHA

II. INTRODUCTION

A. Background and Purpose

Harwich is a resort and residential community located on the south side of Cape Cod at its elbow. The town, of about 13,400 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.

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. A compelling question is whether Harwich will be able to sustain some reasonable diversity of ages, occupations, and incomes in light of escalating land and home values that were only exacerbated during the pandemic.

As far back as May 2003, the Town 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 indicates 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 previous Housing Production Plans that were prepared in 2010 and 2016.

This Housing Production Plan is being prepared as part of the Town's effort to update its Local Comprehensive Plan (LCP) and is also informed by the Affordable Housing Trust's work on developing a Housing Action Plan.

This Housing Production Plan (HPP) provides an update of the 2016 Plan 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 residents and what is required to address the wide range of local needs.

This Plan also identifies production goals and strategies to address identified community priorities based on input from a wide variety of sources including interviews with local and regional stakeholders, local vision and growth statements, prior planning efforts, community outreach, the priority housing needs identified in Section III.D, 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:

- 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. Widening affordability gaps were only made worse during the pandemic.
- Decent paying jobs are becoming scarcer and thus children who grew up in 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, insurance, and energy costs but unable to find alternative housing that better meets their current life styles and ability to pay.
- 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, attainable 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 rent plus utility costs combined are no more than 30% of a household’s gross income or if the costs of owning a home (mortgage, homeowners association fees, property taxes and insurance) do not exceed 30% of gross income. If households are paying more than the traditional 30% affordability threshold, 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 (HUD) for the Barnstable area, and very low-income is defined as households with incomes over 30% but at or below 50% of area median income. Low-income generally refers to the range between 51% and 80% of area median income. These income limits are adjusted annually by area and household size and included in Table II-1 for 2023 and 2024.

Table II-1: Income Limits for Affordable Housing in the Barnstable County Area, 2023/2024

# in Household	30% AMI	50% AMI	80% AMI	100% AMI
1	\$24,200/\$26,600	\$40,300/\$44,300	\$64,450/\$68,500	\$87,010/\$85,890
2	\$27,650/\$30,400	\$46,050/\$50,650	\$73,650/\$78,250	\$99,440/\$98,160
3	\$31,100/\$34,200	\$51,800/\$56,950	\$82,850/\$88,050	\$111,870/\$110,430
4	\$34,550/\$38,000	\$57,550/\$63,300	\$92,050/\$97,800	\$124,300/\$122,700
5	\$37,350/\$41,050	\$62,200/\$68,400	\$99,450/\$105,650	\$134,244/\$132,516
6	\$40,280/\$44,100	\$66,800/\$73,460	\$106,800/\$113,450	\$144,188/\$142,332
7	\$45,420/\$47,340	\$71,400/\$78,500	\$114,150/\$121,300	\$154,132/\$152,148
8	\$50,560/\$52,720	\$76,000/\$83,600	\$121,550/\$129,100	\$164,076/\$161,964

Source: U.S. Department of Housing and Urban Development (HUD)

2023 Median Household Income for the Barnstable Metropolitan Statistical Area (MSA) = \$124,300

2024 Median Household Income for the Barnstable Metropolitan Statistical Area (MSA) = \$122,700

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 as part of the 40B Subsidized Housing Inventory (SHI) or meets other criteria such as achieving annual housing production goals. In calculating a community's progress toward the 10% Chapter 40B goal, the state counts a housing unit as affordable if it is created by state or federal programs that support low- and moderate-income households earning at or below 80% of area median income. All units in a Chapter 40B rental development qualify for inclusion in the SHI as opposed to only the actual affordable units in a homeownership project.

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

1. Targeted to households with incomes at or below 80% of the median for the Barnstable County area
2. Subsidized by an eligible state or federal program
3. Subject to a long-term deed restriction limiting occupancy to income eligible households for a specified periods of time
4. Subject to an Affirmative Fair Housing Marketing Plan

Based on the state's Executive Office of Housing and Livable Communities (EOHLC)¹⁴ most recent data on Harwich's supply of affordable housing included in the state's Subsidized Housing Inventory, Harwich had 6,581 year-round housing units (up from 6,121 units based on 2010 data), of which 328 are currently counted by the state as affordable (down from 333 in 2016), representing 4.98% of the year-round housing stock (down from 5.44% in 2016). It remains a challenge to meet the 10% state affordability goal, and, assuming future housing growth, this 10% figure is a moving target as ultimately the required minimum number of year-round units will likely 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 is targeted to households earning less than 60% AMI. First-time homebuyer programs typically apply income limits of up to 80% AMI. It is worth noting that according to a special HUD report, an estimated 2,249 households or about 42% of Harwich's households included in this data, might have been income-eligible for affordable housing using the 80% AMI income limit alone without consideration of other financial assets.

The Community Preservation Act (CPA) allows Community Preservation funding to be directed to those up to 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

¹⁴ Formerly named the Executive Office of Housing and Livable Communities (EOHLC).

project could combine units for those earning at or below 80% AMI, moderate-income “workforce” units for those earning between 80% and 120% AMI, 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 Vision and Goals

As part of the update of the Local Comprehensive Plan (LCP), the Town prepared the following Vision Statement that reflects the importance of housing to the community:

In 2050 Harwich is a vibrant and sustainable community that honors its natural beauty, historic charm and village character while meeting the needs of our residents for attainable housing to support economic and community growth. Our commitment to this vision is deeply rooted in the protection of water and natural resources, recognizing their intrinsic value to our community.

With a focus on social diversity, strong community values, cultural identity, and recreational appeal that contribute to Harwich’s unique identity, we prioritize preserving the tranquility and outdoor appeal that define our town’s ambiance, responding to concerns about climate change, and the impact of human development on our environment. In the face of change, our vision aspires to create a sustainable haven where diverse housing options, economic vitality, and the cherished essence of our community coexist harmoniously.

This commitment to sustainable development aligns with the essence of Cape Cod’s Regional Policy Plan (RPP), ensuring our community respects its environment while meeting the diverse needs of our residents, businesses, and visitors.

The Town also adopted the following Growth Policy as part of the LCP process which emphasizes the importance of balancing new development and the protection of community character and environmental concerns:

Harwich, as part of the Cape Cod region, has a limited capacity to absorb additional population growth without degrading the environment upon which we all depend and enjoy. To achieve our vision, the Harwich Growth Policy is to meet the needs of future generations for housing and economic sustainability through strategic investments in infrastructure focused on our seven unique village areas. Infrastructure and facilities will be implemented at an appropriate scale to protect historic and community character and protect and restore the environment. Harwich will actively collaborate with neighboring communities to address regional infrastructure needs, including reliable internet services, wastewater, and transportation improvements.

Growth in Harwich will be intentional, designed to meet identified needs such as housing for seniors, young families, and individuals of all types. We are dedicated to integrating new housing throughout our town, building neighborhoods and community, not just structures. As we move forward, our work is to balance different needs and priorities, supporting both a thriving summer tourist economy and a year-round community.

We are committed to addressing climate change, a global crisis that has direct impacts on the Harwich community by reducing our carbon footprint through smart growth practices and sustainable development, and taking action to be more resilient to the impacts from climate change along our coastline.

In the spirit of collaboration and transparency, the Harwich Growth Policy is designed to ensure an open and inclusive decision-making process. By carefully planning and coordinating growth, we aim to preserve our community's unique character, foster fiscal and environmental sustainability, and create a vibrant, diverse, and sustainable Harwich for present and future generations.

This Housing Production Plan embraces these vision and policy statements and incorporates the following goals that were established as part of the Housing Strategy that was approved by the Town in a special town meeting as far back as May 6, 2003 and reconfirmed in the Town's 2010 and 2016 Housing Production Plans. They remain relevant today with the addition of addressing a wider range of households including those who may have incomes beyond the 80% AMI limits but are still shut out of Harwich's private housing market.

- 1) To promote the annual development of affordable, accessible and attainable housing – whether by new construction, acquisition, and/or conversion of existing buildings – through Town action and the actions of others, striving to produce 0.50% of its year-round housing stock as eligible for inclusion in the Subsidized Housing Inventory (SHI) annually, approximately 80% 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 III.D of this Plan), will provide the context for the package of housing actions the Town is considering implementing 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 developed to address housing needs and meet production goals.

A. Demographic Profile

It is important to closely examine demographic characteristics and trends to understand the composition of the population and how it relates to current and future housing needs. Key questions to be addressed, with corresponding findings, include:

- *What have been the historical growth trends in the community?* The Town grew quickly following World War II through 2000, from 2,649 residents in 1950 to 12,386 residents. After a modest population loss between 2000 and 2010, the population has increased to about 13,400 residents.
- *What are the ramifications of increases and decreases of various age groups regarding housing needs?* There have been overall declines in younger residents and significant gains in older ones reflecting the aging of baby boomers and decline in families. Population projections largely reflect a continuation of these trends. This suggests the need to create more starter home opportunities for young families as well as options for downsizing with the integration of barrier-free units and supportive services.
- *What are the variations in household size and types that suggest specific housing needs?* Despite declines in the number of children, the average household size grew slightly from 2.15 to 2.29 persons between 2010 and 2021. There have also been increases in non-family households, mainly single individuals. About 70% of those living alone were 65 years of age or older in 2021, up from 58% in 2010. These trends suggest a need for some larger family units as well as smaller units for single individuals and downsizing.

1. **Population Growth – 9% population gain over the last decade**

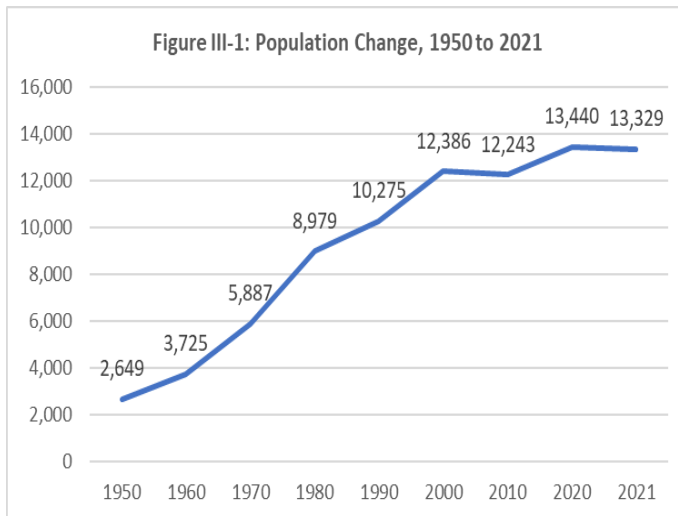
Over the past few decades, population growth put significant pressures on the town, local services, and the housing market in particular, as the population almost doubled in size between 1970 and 1990, from 5,887 residents to 10,275. From 1990 through 2000 the population increased by another 2,111 residents or by more than 20%. Between 2000 and 2010, there was a loss of 143 residents with a rebounding of the population after that to 13,440 residents according to the 2020 decennial census and 13,329 from the 2021 census estimates. These population changes are summarized in Table III-1 and Figure III-1. It is worth noting that Town census figure suggests a similar population level at about 13,000 residents.

Population projections from the University of Massachusetts' Donahue Institute calculate a relatively stable population through 2030 with longer-term declines to 12,549 residents in 2040 and 11,380 in 2050.

Table III-1: Population Change

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%
2020	13,440	1,197	9.8%
2021	13,329	-111	-0.8%
Town Records/9-23	13,000	--	--

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



2. Race – Small but increasing minority population

The population has remained predominately White 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 724 or 5.4% of the population according to 2021 census estimates. Approximately 36% of the 2021 minority population identified themselves as Black or African American, 10% as Asian, and 51% of some other race. About one-third of residents claimed they were of two or more races. Additionally, 240 residents identified themselves as Hispanic or Latino.

3. Age Distribution – Substantial decreases in younger residents and significant gains in older ones

As Table III-2 demonstrates, Harwich experienced the following demographic shifts during the last several decades:

- *Declining population of children:* While the overall population increased by 7.6% between 2000 and 2021, those under age 18 decreased by 27%, representing a steadily declining portion of the population – from 18.3% in 2000, to 16.1% in 2010, and down further to 12.4% by 2021.
- *Fluctuations in those 18 to 24:* Between 2000 and 2010, those between the ages of 18 and 24 increased from 525 residents or 4.2% of the population to 1,074 and 8.7% by 2010. This group then declined somewhat to 897 residents and 6.7% in 2021.

- Losses in younger adults:** There were significant declines in those between the ages of 25 and 34 who are entering the labor market and beginning to form their own families, thus reducing the pool of entry-level workers and service employees. For example, in 1980 and 1990, this group comprised at least 12% of Harwich's residents, but by 2010 the percentage of those in this age category was down to only 3.6%. The 2021 census estimates point to some increase in this population, to 6.4%, which is proportionately half the 1980 and 1990 levels.

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

This general 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 these households to relocate further away. This trend suggests the need for not only workforce development efforts, but also more starter home opportunities for first-time homebuyers as such new development in the private housing market has virtually been eliminated. Clearly more subsidized rental options would also be extremely helpful in housing this cohort.

Table III-2: Age Distribution, 1980-2021

	1980		1990		2000		2010		2021	
	#	%	#	%	#	%	#	%	#	%
Under 5 Years	405	4.5	568	5.5	504	4.1	472	3.9	285	2.1
5 – 17 Years	1,594	17.8	1,381	13.4	1,759	14.2	1,500	12.3	1,362	10.2
18 – 20 Years	337	3.8	299	2.9	273	2.2	297	2.4	897	6.7
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	854	6.4
35 – 44 Years	836	9.3	1,339	13.0	1,705	13.8	1,256	10.3	1,418	10.6
45 – 54 Years	727	8.1	924	9.0	1,739	14.0	1,847	15.1	1,086	8.2
55 – 64 Years	1,173	13.1	1,198	11.7	1,452	11.7	2,104	17.2	2,765	20.7
65 – 74 Years	1,624	18.1	1,615	15.7	1,787	14.4	1,698	13.8	2,917	21.9
75 – 84 Years	804	9.0	1,039	10.1	1,319	10.6	1,262	10.3	1,149	8.6
85+ Years	120	1.3	281	2.7	560	4.5	591	4.8	596	4.5
Total	8,971	100.0	10,275	100.0	12,386	100.0	12,243	100.0	13,329	100.0
Under 18	1,999	22.3	1,949	19.0	2,263	18.3	1,972	16.1	1,647	12.4
Age 65+	2,548	28.4	2,935	28.6	3,666	29.6	3,551	29.0	4,662	35.0
Median Age	44.6 years		44.3 years		48.8 years		52.6 years		58.4 years	

Source: U.S. Census Bureau, 1980, 1990, 2000 and 2010 and 2017-2021 American Community Survey 5-Year Estimates.

- Substantial decrease in middle-aged residents:** Another significant population shift is reflected in those between the ages of 35 and 54 who made up 27.8% of Harwich residents in 2000, then decreased to 25.4% in 2010, and then declined further to 17.0% by 2021. This decline is likely 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 48.8 years to 58.4 years between 2000 and 2021.

- *The population of older middle-aged residents almost doubled between 2000 and 2021:* Residents between the ages of 55 and 64 increased from 11.7% of the population in 2000 to 17.2% in 2010 and then up to 20.7% in 2021. This represented a 90% population increase during this period compared to 7.6% for all residents and is reflective of the aging of the baby boomers.
- *Significant increases in those 65 years or older:* These residents increased from 29.6% of the population in 2000 to 35.0% by 2021, representing an increase of about 1,000 residents and growth of 27% during this period.

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

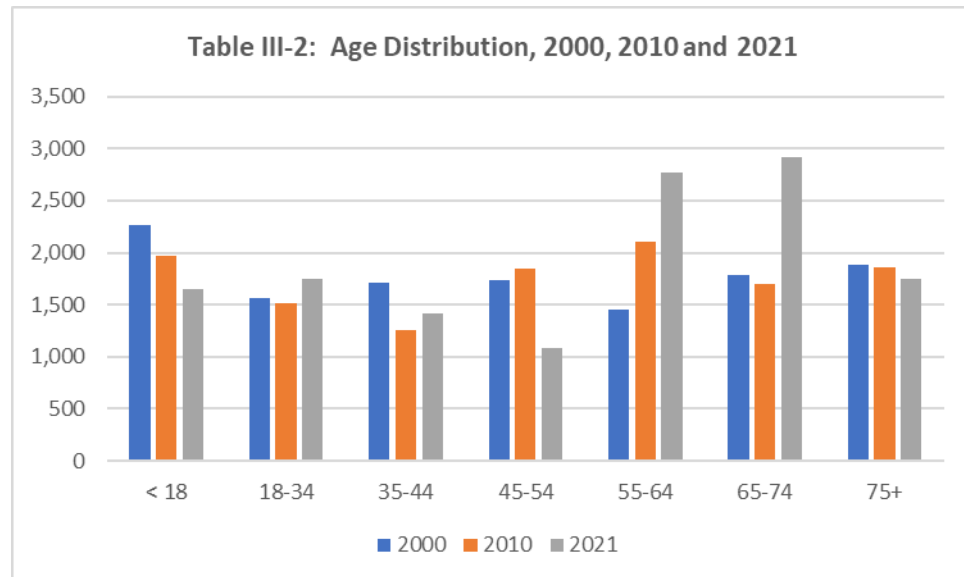


Table III-3 provides comparative information for Barnstable County and the state, which highlights the trends described above. Harwich has had proportionately significantly fewer younger residents and greater levels of older ones than Barnstable County and the state. In fact, Harwich had a lower level of all residents under the age 54 compared to the county and state, also reflected in higher average median age levels, for example 58.4 years for Harwich compared to 55.7 years and 40.3 years for the county and state, respectively.

Table III-3: Comparative Demographic Data

	Harwich		Barnstable County		Massachusetts	
	% 2000	% 2021	% 2000	% 2022	% 2000	% 2022
Under 18	18.3	12.4	20.4	13.9	23.6	19.1
Age 18 to 34	12.6	13.1	14.9	15.1	17.8	23.9
Age 35 to 44	13.8	10.6	15.3	9.5	14.6	13.0
Age 45 to 54	14.0	9.2	14.8	10.6	16.7	12.3
Age 55 to 64	11.7	20.7	11.5	17.3	13.8	13.7
Age 65 +	29.6	35.0	23.1	33.7	13.5	18.0
Median Age	48.8 years	58.4 years	44.6 years	55.7 years	36.5 years	40.3 years

Source: U.S. Census Bureau, 2000 and 2017-2021 American Community Survey 5-Year Estimates for Harwich and 2022 1-Year data for the County and State. The 2022 data had not yet been released for Harwich.

While those age 65 or older increased by 27% between 2000 and 2021, they are expected to increase by another thousand residents to 42% of the population in both 2030 and 2040. Projections identify a considerable fall-off after that. These projections coincide 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-4 provides projections of the age distribution in Harwich through 2050 from the State Data Center at the University of Massachusetts' Donahue Institute. This data suggests some modest gains in residents under age 20 through 2040 and then some fall-off after that. The projections also identify a decline in younger adults age 20 to 44 through 2050. As to the more middle age category of ages 45 to 64, the projections estimate a general decline over the decades. The 65 years and older cohort is predicted to increase through 2030 and then begin to decline after that with a considerable drop

between 2040 and 2050 in tandem with the loss of baby boomers. This older population is still expected to remain a predominant segment of Harwich's population at 37.6% of all residents in 2050.

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 most communities across the Cape

Table III-4: Projected Age Distribution through 2050

Age Range	2021		2030		2040		2050	
	#	%	#	%	#	%	#	%
Less than 20	1,821	13.7	1,965	14.6	1,937	15.4	1,781	15.6
20 to 44 years	2,995	22.5	2,745	20.4	2,599	20.7	2,431	21.4
45 to 64 Years	3,851	28.9	3,092	23.0	2,743	21.9	2,887	25.4
65+ years	4,662	35.0	5,652	42.0	5,270	42.0	4,281	37.6
Total	13,329	100.0	13,454	100.0	12,549	100.0	11,380	100.0

Source: University of Massachusetts Donahue Institute, 2022.

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

While Harwich's population increased by 7.6% between 2010 and 2021, the number of households increased by about 2%, suggesting that households were getting somewhat larger. In fact, the average

household size increased from 2.15 to 2.29 persons during this period. The average family size increased as well, from 2.61 to 2.90 persons.

Nevertheless, smaller, non-family households have become a more significant part of Harwich, more than doubling in number between 1980 and 2010 and then increasing again, albeit modestly, through 2021. As a percentage of all households, they increased from 28.6% in 1980 to 39.1% in 2010 and then to 40.3% in 2021, reflective of the community's aging population and more residents living alone.

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 71.4% to 64.8%. They continued to decrease through 2010 and 2021 in both number and in proportion to all households, reaching 59.7% as of 2021. This trend towards many 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 and was up 38.9% and 38.4% in 2021, respectively.

The number of female-headed households with children under age 18 has been small but typically represent some of the most financially vulnerable residents in any community. Such households largely increased over the decades until more recently. It may be that the rising costs of living in Harwich in tandem with the pandemic forced some of these residents to leave the community in search of more affordable living conditions.

Table III-5: Demographic Characteristics, 1980-2021

Characteristics	1980		1990		2000		2010		2021	
	#	%	#	%	#	%	#	%	#	%
Total Population	8,971	100.0%	10,275	100.0%	12,386	100.0%	12,243	100.0	13,329	100.0
Minority residents*	288	3.2%	387	3.8%	569	4.6%	799	6.5%	724	5.4%
Total # Households	3,706	100.0%	4,505	100.0%	5,471	100.0%	5,623	100.0%	5,733	100.0%
Family Households**	2,646	71.4%	3,043	67.6%	3,545	64.8%	3,422	60.9%	3,421	59.7%
Female Heads of Households with Children **	150	4.0%	208	4.6%	242	4.4%	225	4.0%	97	1.7%
Non-family Households **	1,060	28.6%	1,462	32.4%	1,926	35.2%	2,201	39.1%	2,312	40.3%
Ave. Household Size	--		2.27 persons		2.20 persons		2.15 persons		2.29 persons	

Sources: U.S. Census Bureau, 1980, 1990, 2000 and 2010 and American Community Survey 5-Year Estimates, 2017-2021. *All non-White classifications ** Percent of all households

About 30% of all Harwich households involved residents who were living alone, and of these, 1,177 or 70% were 65 years of age or older.

Table III-6 provides a breakdown of household size by household type, comparing 2021 census estimates for Harwich to Barnstable County as a whole. This information indicates that there were proportionately fewer persons living alone in Harwich, at 29.5% of all households compared to 31.7% countywide.

On the other hand, the level of two-person households was higher in Harwich at 44.4% of all households compared to 42.3% for the county. Harwich also had a higher level of three-person households in comparison to the Cape as a whole, 14.0% in comparison to 11.2%, however, it also had proportionately

fewer large families of five or more members. Harwich's average household size was larger at 2.29 persons compared to 2.14 persons for the county based on 2021 census estimates, with a larger average average family size of 2.90 persons compared to 2.66.

Table III-6: Types of Households by Size for Harwich and Barnstable County

Households by Type and Size	Harwich		County	
	#	%	#	%
Family Households	3,421	59.7	65,492	61.1
2-person household	1,966	34.3	39,133	36.5
3-person household	766	13.4	11,213	10.5
4-person household	555	9.7	9,579	8.9
5-person household	43	0.8	3,889	3.6
6-person household	0	0.0	1,200	1.1
7 or more person household	91	1.6	478	0.4
Non-family Households	2,312	40.3	41,695	38.9
1-person household	1,689	29.5	33,989	31.7
2-person household	577	10.1	6,167	5.8
3-person household	38	0.7	773	0.7
4-person household	8	0.1	0	0.0
5-person household	0	0.0	766	0.7
6-person household	0	0.0	0	0.0
7 or more person household	0	0.0	0	0.0
Total	5,733	100.0	107,187	100.0

Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates for Harwich and 2022 1-Year Estimate for the County.

B. Economic Profile

This section examines income and other issues related to economic status to address the following questions with corresponding major findings:

- *What changes in income levels have occurred and how does this relate to housing affordability?* The median household income increased from \$54,958 in 2010 to \$79,641 by 2021 which represented a 45% increase and almost twice the rate of inflation during this period of 24%. While high, incomes for many residents have not kept pace with rising housing costs for both rentals and homeownership. Moreover, Harwich's median household income is below the HUD 80% of area median income limit for Barnstable County of \$82,850 for a three-person household in 2023.
- *Are there growing income disparities among residents?* Those with incomes of \$100,000 or more almost doubled, from about 12% to 57% of all households between 2010 and 2021. Despite increasing household wealth, there are substantial numbers of households with incomes below \$25,000, including 690 households or 12% of all households based on 2021 census estimates. There are also 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.

- *What are the relative incomes of Harwich residents and those with local jobs?* The \$1,116 average weekly wage is the equivalent of about \$58,000 annually, significantly lower than the median household income of Harwich residents of \$79,641. This disparity suggests that many who have jobs in town cannot afford to live in Harwich given a median single-family home price of \$650,000 as of August 2023 and rents of about \$2,400.
- *What proportion of the population is disabled or has other special needs that limit their employment options and income?* Of Harwich's 13,212 residents in the civilian, noninstitutionalized population, 1,788 or 13.5% claimed a disability. Those with disabilities, often relying on Social Security income, can find it challenging to not only find housing that is affordable but accessible as well. Moreover, as the population continues to age, with those 65 years and older predicted to increase to about 42% of all residents by 2030 and through 2040, the level of special needs in the community will grow. This suggests a greater need for handicapped accessibility and supportive services to be integrated into housing.

1. **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. For example, the median household income increased from \$41,552 in 2000, to \$54,958 in 2010, and then up to \$79,641 by 2021. *The increase between 2010 and 2021 alone was 45%, almost twice the rate of inflation during this period of 24%.* As shown in Table III-7, Harwich's median household income, while high, is lower than many of its neighbors with medians ranging from a low of \$70,864 for Dennis to \$90,208 in Wellfleet. Moreover, Harwich's median household income is below the HUD 80% of area median income limit for Barnstable County of \$82,850 for a three-person household in 2023.

Table III-7: Comparison of Median Household Incomes for Harwich and Neighboring Communities,

Community	1999 Median Income	2010 Median Income	2021 Median Income
Brewster	\$49,276	\$58,374	\$88,110
Chatham	\$45,519	\$65,990	\$88,750
Dennis	\$41,598	\$50,642	\$70,864
Eastham	\$42,618	\$58,750	\$76,859
Harwich	\$41,552	\$54,958	\$79,641
Orleans	\$42,594	\$56,313	\$79,250
Truro	\$42,981	\$80,425	\$83,992
Wellfleet	\$43,558	\$66,109	\$90,208
Barnstable County	\$45,933	\$60,317	\$91,438

Source: U.S. Census Bureau, 2000 and 2010 Census, Summary File 3, and 2017-2021 ACS 5-Year Estimates with 2022 1-Year Estimate for the County.

Table III-8 presents census income data from 1979 through 2021, which is also visually presented in Figure III-3 since 1999. Those earning more than \$100,000 more than doubled between 2010 and 2021 from about 28% of all households to 57% in 2021 or from 1,263 to 3,263 households. Households with incomes of more than \$150,000 increased more markedly, from 8.2% to 37.2% of all households or from 466 to 2,134 households. While it is to be expected that the incomes of longer-term residents would increase over time, it is likely that the influx of new residents with higher income levels, who could

Despite increasing household wealth, there are substantial numbers of households with incomes below \$25,000, including 690 households or 12% of all households based on 2021 census estimates. There are substantially more of these households than the 328 SHI units, and they are challenged to compete in Harwich's costly housing market.

afford rising and unprecedented housing costs, was the main cause of this dramatic increase. This situation was exacerbated by the pandemic that attracted off-Cape families to relocate to what they considered safer and less costly retreats from COVID.

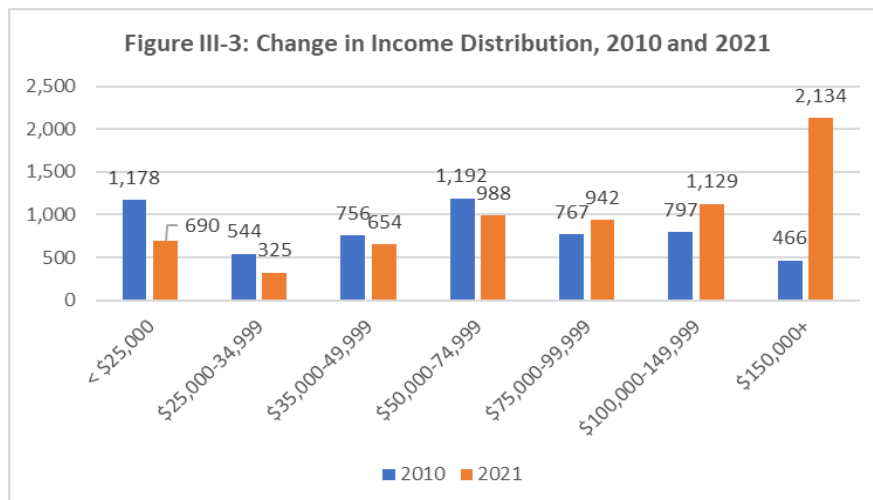
It is likely that some of the households in the lower income ranges may be long-term residents who own their homes, which are now worth a considerable amount of money, and therefore in effect equity rich but cash poor. Nevertheless, continued increases in the cost of living as well as health-related issues may drive some of 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-8: Income Distribution, 1979-2021

Income Range	1979		1989		1999		2010		2021	
	#	%	#	%	#	%	#	%	#	%
Under \$10,000	1,006	27.2	572	12.7	332	6.1	295	5.2	117	2.0
\$10,000-24,999	1,945	52.5	1,436	31.9	1,123	20.5	883	15.5	573	10.0
\$25,000-34,999	496	13.4	695	15.4	751	13.7	544	9.5	325	5.7
\$35,000-49,999	205	5.5	818	18.2	1,029	18.8	756	13.3	654	11.4
\$50,000-74,999	44	1.2	673	15.0	1,222	22.3	1,192	20.9	988	17.2
\$75,000-99,999	10	0.3	186	4.1	479	8.8	767	13.5	942	16.4
\$100,000-149,999			113	2.5	369	6.7	797	14.0	1,129	19.7
\$150,000 or more			8	0.2	165	3.0	466	8.2	2,134	37.2
Total	3,706	100.0	4,501	100.0	5,470	100.0	5,700	100.0	5,733	100.0
Median Income	\$14,731		\$28,259		\$41,552		\$54,958		\$79,641	

Source: U.S. Census Bureau, 1980, 1990, 2000 and 2010 and 2017-2021 ACS 5-Year Estimates.



Incomes for Harwich residents have been on average somewhat lower than the Cape as a whole with more recent median household income levels of \$79,641 and \$91,438, respectively, for example. Harwich's median is also significantly lower than the state at \$94,488. The County proportionately had lower levels of households in all income categories except the extremes including the lowest income range of under \$10,000 and highest range above \$150,000 as documented in Table III-9.

Table III-9: Income Distribution by Household: Barnstable County and Harwich

Income Range	Barnstable County		Harwich	
	2000 %	2022 %	2000 %	2021 %
Under \$10,000	6.8	4.0	6.1	2.0
\$10,000-24,999	17.8	8.1	20.5	10.0
\$25,000-34,999	12.8	5.2	13.7	5.7
\$35,000-49,999	16.8	8.7	18.8	11.4
\$50,000-74,999	21.5	15.4	22.3	17.2
\$75,000-99,999	11.9	11.6	8.8	16.4
\$100,000-149,999	8.0	17.9	6.7	19.7
\$150,000 or more	4.4	29.0	3.0	37.2
Total	100.0	100.0	100.0	100.0
Median Household income	\$45,933	\$91,438	\$41,552	\$79,641

Source: U.S. Census Bureau, 2000 and 2017-2021 American Community Survey 5-Year Estimates and 2022 1-Year Estimates for the County

The income distribution for family households is higher with a median of \$101,612. This is highly correlated to the greater prevalence of two-workers in families. Nevertheless, Harwich's median family income is significantly lower than that of the state at \$120,263.

As presented in Table III-10, 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-10: Median Income by Household Type, 2021

Type of Household/Householder	Median Income
Individual/per capita	\$46,676
Households	\$79,641
Families	\$101,612
Non-families	\$48,451
Renters	\$51,786
Homeowners	\$84,478
Householder less than age 25	NA*
Householder age 25 to 44	\$78,400
Householder age 45 to 64	\$108,348
Householder age 65 or more	\$68,418
Male full-time, year-round workers	\$59,917
Female full-time, year-round workers	\$55,265

Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates *Sample size too small

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 42% of Harwich's housing units, likely have significantly higher average incomes to afford the high costs of seasonal units or second homes, thus further widening income disparities within the community.

Table III-11 presents a comparison of income levels for owners and renters. About 31% of renters had incomes of less than \$25,000 compared to 9% of homeowners. On the other hand, 20% of the homeowners earned more than \$150,000 compared to only 1.6% of the renter households. The income disparity is also reflected in median income levels of \$84,478 and \$51,786 for owners and renters, respectively, based on 2021 census estimates. It is interesting to note that while the median household income of owners increased by 40% from \$60,207 in 2010, the median income of renters increased somewhat more, by 44%, from \$35,938.

Table III-11: Income Distribution by Tenure, 2021

Income Range	Homeowners		Renters	
	#	%	#	%
Under \$10,000	72	1.5	45	5.4
\$10,000-24,999	361	7.4	212	25.7
\$25,000-34,999	275	5.6	50	6.1
\$35,000-49,999	563	11.5	91	11.0
\$50,000-74,999	836	17.0	152	18.4
\$75,000-99,999	767	15.6	175	21.2
\$100,000-149,999	1,041	21.2	88	10.7
\$150,000 +	992	20.2	13	1.6
Total	4,907	100.0	826	100.0

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2017-2021

2. *Poverty – Declining poverty*

Table III-12 presents poverty levels in Harwich over the past several decades showing some marked fluctuations over the years.¹⁵ The 2010 census indicates that the absolute numbers and proportion of those with incomes below the poverty level 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% in 2010. The 2021 census estimates identify a significant decline of those living below the poverty level to 693 residents or 5.2% of the population. It also identifies decreases in poverty for families, children under age 18 and seniors age 65 or older.

Despite these decreases, this data demonstrates that there remains a population within the town of Harwich, including 693 individuals and 99 families who had substantial income limitations and may require public assistance to meet their housing needs. Moreover, the declines of those living in poverty may be partially due to former residents being forced to leave Harwich in search of more affordable living conditions.

¹⁵ The 2022 federal poverty level from the U.S. Department of Health and Human Services was \$13,590 for an individual and \$23,030 for a three-person household for example.

Table III-12: Poverty Status, 1979-2021

Types of Residents/ Households	1979		1989		1999		2010		2021	
	#	%	#	%	#	%	#	%	#	%
Individuals Below Poverty *	573	6.4	568	5.6	668	7.8	967	7.9	693	5.2
Families **	130	4.9	148	4.8	103	2.9	226	6.6	99	2.9
Related Children Under 18 Years ***	182	9.1	89	4.6	185	8.4	229	11.6	120	7.3
Individuals 65 and Over ****	121	4.8	185	6.3	141	4.1	249	7.0	266	5.7

Source: U.S. Census Bureau, 1980, 1990, 2000 and 2010 and 2017-2021 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+

3. *Employment – Expanding labor market with many jobs in the 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 2021 census estimates indicated that 37.8% of Harwich's 7,102 residents in the labor force were involved in management or professional occupations and 44% were employed in the lesser paying retail and service-oriented jobs that supported the local economy including sales and office occupations (23%), and service occupations (21%). Another 10% worked in construction or maintenance jobs while 8% were involved in production or transportation related occupations. While 72% were private wage or salaried workers, another 16% were government workers, and 11% were self-employed.

Harwich's significant resort economy causes fluctuations in the job force involving 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, 1,591 or about 24% worked in the community, up from 17% about a decade ago. This suggests increasing local employment opportunities including potentially more residents who are working remotely.

It should also be noted that most workers drove alone to work, 79%, another 4% carpooled, and 14% worked from home. Only 3 workers used public transportation, which is not surprising given limited options. The average commuting time was 21.3 minutes according to 2021 census estimates. The reliance on

the car can be a major financial challenge for lower income residents.

Labor and workforce data from the state's Executive Office of Labor and Workforce Development is presented in Table III-13, which focuses on the jobs available in Harwich in 2022. This data shows an average employment of 4,482 workers and 544 business establishments, up from 3,907 workers and 469 businesses in 2015. The data also confirms the concentration of jobs in the retail and service sectors. All industries with an average of more than 200 employees are highlighted in Table III-13, comprising 77% of all local jobs.

The average weekly wage for Harwich was \$1,116 (up from \$828 in 2015), that is the equivalent of about \$58,000 annually, significantly less than the median household income of Harwich residents of \$79,641. As a point of comparison, this average weekly wage was less than half of Boston's at \$2,450, but higher than Dennis' at \$1,043 and Chatham's at \$1,099. Additionally, the average weekly wage was \$1,224 and \$1,260 for the Upper Cape communities of Bourne and Falmouth, respectively, for example.

State labor statistics project an unemployment rate in Harwich as of August 2023 of 2.6%, with 230 residents unemployed. This is down from 8.8% in February with 531 unemployed workers. The summer 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 6,384 workers employed in August 2023 compared to 5,516 the previous January.

Another point of comparison relates to the effect of the COVID-19 pandemic on employment patterns. For example, the unemployment rate averaged 5.3% in 2022, down from 7.1% in 2021, and 11.2% in 2020. The pre-pandemic average was 4.4% in 2019.

Table III-13: Average Employment and Wages by Industry in Harwich, 2022

Industry	# Establishments	Total Wages	Average Employment	Average Weekly Wage
Construction	106	\$55,780,690	700	\$1,532
Manufacturing	8	\$2,494,978	37	\$1,282
Wholesale trade	9	\$940,084	13	\$1,409
Retail trade	65	\$31,713,319	776	\$786
Transportation and warehousing	14	\$6,052,237	107	\$1,089
Information	9	\$4,725,927	38	\$2,392
Finance & insurance	15	\$6,173,649	63	\$1,897
Real estate/rental	17	\$2,474,897	30	\$1,591
Professional/technical Services	49	6,908,776	102	\$1,305
Administrative and waste services	77	\$21,559,987	361	\$1,150
Educational services	8	\$15,240,704	240	\$1,222
Health care and social assistance	47	\$25,441,948	458	\$1,069
Arts, entertainment and recreation	14	\$3,093,379	98	\$610
Accommodation and food services	57	\$42,313,931	900	\$905
Other services, Exec., public administration	44	\$7,553,364	171	\$848
TOTAL	544	\$260,196,119	4,482	\$1,116

Source: Massachusetts Executive Office of Labor and Workforce Development, October 3, 2021

Shaded rows indicate industries with more than 200 employees.

4. 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 2021, those with at least a high school degree climbed to 98.5% with the percentage of residents with a college degree or higher also increasing to 44.8%. This signals improving job qualifications and is correlated with higher incomes.

Census estimates also document 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, which decreased to 1,956 and 15% of all residents in 2021. Additionally, those enrolled in kindergarten through high school totaled 1,868 students in 2000, down to 1,452 as of 2021 and representing 74% of those who are enrolled in school.

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), had a total enrollment of 1,681 students in 2021, down from 1,852 students as of October 1, 2016 and 1,998 students in 2005. Projections of school enrollments for the 2024-25 through 2033-34 school years from the New England School Development Council show a decline to 1,324 students during this period. This represents a 20% projected decline and a net loss of 338 students.

With the exception of the Harwich Elementary School, most schools serving Harwich are regional including the Cape Cod Vocational Technical School (enrollment of 666 students in 2022-2023, up from 616 in 2015-2016 but down from 717 in 2005), the Cape Cod Lighthouse Charter School (250 students, up from 240 students in 2015-2016 and 228 in 2012).

5. **Disability Status – High level of special needs**

Of all Harwich 13,212 residents in the civilian, noninstitutionalized population, 1,788 or 13.5% claimed a disability. This is lower than the 15.4% level for the County but higher than that of the state at state of 11.7%. Harwich had a lower proportion of disabilities among all age ranges in comparison to the county except for those under age 5 or 75 years of age or older. In comparison to the state, Harwich had a proportionately lower level of those with disabilities except for children under age 18. *These levels of disability, particularly those of seniors, demonstrate significant special needs within the Harwich community.*

As the population continues to age, with those 65 years and older predicted to increase to about 42% of all residents by 2030 and through 2040, the level of special needs in the community will grow as well. This trend suggests a greater need for handicapped accessibility and supportive services integrated into housing.

Table III-14: Civilian Noninstitutionalized Population with a Physical Disability, 2021

Age Range	Harwich		County	MA
	#	%	%	%
Under 5 years	10	3.5	0.0	0.8
5 to 17 years	89	6.5	10.8	6.0
18 to 34 years	62	3.5	11.6	6.7
35 to 64 years	473	9.0	10.1	10.2
65 to 74 years	384	13.3	15.5	20.4
75+ years	770	45.9	40.4	46.0
Total	1,788	13.5	15.4	11.7

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2017-2021 for Harwich and 1-Year Estimates for the county and state.

The 2021 census estimates also identify numbers of residents with particular disabilities, as summarized in Table III-15. It should be noted that some residents will have multiple challenges but almost 48% of the 1,788 residents who claimed a disability experienced an ambulatory difficulty and 34% and about 25% had a hearing or independent living problem, respectively.

Table III-15: Types and Distribution of Disabilities, 2021

Type of Disability	# Residents	% Disabled Residents	% All Civilian Noninstitutionalized Residents
Hearing Difficulty	608	34.0	4.6
Vision Difficulty	300	16.8	2.3
Cognitive Difficulty	374	20.9	2.9
Ambulatory Difficulty	852	47.7	6.6
Self-care Difficulty	341	19.1	2.6
Independent Living Difficulty	440	24.6	3.8

Source: U.S. Census Bureau, Census American Community Survey 5-Year Estimates for 2017-2021.

C. Housing Profile

This section examines housing growth, occupancy, and costs to address the following questions with corresponding major findings:

- *What housing has recently been produced?* The U.S. census data suggests only limited housing production since 2010 with some loss of rental units. Recent building activity has also been limited to a small increase of 172 units between 2020 and October 2023. However, because teardown activity was involved in between one-third to one-half of new unit development in any calendar year, net new unit creation was considerably less.
- *What housing is available to what residents can afford?* Housing prices have risen faster than incomes making housing much less affordable. While incomes increased by 92% between 2000 and 2021, the median owner-occupied unit price rose by 153% based on census data. When focusing on increases in single-family home prices, the percentage increase grows to 195% based on changes according to *Banker & Tradesman* data between 2000 and 2021 (from \$195,000 to \$575,050). The median increased to \$650,000 as of August 2023.

As prices rise, so do affordability gaps and cost burdens. The affordability gap is about \$363,500 - the difference between the price of the median priced single-family home (\$650,000) and what a median income household can afford (\$286,500).¹⁶ 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 \$331,300, and thus the affordability gap would decrease to \$318,700, still very high.

Special tabulations of HUD data suggest that of the 5,394 year-round households included in the analysis, 1,751 or 32.5% were reported with cost burdens as they were paying more than

¹⁶ 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.

30% of their income on housing costs. Moreover, of these households, 738 or 13.7% were spending more than 50% of their income on housing, referred to as being severely cost burdened. There were 2,249 households, or 42% of households, who were earning at or below 80% of median income for the Barnstable County area. Of these, 1,407 households or about 63% were experiencing cost burdens.

Market rents are high and a typical two-bedroom apartment is at least \$2,400. This rent would be affordable to a household earning about \$106,000 annually, assuming average monthly utility costs of \$250 and spending 30% of income on housing costs. The median income earning renter (\$51,786) could afford a rent of only about \$1,045 with the same assumptions. It is consequently not surprising that so many renters are paying too much for their housing.

- *What units are defined as affordable by the state?* Based on the Massachusetts Executive Office of Housing and Livable Communities (EOHLC) most recent data on Harwich's supply of affordable housing included in the state's Subsidized Housing Inventory, Harwich had 6,581 year-round housing units (up from 6,121 units based on 2010 data), of which 328 are currently counted by the state as affordable (down from 333 in 2016), representing 4.98% of the year-round housing stock (down from 5.44% in 2016).
- *What are Harwich's priority housing needs?* This Housing Production Plan recommends a continued focus on rental unit development based on a number of important considerations including the priority of addressing the housing needs of the community's most vulnerable residents and further diversifying the housing stock. Nevertheless, it also suggests the importance of addressing unmet local needs through homeownership development as starter homes for families or smaller units for empty nesters looking to downsize and minimize home maintenance demands. The Plan also prioritizes the development of housing for special needs populations given high levels of residents with disabilities and an aging population in addition to some focus on resources for making home improvements.

1. Housing Growth – Slowdown in recent housing growth

The 2020 decennial census identified 10,485 total housing units in Harwich of which 5,391 or 51.6% were occupied. The 2021 census estimates counted limited further growth to 10,516 housing units of which 5,733 or 54.5% were occupied (see Table III-19).

While Harwich's population grew by 7.6% between 2000 and 2021, housing units increased by 11.3%, which was largely fueled by the seasonal and second home markets and, more recently, by off-Cape households looking for safer places to ride out the pandemic.

Census figures also indicate that housing growth has been higher than population growth. For example, between 2000 and 2021, the Town experienced a 11.3% rate of housing growth, from 9,450 units to 10,516, higher than the total population growth of 7.6% during this period.

Table III-16 charts housing growth, identifying that development activity was relatively high between 1950 and 2000 with the highest number of units produced 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 41% of the town's housing was built prior to 1970, including 13.4% before WWII. Since 2000, residential building activity slowed down considerably from a growth rate of 6.6% between 2000 and 2009 to 3.8% between 2010 and 2019. While the Census Bureau's American

Community Survey indicates that there no building activity occurred in 2020 or later, this is not the case given building permit activity that counted 172 units permitted from 2020 through October 2023 as summarized in Table III-17.

New residential 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 24 permits/units in 2019. The annual average number of new units was 145 from 1995 through 2000, to an average of 73 permits from 2001 to 2010, and then down to 41 between 2011 and 2015. Between 2016 and 2022, the average annual number of units that were permitted was 40. However, this does not reflect the net new units that are created as demolition and replacement activity has been significant, ranging from about one-third to one-half of newly constructed units in any calendar year. Small units, such as cottages, have been targets of teardown activity.

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

Time Period	# Units	% Units
2020 or later	0	0.0
2010 to 2019	399	3.8
2000 to 2009	696	6.6
1990 to 1999	1,400	13.3
1980 to 1989	1,646	15.6
1970 to 1979	2,060	19.6
1960 to 1969	1,524	14.5
1950 to 1959	1,192	11.3
1940 to 1949	194	1.8
1939 or earlier	1,405	13.4
Total	10,516	100.0

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2017-2021

Table III-17: Residential Building Permit Data, 2010 through October 2023

Year	# Building Permits for New Units
2010	37 single-family units
2011	37 single-family units + 4 two-family homes/8 units = 45 units
2012	40 single-family units
2013	36 single-family units
2014	43 single-family units
2015	43 single-family units
2016	52 single-family units
2017	55 single-family units
2018	40 single-family units + 1 two-family home/2 units = 42 units
2019	24 single-family units
2020	47 single-family units
2021	50 single-family units
2022	37 single-family units
As of October 2023	27 single-family units + 11 units in rear, above garage or ADUs = 38 units
Total	589 units

Source: University of Massachusetts Donahue Institutes, State Data Center, and Harwich Building Department

Table III-18 compares Harwich's housing growth from 1970 through 1999 and then between 2000 and 2019 and finally 2020 to 2021 to that of its neighbors. While housing growth has slowed, this data suggests that between 2000 and 2019, Harwich had a relatively comparable rate of growth to that of the county. It also had a higher proportional growth rate between 1970 and 1999 compared to Dennis and Chatham with Brewster experiencing the highest level of growth during this period. Housing growth for all communities was limited between 2020 and 2022.

**Table III-18: More Recent Housing Development
Harwich and Neighboring Communities and Barnstable County**

Community/ Total Units 2020	Units Built 1970-1999		Units Built 2000-2019		Units Built in 2020 or later/2020-2022*	
	#	%	#	%	#	%
Brewster/8,338	4,894	58.7	1,722	20.7	0/53	0.0/0.6
Chatham/7,556	3,283	43.4	1,147	15.2	14/130	0.2/1.7
Dennis/15,641	6,904	44.1	1,085	6.9	0/187	0.0/1.2
Eastham/6,360	3,339	52.5	655	10.3	49/44	0.8/0.7
Harwich/10,516	5,106	48.6	1,095	10.4	0/119	0.0/0.1
Orleans/5,293	2,854	53.9	735	13.9	10/77	0.2/1.5
County/166,131	84,073	50.6	18,085	10.9	1,309/1,860	0.8/1.1

Source: U.S. Census Bureau, 5-Year Estimates from the American Community Survey, 2017-2021 for communities and 1-Year Estimates for the county.

*First figure is from the ACS data for 2017-2021/second is from the University of Massachusetts Donahue Institute, State Data Center. The percentages are included based only on the total unit count as part of the 2020 census, and not estimated for the updated State Data Center counts.

While the Town's growth has slowed since 2000, there 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 modest upgrades in Harwich Port. The greatest current growth potential is in Harwich's villages, including areas where the Town focuses on sewer installation.

2. Types of Units and Structures – Increases in year-round units during the pandemic

Table III-19 includes a summary of housing occupancy characteristics from 1980 through 2021. Out of 10,440 total housing units based on the 2020 decennial census data, Harwich had 6,581 year-round units of which 5,391 were occupied. The 2021 census estimates suggest an increase of 116 total units, more than the 79 units counted in Table III-18 for 2020 and 2021 per building permit activity.

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

- *Significant increase in year-round housing units during the pandemic:* As shown in Table III-19 and Figure III-4, seasonal or occasional units steadily increased over the decades from 37.8% of all units in 1980 to 40.5% in 2010. The 2020 decennial data, showed a marked decline in such units to 37.4%, a bit lower than the 1980 level. This was largely due to the influx of off-Cape

residents who flocked to the Cape during the pandemic to find a safer place to live. This inflow put considerable pressure on the housing market, largely depleting any available housing inventory and causing some conversion of seasonal or occasional units to year-round use.

The 2021 census estimates showed a 486-unit increase in seasonal and occasional units to 4,390 units or 41.7% of all housing units. This would point to a significant number of newer residents returning to their original off-Cape locations on either a full-time or part-time basis. It is surprising and questionable that there would be such a high reversal in such a short period of time.

Due to this very high level of seasonal housing, 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 and has increased housing prices.

- *Owner-occupied units increased by 394 units or by 8.7% between 2010 and 2021:* Out of the total occupied housing units in 2021, 4,907 or 85.6% were owner-occupied. This represents a higher level of owner-occupancy than 80.3% in 2010 and also higher than that of Barnstable County at 82.2%.

Table III-19: Housing Occupancy, 1980-2021

Housing Characteristics	1980		1990		2000		2010		2020/2021	
	#	%	#	%	#	%	#	%	#	%
Total # Units	6,510	100.0	8,325	100.0	9,450	100.0	10,284	100.0	10,440/ 10,516	100.0/ 100.0
Occupied Units*	3,720	57.1	4,505	54.1	5,471	57.9	5,623	54.7	5,391/ 5,733	51.6/ 54.5
Total Seasonal, Recreational or Occasional Use*	2,458	37.8	3,300	39.6	3,588	38.0	4,163	40.5	3,904/ 4,390	37.4/ 41.7
Occupied Owner Units **	3,039	81.7	3,545	78.7	4,504	82.3	4,513	80.3	4,907	85.6
Occupied Rental Units **	681	18.3	960	21.3	967	17.7	1,110	19.7	826	14.4
Average House-Hold Size of Owner-Occupied Unit	Not Available		2.29 persons		2.23 persons		2.19 persons		2.36 persons	
Average House-Hold Size of Renter-Occupied Unit	Not Available		2.16 persons		2.07 persons		1.98 persons		1.93 persons	

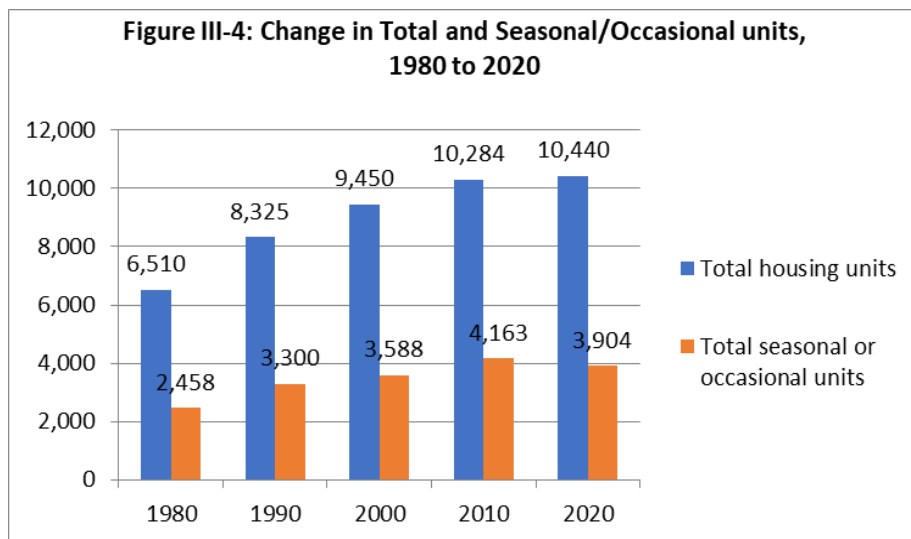
Source: U.S. Census Bureau, 1980, 1990, 2000 and 2010, 2020 decennial, and 2016-2020 plus 2017-2021 American Community Survey 5-Year Estimates and data from EOHL. * Percentage of total housing units ** Percentage of occupied housing units

- *Renter-occupied units decreased by 284 units or by 26% during the 2010 to 2021 period:* Rental units decreased in number and as a percentage of all units to 826 units or 14.4% of all occupied units by 2021. This level is lower than 17.8% for the Cape as a whole. It is likely that some of this

loss was the result of the conversion of seasonal or part-time units to owner-occupancy, particularly during the pandemic.

It is also worth noting that while the Cape and Islands have dealt with Short Term Rentals (STRs) for decades, such rentals have increased dramatically over the last few years across the state and country due to the popularity of online platforms such as Airbnb and VRBO. In 2018, the Commonwealth passed legislation to tax Short Term Rentals through the Room Occupancy Tax. Harwich has been directing this revenue source relatively evenly among housing, wastewater, and the General Fund. As of April 2024, Harwich had a total of 1,098 registered STRs. While such units provide a new revenue source for the Towns, **STRs place additional pressures on the existing housing stock, further increasing demand and housing prices. This is particularly problematic in the context of the declining year-round rental inventory.**

- *Recent increase in persons per owner-occupied units but decrease for rental occupancy:* The average number of persons per homeownership unit declined between 1990 and 2010, from 2.29 persons to 2.19 persons, but increased to 2.36 person between 2010 and 2021. On the other hand, the average household size for rentals continued to decline from 2.16 persons in 1990 to 1.93 persons by 2021.



- *Declining homeownership vacancy rates:* The homeowner vacancy rate was 4.0% in 1990, decreased to 3.2% by 2010, and declined further to 0.9% by 2020 as shown in Table III-20. This rate is lower than the county level but the same as that for the state, representing extremely tight market conditions.
- *Increasing rental vacancy levels:* The rental vacancy rate almost doubled from 6.7% in 1990 to 12.8% by 2010, then declined to 8% by 2020. 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 as well as the effects of the pandemic that spurred housing demand and reduced available inventories. 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 vouchers are finding it difficult to find qualifying rental units given such tight market conditions in Harwich.

Table III-20: Vacancy Rates, 1990 to 2020

Tenure	1990	2000	2010	2020	County 2020	MA 2020
Rental	6.7%	6.5%	12.8%	8.0%	8.9%	4.9%
Homeowner	4.0%	2.2%	3.2%	0.9%	1.4%	0.9%

Source: U.S. Census Bureau, 1990, 2000, 2010 and 2020

- *Predominance of single-family homes:* As shown in Table III-21, almost 90% of Harwich's housing units have been in single-family detached homes, higher than the county's level at 82.5% and much higher than the state where somewhat more than half of all units were in such dwellings (50.7%). The data indicates that there was an increase of 763 of these units between 2010 and 2021, while the net increase in total units was only 667 units. This was based largely on the loss of multi-family units, particularly in larger development as the number of units in structures of ten or more units is identified as falling from 473 units in 2010 to 176 in 2021 according to this census data.

Census data also suggests a major drop in mobile homes since 1990 with a remaining number of 11 units. Assessor's data indicates that mobile homes no longer exist in Harwich.

Table III-21: Units in Structure, 1990 to 2021

Type of Structure	1990		2000		2010		2021	
	#	%	#	%	#	%	#	%
1 Unit Detached	7,180	86.2	8,337	88.2	8,577	87.1	9,340	88.8
1 Unit Attached	184	2.2	303	3.2	151	1.5	369	3.5
2 to 4 Units	350	4.2	292	3.1	311	3.1	289	2.7
5 to 9 Units	291	3.5	229	2.4	306	3.1	331	3.1
10 or More Units	212	3.6	282	3.0	473	4.8	176	1.7
Mobile Homes	108	1.3	7	0.1	31	0.3	11	0.1
Total	8,325	100.0	9,450	100.0	9,849	100.0	10,516	100.0

Sources: U.S. Census Bureau, 1990, 2000, and ACS 5-Year Estimates, 2006-2010 and 2017-2021

Table III-22 examines 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. Another 24% of rental units are in smaller multi-family dwellings of two to four units with the remaining quarter dispersed among the other structure types. Not surprisingly, almost all the owner-occupied units were in single-family units.

- *Moderately-sized housing stock on average:* The median number of rooms per housing unit was 5.8 in both the 2010 and 2021 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 620 units (5.9%) to nine rooms or more in 1,193 (11.3%), representing a relatively small portion of very large residential units.

Table III-22: Tenure by Occupied Units in Structure, 2021

Type of Structure	Owner-occupied Units		Renter-occupied Units	
	#	%	#	%
1 Unit Detached	4,497	91.6	431	52.2
1 Unit Attached	66	1.3	58	7.0
2 to 4 Units	88	1.8	201	24.3
5 to 9 Units	156	3.2	78	9.4
10 or More Units	99	2.0	58	7.0
Mobile Homes	11	0.2	0	0.0
Total	4,907	100.0	826	100.0

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2017-2021

3. **Housing Market Conditions – Very little affordability remaining in the private housing stock** *Ownership*

A local realtor indicated that there has been some limited softening of the market since the pandemic, however, when properties are priced right, they continue to attract multiple offers within days of listing. Moreover, about 2/3 of buyers live outside of Harwich.

Census data also provides information on housing values as summarized in Table III-23. 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 142 units or 2.9% by 2021. Most of these lower-priced units were likely small unwinterized condos.

Those higher-end properties of \$500,000 or more were only 3.8% of the housing stock in 2000 but as of 2021 they comprised almost half of all owner-occupied, year-round units, 8% at more than \$1 million. The increased value of Harwich's housing stock is also reflected in median values that increased by 170% between 2000 and 2021, from \$183,000 to \$494,000 according to census figures, far greater than the 57% rate of inflation during this

period. In the last decade alone, the median owner-occupied unit value increased from \$404,600 in 2010 or by 22%.

Table III-23: Housing Values of Owner-occupied Properties, 2000, 2010 and 2021

Value	2000		2010		2021	
	#	%	#	%	#	%
Less than \$50,000	7	0.2	67	1.4	38	0.8
\$50,000 to \$99,000	127	3.1	29	0.6	23	0.5
\$100,000 to \$149,000	966	23.8	28	0.6	35	0.7
\$150,000 to \$199,000	1,206	29.7	66	1.4	46	0.9
\$200,000 to \$299,999	1,043	25.7	546	11.5	523	10.7
\$300,000 to \$499,999	520	12.8	2,459	51.8	1,840	37.5
\$500,000 to \$999,999	155	3.8	1,405	29.6	2,010	41.0
\$1 million or more	33	0.8	144	3.0	392	8.0
Total	4,057	100.0	4,744	100.0	4,907	100.0
Median	\$183,000		\$404,600		\$494,000	

Source: U.S. Census Bureau, 2000 and American Community Survey 5-Year Estimates, 2006-2010 and 2017-2021.

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 2010 through August 2023 is summarized in Table III-24. This data demonstrates significant increases in housing values, particularly

between 2020 and 2021 when the median increased from \$480,000 to \$575,050. This was likely due to the increased housing demand and limited supply due to the pandemic. The single-family home market was at its peak in 2022 with a median of \$660,000 which fell modestly as of August 2023 to \$650,000.

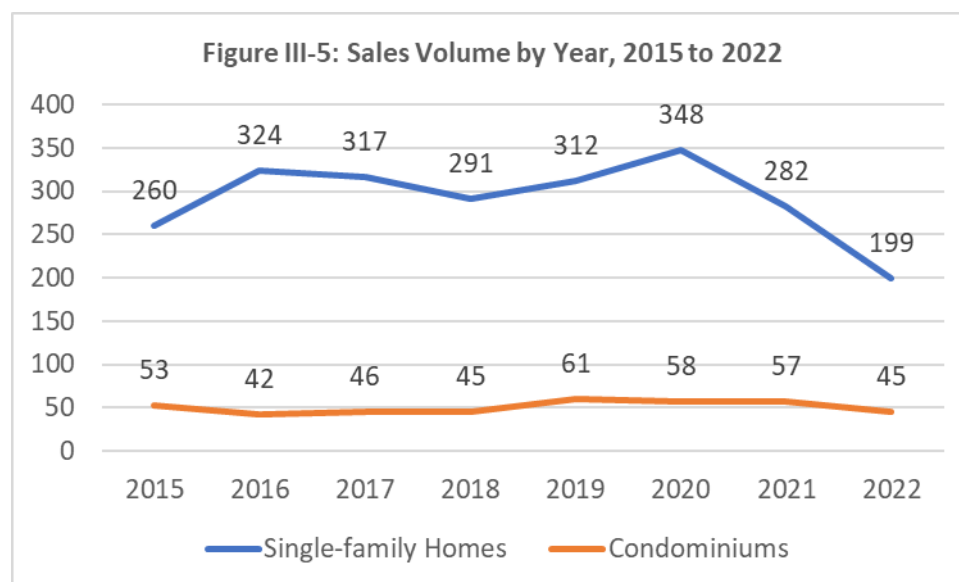
The condo market has experienced somewhat greater market volatility. The median sales price, however, rose considerably from less than \$200,000 prior to 2013, due to the affects of the financial recession, to an unprecedented high of \$339,500 as of August 2023.

Table III-24: Median Single-family Sales Prices, 2010-August 2023

Year	Months	Single-family Values	# Single-Family Sales	Condo Values	# Condo Sales
2023	Jan - August	\$650,000	119	\$339,500	23
2022	Jan – Dec	\$660,000	199	\$322,500	45
2021	Jan – Dec	\$575,050	282	\$330,000	57
2020	Jan – Dec	\$480,000	348	\$271,900	58
2019	Jan – Dec	\$442,500	312	\$240,000	61
2018	Jan – Dec	\$422,500	291	\$245,000	45
2017	Jan – Dec	\$400,000	317	\$207,500	46
2016	Jan – Dec	\$358,500	324	\$210,000	42
2015	Jan – Dec	\$365,000	260	\$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

Source: The Warren Group, October 7, 2023

The volume of sales – including single-family homes and condo – by year since 2015 is presented in Figure III-5, clearly showing the fluctuations in the housing market. Of particular note is the decline in sales activity after 2020 when the existing inventory of available units decreased as a result of high demand for units during the pandemic.



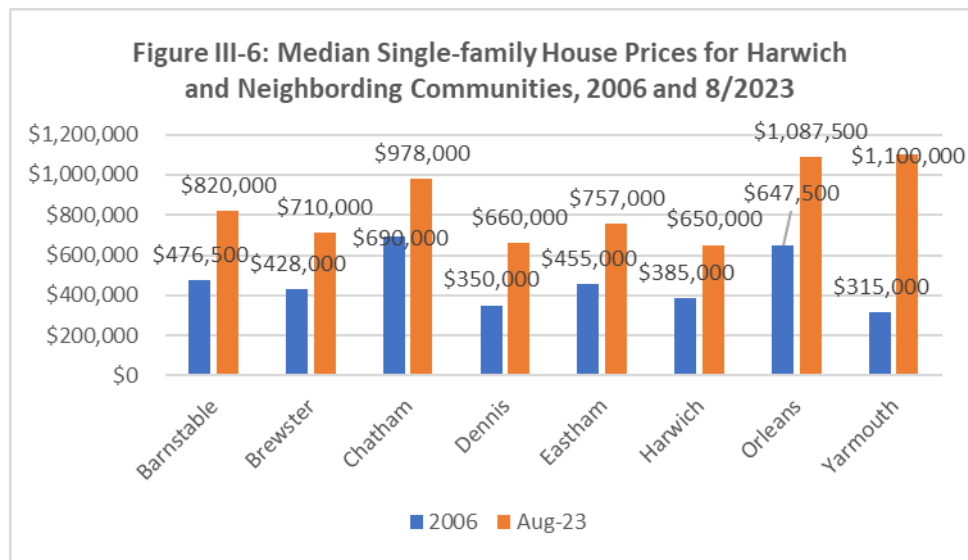
A comparison of median values for Harwich and neighboring communities, as well as the Cape and state, is presented in Table III-25. This table includes the median single-family house price at pre-recession levels in 2006, post-recession levels in 2009, and then as of August 2016 and 2023. The table also shows the percentage changes between these periods, demonstrating where prices have been the most volatile, which communities best recovered from the recession, and which have had the greatest changes in more recent median single-family home prices. This data is also visually presented in Figure III-6 for the 2006 and August 2023 timeframes. This analysis indicates the following market trends:

- While the median values of Harwich and all neighboring communities fell between 2006 and 2009, the medians rebounded somewhat after that through August 2016, except Wellfleet.
- None of the communities' 2016 median prices 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 only several years after the recession. This is also reflected in the relatively small but positive percentage change between 2006 and 2016 of 1.2% for the state.
- The increase in median single-family homes prices has been considerable since 2016 in all communities, 132.1% in Wellfleet and Harwich at 85.7%. With the exceptions of Truro and Chatham, all the communities included in the table had higher increases in median values than the 63.3% statewide level.
- The median sales values in Harwich have been at the lower end of the range, at \$650,000 as of August 2023, between a low of \$560,000 in Yarmouth and a high of \$1,087,500 for Orleans. Harwich's 2016 and 2023 medians of \$350,000 and \$650,000, respectively, are comparable to county levels.

Table III-25: Median Single-family House Price for Harwich and Neighboring Communities as of 2006, 2009, and August 2023

Place	Median Single-family House Price				% Change 2006 to 2009	% Change 2009 to 8/2016	% Change 2006 to 8/2016	% Change 2016 to 8/2023
	12/2006	12/2009	8/2016	8/2023				
Barnstable	\$476,500	\$405,000	\$415,000	\$820,000	-15.0%	2.5%	-12.9%	97.6%
Brewster	\$428,000	\$364,000	\$399,950	\$710,000	-15.0%	9.9%	-6.6%	77.5%
Chatham	\$690,000	\$511,250	\$600,000	\$978,000	-29.3%	17.4%	-13.0%	63.0%
Dennis	\$350,000	\$288,700	\$325,000	\$660,000	-17.5%	9.1%	-7.1%	103.1%
Eastham	\$455,000	\$385,000	\$400,000	\$757,000	-15.4%	3.9%	-12.1%	89.2%
Harwich	\$385,000	\$324,400	\$350,000	\$650,000	-15.7%	7.9%	-9.1%	85.7%
Orleans	\$647,500	\$525,000	\$561,500	\$1,087,500	-18.9%	7.0%	-13.3%	93.7%
Truro	\$717,000	\$517,750	\$605,000	\$910,000	-27.8%	16.9%	-15.6%	50.4%
Wellfleet	\$600,000	\$482,950	\$474,000	\$1,100,000	-19.5%	-1.9%	-21.0%	132.1%
Yarmouth	\$315,000	\$256,250	\$275,000	\$560,000	-18.6%	7.3%	-12.7%	103.6%
County	\$387,000	\$315,000	\$350,000	\$651,500	-18.8%	11.1%	-9.6%	86.1%
State	\$345,000	\$285,000	\$349,000	\$570,000	-17.4%	22.5%	1.2%	63.3%

Source: The Warren Group, Banker & Tradesman, October 7, 2023



Another analysis of housing market data is presented in Table III-26, which breaks down sales data from the Multiple Listing Service for single-family homes and condominiums from October 2022 through the end of September 2023. This data indicates that sales below \$200,000 are largely limited to transactions between family members at discounted prices or for affordable SHI units. About 35% of all single-family homes sold in the \$500,000 to \$700,000 range with almost one-fifth selling for more than \$1 million. Condominiums are relatively more affordable with almost half of the units selling between \$300,000 and \$400,000. This relative affordability is also reflected in the median sales prices of \$655,000 for single-family homes and \$350,000 for condos.

Table III-26: Single-family Home and Condominium Sales, October 2022 through September 2023

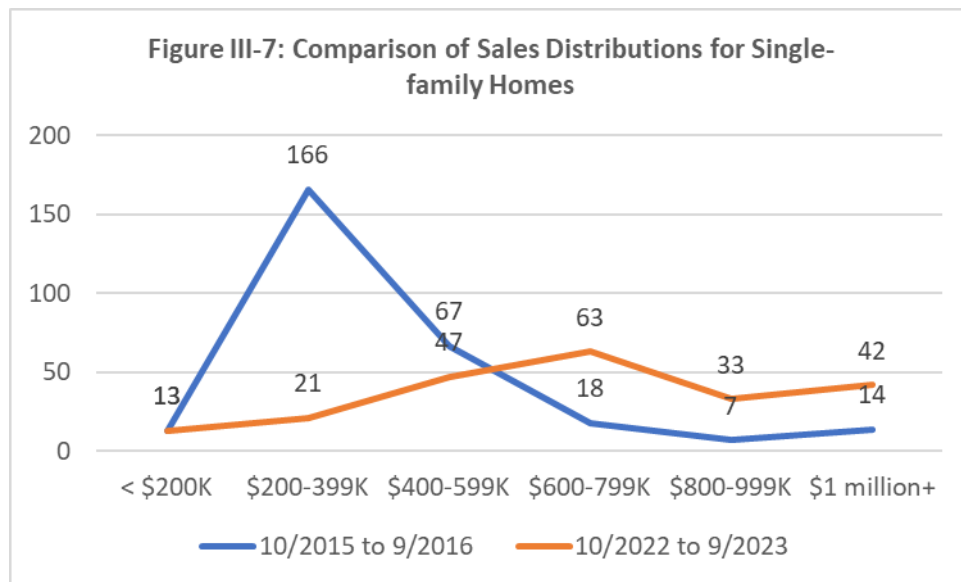
Price Range	Single-family Homes		Condominiums		Total	
	#	%	#	%	#	%
Less than \$100,000	1*	0.5	1	2.5	2	0.8
\$100,000-199,999	12**	5.5	1	2.5	13	5.0
\$200,000-299,999	6	2.7	5	12.5	11	4.2
\$300,000-399,999	15	6.8	19	47.5	34	13.1
\$400,000-499,999	13	5.9	3	7.5	16	6.2
\$500,000-599,999	34	15.5	0	0.0	34	13.1
\$600,000-699,999	43	19.6	2	5.0	45	17.4
\$700,000-799,999	20	9.1	2	5.0	22	8.5
\$800,000-899,999	18	8.2	0	0.0	18	6.9
\$900,000-999,999	15	6.8	1	2.5	16	6.2
\$1 million +	42	19.2	6	15.0	48	18.5
Total	219	100.0	40	100.0	259	100.0
Median	\$655,000		\$350,000		--	

Source: The Warren Group, *Banker & Tradesman*, October 16, 2023.

*Were not likely arms-length transactions

**One of the units was not likely an arms-length transaction and six were Habitat homes.

The distribution of single-family home prices for October to September of 2015-2016 is compared to the same period of 2022-2023 in Figure III-7. This data shows the much higher level of affordability in the earlier period, also showing some fall off in the number of sales, particularly those below \$400,000. Another notable change involves the high-end market of properties selling for more than \$1 million, representing an increase from 14 to 42 units. The highest-priced sale was \$7 million.



Information from the Town Assessor on the assessed values of residential property in Harwich is presented in Table III-27 for Fiscal Year 2023.¹⁷ This data confirms that there is very limited affordability still existing in the housing stock with only 268 single-family homes, condos and small multi-family properties valued below \$200,000, down from 900 in 2016. The bulk of these lower valued properties were *condominiums* with almost 100 assessed for less than \$100,000 and largely small and seasonal cabana-type units. About 55% of the condos were valued at less than \$300,000, down from 73% in 2016, and the median assessed value was \$281,800. Condominiums in fact are a significant part of Harwich's housing stock, totaling 849 units, and the most affordable component of the community's private housing.

About 44% of the *single-family homes* were valued in the \$400,000 and \$599,999 range, still including some smaller homes in the more moderately priced range. On the other hand, 1,433 homes were assessed for more than \$1 million compared to 484 in 2016, clearly demonstrating considerable growth in the high-end luxury market. The median assessed single-family home was \$582,200.

Assessor's data also indicated that there were 349 *small multi-family dwellings* including 180 two-family properties (360 units), 5 three-family dwellings (15 units) as well as 164 properties with more than one house on the lot. Only six of these properties were assessed below \$300,000, 24 below \$400,000, while 92 or 26.4% were assessed beyond \$1 million.

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

¹⁷ Assessments typically lag market values, particularly in a rising housing market.

Regarding *mixed-use properties*, there were 48 such properties where the residential use was primary that ranged in value from \$182,400 to \$1,543,500. The median value was \$629,100. There were another 61 mixed-use properties where the commercial use was primary. Values for these properties ranged from \$11,000 to \$1,724,700 with a median assessed value of \$597,000.

Table III-27: Assessed Values of Residential Properties

Assessment	Single-family Dwellings		Condos		Multi-family Dwellings*		Total	
	#	%	#	%	#	%	#	%
\$0-199,999	45	0.5	221	26.0	2	0.6	268	2.7
\$200,000-299,999	122	1.4	243	28.6	4	1.1	369	3.7
\$300,000-399,999	609	7.0	110	13.0	18	5.2	737	7.5
\$400,000-499,999	2,037	23.5	61	7.2	74	21.2	2,172	22.0
\$500,000-599,999	1,746	20.2	46	5.4	38	10.9	1,830	18.6
\$600,000-699,999	1,067	12.3	63	7.4	50	14.3	1,180	12.0
\$700,000-799,999	742	8.6	56	6.6	32	9.2	830	8.4
\$800,000-899,999	509	5.9	14	1.6	24	6.9	547	5.5
\$900,000-999,999	351	4.1	8	0.9	15	4.3	374	3.8
Over \$1 million	1,433	16.5	27	3.2	92	26.4	1,552	15.7
Total	8,661	100.0	849	100.0	349	100.0	9,859	100.0

Source: Harwich Town Assessor, fiscal year 2023.

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

Rentals

Table III-28 summarizes census data for rental units from 1980 to 2021. 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, the medians of 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 \$1,282 as of 2021, considerably lower than \$1,573 for the county in 2021. However, the 81% increase in Harwich's median rent between 2000 and 2021 is much higher than the 57% rate of inflation during this period.

Table III-28: Rental Costs, 1980-2021

Rent	1980		1990		2000		2010		2021	
	#	%	#	%	#	%	#	%	#	%
Under \$200	57	8.4	43	4.5	28	2.9	8	0.8	174	21.1
\$200-299	265	38.9	42	4.4	54	5.5	38	4.0		
\$300-499	267	39.2	215	22.4	112	11.5	111	11.6		
\$500-749	11	1.6	309	44.8	304	31.2	118	12.3	67	8.1
\$750-999			209	21.8	263	27.0	123	12.9		
\$1,000-1,499			42	4.4	79	8.1	287	30.0	187	22.6
\$1,500 +					0	0.0	163	17.1	299	36.2
No cash rent	81	11.9	100	10.4	134	13.8	108	11.3	99	12.0
Total	681	100.0	960	100.0	974	100.0	956	100.0	826	100.0
Median rent	\$293		\$642		\$708		\$1,047		\$1,282	

Source: U.S. Census Bureau, 1980, 1990, 2000 and 2010 and 2017-2021 American Community Survey 5-Year Estimates. * Percentage of total housing units

Like housing values for homeownership units, rental values tend to be underestimated in the census data, and actual market rents are typically higher. In mid-October 2023, there were only four internet listings of rental units, all in single-family homes, that included:

It is important to note that 264 units, or almost one-third of Harwich's 826 rental units, were included in the SHI and thus have below market rents.

- A 1-bedroom, 1-bath unit with 505 square feet for \$2,087.
- A 2-bedroom, 1-bath unit with 800 square feet for \$2,700.
- A 2-bedroom, 2-bath rental with 994 square feet for \$2,400.
- A 3-bedroom, 1-bath unit with 1,200 square feet for \$1,950.

Winter rentals have historically been more affordable, however, have been difficult to find since the pandemic. Summer rentals, like most of this part of the Cape, have been very pricey and continue to be, especially near the water.

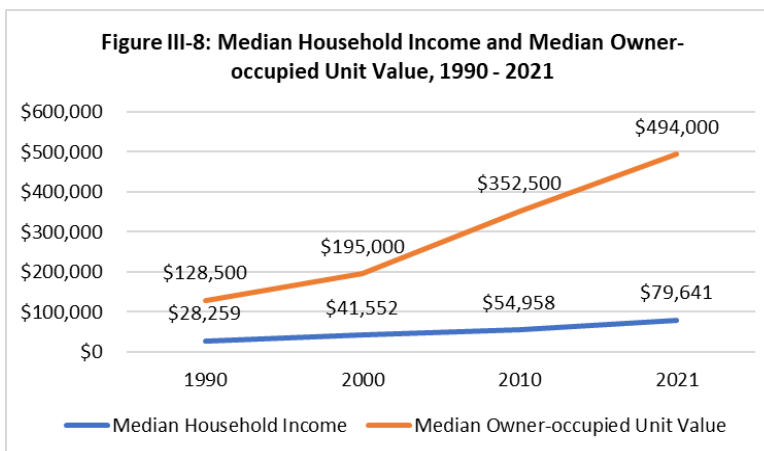
HUD Fair Market Rents (FMRs) are the maximum rents allowed by HUD in the Section 8 Housing Choice Voucher Program or the Massachusetts Rental Voucher Program (MRVP). For the Cape, they are \$1,486 for an efficiency unit, \$1,585 for a one-bedroom unit, \$2,044 for a two-bedroom unit, \$2,501 for three bedrooms, and \$2,781 for four bedrooms based on 2024 limits. These rent limits are generally lower than the recent listings provided above. Consequently, voucher holders find it very difficult to find qualifying housing in the area.

4. **Affordability Analysis – Widening affordability gaps**

While it is useful to understand past and present 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

As shown in Figure III-8, housing prices have in fact risen faster than incomes, particularly since 2000. As time went by, the gap between median household income and the median single-family house price widened. While incomes increased by 92% between 2000 and 2021, the median owner-occupied unit price rose by 153% based census data for this same period. When focusing on increases in single-family home prices, the percentage increase grows to 195% based on changes according to *Banker & Tradesman* data between 2000 and 2021 (from \$195,000 to \$575,050).



Moreover, in 1990 the median income was 22% of the median owner-occupied unit price but decreased to 15.6% by 2010 and 16% as of 2021. Additionally, the gap between income and house value was \$100,241 in 1990 but increased to \$297,542 by 2010 and then to \$414,359 in 2021.

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 based on spending no more than 30% of income on housing costs.¹⁸ To afford the median sales price of a single-family home of \$650,000, based on *Banker & Tradesman* data as of August 2023, a household would have to earn an estimated \$191,200 with 95% financing.¹⁹ This income is more than twice the median household income for the town per 2021 census estimates of \$79,641. If the calculations were based on 80% financing with a 20% down payment, the estimated required income would be reduced to about \$160,200, about twice the town's median household income in 2021 and requiring the purchaser to come up with about \$135,000 in upfront cash for the down payment and closing costs.

The median income earning household could likely afford a single-family home of about \$286,500 based on 95% financing. *The affordability gap is then about \$363,500* - the difference between the price of the median priced single-family home (\$650,000) and what a median income household can afford (\$286,500).²⁰ 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 \$331,300 and thus the affordability gap decreases to \$318,700, still very high.

For those earning at the 80% of area median income limit (\$82,250 for a family of three), which is higher than the Town's median household income, the gap decreases somewhat to \$352,000, the difference between the maximum they could afford of approximately \$298,000 and the median single-family house price of \$650,000. These figures are based on 95% financing, assuming 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 an affordability gap of \$82,000 for condos as the median condo price of \$339,500, as of August 2023 from *Banker & Tradesman*, was higher than the estimated price that a median income earning Harwich household could afford of about \$257,500 assuming a monthly condo fee of \$250.²¹ The gap decreases to \$27,500 for those households earning at the 80% of area median income limit (\$82,850 for a household of three) who could afford a condo of about \$312,000.²²

¹⁸ Based on the 2021 census estimate of \$79,641 for median household income for Harwich.

¹⁹ Figures based on 95% financing, interest of 6.5%, 30-year term, annual property tax rate of \$6.64 per thousand, and insurance costs of \$4 per \$1,000 for condominiums and \$6 per thousand for single-family homes). The calculations are also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. It also assumes 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 that do not require Private Mortgage Insurance (PMI).

²⁰ 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.

²¹ Figures based on 95% financing, interest of 6.5%, 30-year term, annual property tax rate of \$6.64 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 also assumes households could access a subsidized mortgage program such as the ONE Mortgage Program and MassHousing offerings that do not require Private Mortgage Insurance (PMI).

²² Assumes households could access a subsidized mortgage program such as the ONE Mortgage Program and Private Mortgage Insurance (PMI) was not included in the calculations.

Table III-29 provides a breakdown of the number of units existing within various affordability ranges. According to Assessor's data, an estimated 145 or 1.7% of Harwich's *single-family homes* were affordable to households earning at or below the town's median household income (\$79,641) according to 2021 census estimates, down from 2,227 homes in 2016. Using percentages of area median income for Barnstable County, 166 or 1.9% were affordable to those earning at or below 80% of area median income (\$82,850 for a household of three) compared to about 10% of the units in this range in 2016. Another 463 units or 5.3% of all single-family home assessments were likely affordable to those earning between 80% and 100% of area median income (up to \$111,870) down from 2,484 in 2016. These figures suggest significant erosion of affordability since 2016.

Condominiums are valued much more affordably with 326 units or about 38% of condos affordable to households earning at or below the Harwich \$79,641 median household income from the 2021 census estimates. Those units affordable to households earning at or below 80% of area median income, based on a household size of three, include 475 units or about 56% of all condos. Another 80 condos or 9.4% were also assessed within a relatively affordable range, likely affordable to those earning between 80% and 100% of area median income. Therefore, about 65% of the condo market was potentially affordable to those earning within 100% AMI for Barnstable County based on an estimated condo fee of \$250. Some condos, particularly in the lowest price range, are not available on a year-round basis as they involved the conversion of small cottages or cabanas to ownership that are used seasonally from about April through October.

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

Maximum Prices 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	
		#	%	#	%
\$286,500/\$257,500	At Town's median Income (\$79,641) **	145	1.7	326	38.4
\$298,000/\$312,000	At 80% AMI Limit (\$82,850) **	166	1.9	475	55.9
\$298,001-\$387,500/ \$312,001-\$361,500	80% - 100% AMI (\$82,851-\$111,870)	463	5.3	80	9.4
\$387,501-\$464,000/ \$361,501-\$440,000	100% - 120% AMI (\$111,871-\$134,244)	1,356	15.6	49	5.8
More than \$464,000/more than \$440,000	More than 120% AMI (More than \$134,244)	6,675	77.1	245	28.9
Total		8,661	100.0	849	100.0

Source: Town Assessor's Database for Fiscal Year 2023. 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 95% financing with private mortgage insurance.

It should also be noted that Assessor's data indicated that Harwich had 349 small multi-family dwellings including 180 two-family properties (360 units), 5 three-family dwellings (15 units) as well as 164

properties with more than one house on the parcel. 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 \$568,200. If owner-occupied with one rental unit, it could be affordable to a purchaser earning approximately \$107,372 (assuming rental income of \$2,000 of which 75% or \$1,500 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 \$173,585 given the additional computation of the condo fee (assuming \$250) and lack of rental income.

Affordability Gaps - Rentals

Regarding rentals, the gross median rent of \$1,282, according to 2021 census estimates, required an income of about \$61,280 based on spending 30% of income on housing costs which included estimated monthly utility costs of \$250 per month. These costs are beyond the means of many lower income households with the median earning renter household having an income of \$51,786.

Market rents are typically higher. Listings of year-round units are limited but suggest that two-bedroom units are renting for at least \$2,400. This rent would be affordable to a household earning about \$106,000 annually, assuming average monthly utility costs of \$250 and spending 30% of income on housing costs. The median income earning renter (\$51,786) could afford a rent of only about \$1,045 under the same assumptions. 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 plus a security deposit on monthly rentals, also creating substantial up-front cash requirements for renters.

Cost Burdens

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

Table III-30 presents census data from the 2022 American Community Survey (ACS) on levels of cost burden by income range for both renters and owners. It indicates that of the total 6,076 identified households, 966 or 16% were spending between 30% and 49% of their income on housing costs with another 1,043 or 17% spending at least half of their income on housing. **This suggests that 2,009 or 33% of Harwich households were overspending on their housing.**

Regarding renters, 419 or 44% were spending too much as their housing costs involved at least 30% of their income. Of these, 194 or 20% were spending between 30% and 49% of their income on housing costs with another 225 or 24% spending 50% or more of their income on housing, defined as being severely cost burdened. The percentages of those with cost burdens ranged from 0% for those with incomes below \$10,000 and over \$100,000 to 65% and 72% for the \$20,000 to \$34,999 and \$35,000 to \$49,999 income ranges, respectively. The highest number and percentage of those with cost burdens was in the \$75,000 to \$99,999 income range at 75% of households. This analysis indicates that there are considerable cost burdens for all renter household except those with incomes of more than \$100,000, likely renting single-family homes. It also means that there are considerable numbers of renters with incomes above the 80% AMI threshold who are overspending. **Consequently, rental projects that incorporate several income tiers would serve the greatest needs.**

In regard to owners, there were many more owners who were cost burdened in comparison to renters which is largely correlated to the predominance of owner-occupancy in Harwich. Nevertheless, while 44% of renter households were experiencing cost burdens, the percentage is somewhat less, at 31%, for owners. Cost burdens were highest for the lowest income households including more than 80% of households with incomes of less than \$35,000. These are likely long-term owners on fixed incomes. The Council of Aging indicates that they see many older owners who live solely on Social Security and perhaps small pensions who are struggling to remain in their homes. It should also be noted that many of the lower income homeowners would unlikely qualify for affordable housing that is based on state requirements given financial assets, the equity in their homes in particular. Further reductions of property taxes may relieve some of the financial burden of these households.

Another noteworthy finding in this analysis is that about a third of households with incomes in the \$50,000 to \$100,000 range were also overspending on their housing. This suggests the need for some homeownership opportunities for those with incomes above the 80% level.

Table III-30: Cost Burdens by Income and Tenure, 2022

Income Range	Renters			Owners		
	Total Renters	Spending 30% to 49%	Spending 50% +	Total Owners	Spending 30% to 49%	Spending 50% +
< \$10,000	10	0	0	105	8	49
\$10,000-19,999	153	43	22	245	45	176
\$20,000-34,999	152	31	68	250	70	148
\$35,000-49,999	89	49	15	543	135	208
\$50,000-74,999	137	52	15	873	147	150
\$75,000-99,999	166	19	105	902	228	76
\$100,000-149,999	244	0	0	883	91	11
\$150,000+				1,324	48	0
Total	451	194	225	5,125	772	818

Source: US Census Bureau, American Community Survey 2018-2022 5-Year Estimates

This data suggests that most of the unmet housing need, based on cost burdens, is for those with incomes at or below 80% AMI. However, if housing is produced that includes units targeted to those in income tiers above this level, it is likely that there will still be significant demand from Harwich residents and those in nearby communities given the general lack of housing inventory below very high market prices.

HUD provides additional data on housing affordability problems through its State of Cities CHAS report. While this data is older, it has the extra benefit of offering a breakdown of households within specific income categories based on HUD AMI limits and household type as summarized in Table III-31. For example, the first cell indicates that of the 130 elderly renters earning at or below 30% of area income, none were experiencing cost burdens and therefore likely living in subsidized housing.

This report, based on 2016-2020 5-Year Estimates from the American Community Survey for Harwich (the latest report available), indicates that *of the 5,394 year-round households included in this analysis, 1,751 or 32.5% were reported with cost burdens as they were paying more than 30% of their income on housing costs.* This is relatively comparable to the 33% level of cost burdens identified by the 2022 American Community Survey estimates. *Moreover, 738 or 13.7% were spending more than 50% of their*

income on housing, referred to as being severely cost burdened. This level, however, is lower than the 17% reported in the 2022 ACS data.

728 households or 32% of the 2,249 households earning at or below 80% of area median income were spending more than half of their income on housing costs and thus are referred to as having severe cost burdens.

There were 2,249 households, or 42% of all households in this analysis, who were earning at or below 80% of median income for the Barnstable County area. Of these, 1,407 households or about 63% were experiencing cost burdens.

It is also notable, that 344 households earning more than 80% of area median income, or 6% of all households, were also overspending, all homeowners.

More specific findings from this report include the following:

Renters

- There were 774 year-round renters in this analysis of whom 414 or 53.5% had incomes at or below 80% of median for Barnstable County. Of these, 173 or 42% were spending too much on their housing including 84 or almost half with severe cost burdens.
- Of the 329 elderly renters 62 years of age or older, 68 or 21% were overspending including 24 spending at least half of their income on housing costs, down from 114 in 2016. None of the 130 elderly renters with incomes at or below 30% AMI had cost burdens and are likely living in subsidized housing. Of the 109 seniors with income between 30% and 80% AMI, 68 or 62% were overspending.
- Of the 360 small families with incomes equal to or less than 80% of area median, 295 or 82% were experiencing cost burdens, 145 or 40% with severe cost burdens.
- There were no large families (5 members or more) who were renting in Harwich according to this data. Large families likely encounter difficulty finding larger units to rent in the community and rents for homes are pricey.
- Of the 205 non-family and non-elderly households (largely single individuals), 35 were overspending on their housing costs, all with incomes at or below 80% of median.

Owners

- There were 4,620 year-round homeowner households identified in this report of which 1,578 or 34% were experiencing cost burdens including 654 or 14% with severe cost burdens.
- Of the 1,835 or 40% of owners earning at or below 80% of median income for the area, 1,234 or 67% were overspending and 644 or 35% were spending more than half of their income on housing costs.
- There were also 344 owner household who were earning more than 80% of area median and still cost burdened, comprising 12% of all households earning above this income level.

- More than half (53%) of Harwich’s homeowners are 62 years of age or older. Of these elderly households, 1,090 or 45% were earning at or below 80% of median income that included 675 with cost burdens and 305 with severe cost burdens.
- Families also had considerable cost burdens. Of the 1,465 small families (four or fewer household members) who owned homes, 369 or 25% were overspending on their housing including 170 or 12% with severe cost burdens. Of the 375 with incomes at or below 80% of area median, 295 or 79% were overspending, 160 or 43% spending more than half their income on housing costs.
- There were only 150 large families (five or more household members) who owned their homes, and only 25 were earning at or below 80% of area median, ten with cost burdens.
- There were 565 non-family, non-elderly homeowners, mostly single individuals, that included 339 or 60% with cost burdens. Of these, 345 or 61% were earning at or below 80% of area median with 254 experiencing cost burdens and 179 with severe cost burdens

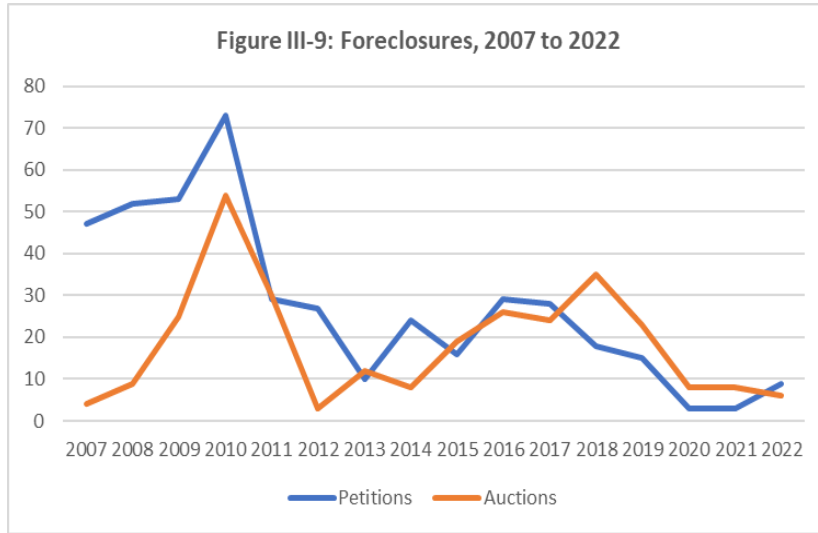
Table III-31: Cost Burdens by Tenure, Income and Type of Household, 2020

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	130/0-0	95/40-14	14/4-10	45/0-0	45/0-0	329/44-24
Small Family Renters	30/0-30	10/0-10	75/30-0	20/0-0	100/0-0	235/30-40
Large Family Renters	0/0-0	0/0-0	0/0-0	0/0-0	0/0-0	0/0-0
Other Renters	30/0-20	10/0-0	15/15-0	60/0-0	90/0-0	205/15-20
Total Renters	195/0-50	115/40-24	104/49-10	125/0-0	235/0-0	774/89-84
Elderly Owners	260/105-120	345/115-110	485/150-75	270/110-0	1,080/75-0	2,440/555-305
Small Family Owners	55/30-15	150/10-110	170/95-35	165/60-10	925/4-0	1,465/199-170
Large Family Owners	0/0-0	0/0-0	25/10-0	110/0-0	15/0-0	150/10-0
Other Owners	130/35-85	15/10-4	200/30-90	45/20-0	176/65-0	565/160-179
Total Owners	445/170-220	510/135-224	880/285-200	590/190-10	2,195/144-0	4,620/924-654
Total	640/170-270	625/175-248	984/334-210	715/190-10	2,430/144-0	5,394/1,013-738

Source: U.S. Department of Housing and Urban Development (HUD), SOCDs CHAS Data, and American Community Survey 5-Year Estimates 2016-2020. ** 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 who are paying more than half of their income on housing expenses (with severe cost burdens). Small families have four (4) or fewer family members while larger families include five (5) or more members. Elderly are 62 years of age or older. “Other” renters or owners are non-elderly and non-family households. Median Family Income (MFI) in this analysis is the equivalent of AMI.

Foreclosures

Also related to housing affordability is the issue of foreclosures, which has been a problem for many

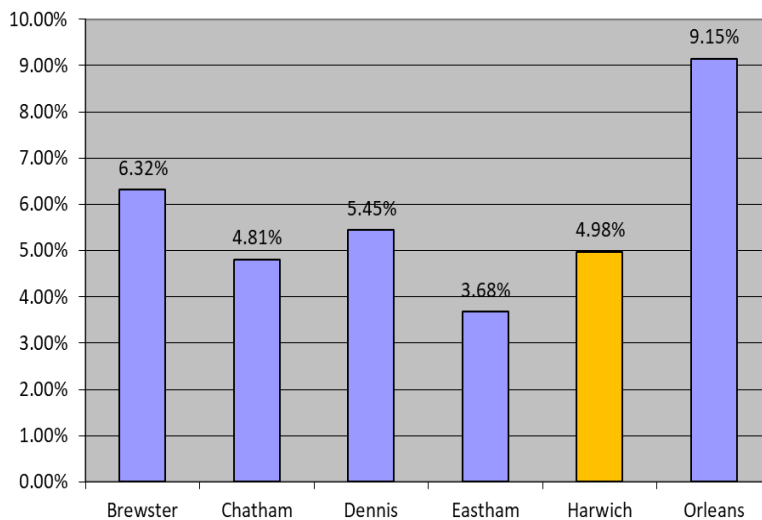


homeowners across the country since the “bursting of the housing bubble” more than 15 years ago. As shown in Figure III-9, foreclosure activity was at its highest in this recession and fluctuated somewhat while declining after 2011. More recently, foreclosures were largely prohibited based on state and federal efforts to protect homeowners from impacts of the COVID-19 pandemic. While these moratoriums have ended, foreclosures remained low and in 2023, as of October in 2023,

there were only five petitions to foreclose and six auctions.

5. *Subsidized Housing Inventory (SHI) – Almost halfway towards meeting the state 10% affordability goal*

As mentioned in Section II.B, the state established legislation for promoting affordable housing under Chapter 774 of the Acts of 1969, creating the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B). This legislation allows developers to



override local zoning if the project meets certain requirements and the municipality has less than 10% of its year-round housing stock defined as affordable under the 40B Subsidized Housing Inventory or meets other statutory requirements. 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, are deed restricted, and affirmatively marketed. It is important to note that all units in a Chapter 40B rental development count towards the 10% goal as opposed to only the 25% actual affordable units for homeownership.²³

²³“Affordable” housing is defined in this HPP as units that meet state requirements under Chapter 40B. The term “attainable” housing is used to define those units that are targeted to those with incomes above the 80% AMI limits but still priced out of the local housing market, up to 100% or 120% AMI. Nevertheless, there is a growing recognition that even those with incomes above this limit, including some essential workers, are challenged to find housing they can afford in Harwich and should be considered in developing new housing units.

Most communities in the state are confronting challenges in boosting their supply of affordable housing and reaching the 10% affordability threshold. Harwich and its neighbors have affordable housing levels below the 10% state target, as visually presented in Figure III-9, although Orleans is getting close at 9.15%. Most of the other communities, including Harwich, are hovering close to 5% with Eastham at 3.68% and Brewster at 6.32%.

Current Inventory

As of June 29, 2023, the state listed 328 housing units as part of Harwich's state-approved Subsidized Housing Inventory (SHI), representing 4.98% of the total year-round housing stock of 6,581 units. The town still needs to produce at least 330 more SHI units to reach the state's 10% goal based on the existing year-round housing stock. Because the number of year-round units is based on the decennial census figure, it changes over time. For example, **the year-round total increased from 6,121 in 2010 to 6,581 units in 2020. With this increase in the year-round total, the percentage of SHI units correspondingly decreased.**

Ten projects with 173 total units took advantage of the Chapter 40B comprehensive permit process, representing 53% of all SHI units.

Table III-32 summarizes SHI units that are eligible for counting towards the state's 10% state affordability goal. Of the 328 SHI units, 264 (80%) are rentals with the remaining 64 targeted to homeownership. The table also shows the units that were dropped from the SHI since 2016 and those that were added, involving a net decrease of five units.

Table III-32: 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 And manages/ DMH clients)	Special needs rental/EOHLC Chapter 689	No	Perpetuity
Long Pond/ Headwaters*	12 (HHA owns and manages)	Family rental/ EOHLC Chapter 705	Yes	Perpetuity
Cedardale Road*	1	Ownership/HOP	No	Perpetuity
Pine Oaks Village I*	60	Senior rental/ EOHLC and RHS	No	2037
Pine Oaks Village II*	38	Senior rental/ EOHLC and RHS	No	2023
Pine Oaks Village III*	65	Senior rental/ EOHLC and HUD	Yes	2042
Queen Anne's Ct.	24	Ownership/EOHLC HOP	Yes	2030
Community Way*	7	Ownership/EOHLC HOP	No	2043
333 Route 28	11	Family rental/ FHLBB	Yes	2023
DMH Group Homes	8	Rental/Special Needs	No	NA

DDS Group Homes	18/13	Rental/Special Needs	No	NA
CCC HOR Program	1	Ownership/Rehab Program/EOHLC	No	2024
CDP/LCCCCDC HOR Program	8/0	Ownership/Rehab Program/EOHLC	No	2017-2019
HECH – Uncle Willis Lane	2	Family rental/ HUD	No	2039
Little Homesteads (CDP/LCCCCDC)	8	Family rental/ EOHLC	No	2045
Robert Lane (CDP/LCCCCDC)	4	Family rental/ EOHLC and HUD	No	2052
Habitat Gomes Way*	13	Ownership/HUD	Yes	Perpetuity
Harwich Buy-Down Program* (Samuel's Path, Speak Way, Steven's Way, Wendy's Way and Old Post Road)	3/5	Ownership/EOHLC	No	Perpetuity
Thankful Chases Pathway*	12	Rental/MHP and EOHLC	Yes	2110
HECH Sisson Road	13	Rental/MassHousing and MHP	Yes	Perpetuity
HECH South Harwich (916 and 920 Rt. 28)	10	Rental/MassHousing and MHP	Yes	Perpetuity
Habitat for Humanity/Oak St.	7	Ownership/EOHLC	Yes	Perpetuity
Habitat for Humanity/Murray Lane	0/6	Ownership/EOHLC	Yes	Perpetuity
TOTAL	2016/2023 333/328	264 rental units/80% 64 ownership units/20%	173 40B units/53%	

Source: Massachusetts Executive Office of Housing and Livable Communities, April 4, 2023.

*Projects involved Town-owned land.

The Harwich Housing Authority (HHA) manages 20 SHI units, eight (8) units for DMH special needs clients and 12 units of family rental housing at 111 Long Pond Road/127 Headwaters Drive. Given the state's centralized waitlist through the Common Housing Application for Massachusetts Programs (CHAMP), when HHA pulls the waitlists for those who have applied for their units, it can take months to process the applications. Nevertheless, vacancies at Long Pond Road (2 duplexes/4 units) and Headwaters Drive (4 duplexes/8 units) are very rare. This extensive demand for family rental housing and very low turnover rate suggests a substantial need for more subsidized family rentals. It is also interesting to note that of the eight units at Headwaters Drive, half are occupied by the adult children (18 years +) of the families given little availability of housing that they can afford in the area.

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

The Housing Authority also manages state rental vouchers under the Massachusetts Rental Voucher Program (MRVP), now up to 21. A major problem has been the lack of qualifying rental units available with some voucher holders searching for units for up to a year. About a third of the voucher holders are living in Harwich, with most of the others in other communities on the Lower Cape.

The Harwich Housing Authority also continues to manage the Rental Assistance Program that provides up to \$350 per month in assistance towards rent for up to three years for residents with incomes at or below 80% AMI. HHA recognizes that some of these renters benefit from case management assistance and has referred households to HECH for homelessness prevention counseling. There are typically about 20 families participating in the Program.



HHA's Long Pond Road development

Another 308 units were developed privately by for profit or non-profit developers. A description of most of these projects is included below.

- *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 were due to expire in 2018, however Phase I had a long-term Section 8 contract in place and affordability was extended to 2037. According to this state SHI list, Phase II is due to expire in 2023. [Given the interest in moving ahead on Phase IV, these affordability issues should be resolved.](#)



- *Community Way*
The defunct Harwich Community Development Corporation created six homeownership units on Town-donated land with financing from the state Housing Opportunity Program (HOP), also no longer available.
- *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/916 and 920 Route 28*
HECH also developed a project in South Harwich involving ten (10) rental units, nine (9) of which are 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 allocated \$510,000 from Harwich's Affordable Housing Fund plus another \$90,000 in CPA funding to further support the development.

- *Main Street Extension/Thankful Chases Pathway*
The Community Development Partnership (CDP) 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 provided project subsidies that included \$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*
The Town of Harwich contracted with the Harwich Housing Authority (HHA) 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 HHA 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. Three units were funded through this phase. 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.
- *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.
- *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.

- *Habitat West Harwich*
Habitat for Humanity developed a six-unit project in Murray Lane 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 marketed the two homes that front the property as market units.
- *DDS and DMH Group Homes*
In addition to new affordable housing development, Harwich can count 13 units (down from 18 units in 2016) 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 in 2016, but because deed restrictions were shorter in term, eight of these units fell off the SHI with the last one expiring in 2024. These rehabbed units were subsidized with Community Development Block Grant (CDBG) funding, one still on the SHI initially administered by the Cape Cod Commission. 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 building, health, and safety codes.

Pipeline Projects or Potential Opportunities

The Town has additional housing opportunities that were discussed in the past or are in the predevelopment stage including:

- *456 Queen Anne Road*
The Harwich Affordable Housing Trust (HAHT) is working on the development of the Town-owned property at 456 Queen Anne Road. The Town, through the HAHT, issued a Request for Proposals (RFP) to select a developer to design, construct, operate, and manage affordable rental housing of no more than 90 bedrooms on six acres of property owned by HAHT. Proposals are due by June 5, 2024. The RFP indicates that all the units must be affordable to households with incomes at or below 100% AMI, with incomes ranging from 30% to 100% AMI and an average of no more than 80% AMI.

The HAHT is interested in proposals that will include universally accessible design standards that will enable units to be more accessible to those with disabilities as well as include Passive House, LEED, or other energy efficiency standards. Project permitting will likely be through the Local Initiative Program (LIP), also known as the "friendly 40B" process. The Trust intends to enter into a Land Development Agreement and lease the property to the developer with affordability restrictions.

- *Pine Oaks Village IV*

This project is planned to complement the existing phased I through III properties and is proposed to provide rentals that will be suitable for all ages and accessible for those with disabilities. Rentals consisting of one- to three-bedroom apartments and townhouses will be offered with up to 70% local preference on initial occupancy.

Mid Cape Church Homes has proposed Pine Oaks Village IV as a neighborhood of mixed income family housing located on 35 acres in North Harwich and has requested \$1,575,000 in CPA funding for the initial two phases. When fully built, it will consist of 288 rental apartments and 26 income-restricted homeownership units. The first phase (A) will consist of 50 rental units in two buildings, plus the community building. Five future phases will add 238 additional rental units, and a planned final phase will add the 26 income-restricted homeownership units. The range of affordability will be 30% to 120% AMI. The goal is to provide both “Affordable” and “Workforce” housing. Construction is estimated to commence by September 30, 2025.

- *Old Bank Street Firehouse*

The Town issued a Request for Proposals (RFP) to restore the community’s first fire station on Bank Street and received two proposals. The selected developer is renovating the front of the building, maintaining its historic features, and developing two affordable units on the second floor that will be eligible for inclusion in the SHI.

- *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 redevelop this property as affordable housing in the future as it remains underutilized although access to Town water is an issue.

- *West Harwich Schoolhouse*

A local builder is in the process of converting the formerly Town-owned West Harwich Schoolhouse, located at 5 Bells Neck Road, into 10 rental units. The Planning Board issued a Special Permit for the project in January 2023 pursuant to the allowed multi-family use in the R-M zoning district. The Zoning Board of Appeals subsequently granted the requested dimensional waivers that without relief would have required the developer to lift and move the historic building to comply with the setback requirements, causing a serious financial hardship. Three of the units will be affordable, but all units will count as part of the SHI.

The Town sold the property to the developer for \$175,000. The developer recently approached HAHT for financial assistance to promote financial feasibility given the inclusion of affordable units, which was not part of initial plans.

C. Priority Housing Needs

As the affordability analysis indicates in Section III.B.4 above, significant gaps remain between what many 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:

In addition to the analysis included in this Housing Needs Assessment, the Town has engaged in various efforts to obtain community input on local housing needs and priority actions to address these needs including.

- *HAHT Public Forum*

The HAHT held a public forum on June 7, 2023 to provide input into the preparation of its Strategic Plan. Common themes from small group roundtable discussions included: “an incremental approach to meeting SHI goals, no net loss of affordable units in Harwich, concern for green space and local resources, and a role for the Trust in advocating for zoning changes to support housing development in Harwich.”²⁴ The Plan suggested that Harwich’s priority housing needs have remained comparable to the findings of the 2016 HPP including:

- Increase affordable rental options.
- Create a wider range of affordable housing options, including homeownership/starter home opportunities.
- Increase housing options for people with disabilities, including handicap-accessible or adaptable, compliant for aging-in-place, and integrated supportive services.
- Reintroduce programs to support necessary home improvements to correct code violations or other hazardous issues for low- and moderate-income households.

- *Local Planning Committee (LPC) Postcards and Survey*

As part of the process for updating the Local Comprehensive Plan (LCP), the Local Planning Committee reached out to the community to obtain important resident input. Key to this outreach effort were distributed postcards and a community survey that resulted in more than 1,300 responses.

During the summer and into the fall of 2023, the LPC issued postcards through various means to obtain community responses to the following three questions;

- What do you love most about Harwich?
- What are your biggest concerns about Harwich?
- Is there anything else you would like to tell us?

The LPC also issued a Community Survey to receive input on an overall community vision and key issues for the Local Comprehensive Plan update. The survey was available from November 2023 through March 2024 and received almost a thousand responses. Residents expressed concern for the current and future status of housing in Harwich and indicated preferred options for mitigating these concerns. Of those identified, housing affordability and a more diverse housing stock were consistently included within the top three concerns and challenges across all community issues. Other concerns included overdevelopment and water quality issues.

²⁴ Harwich Affordable Housing Trust Strategic Plan FY24-FY28, Final 11/20/23, page 13.

The survey confirmed that residents recognize the limited housing availability in the community and indicated that they would like to see more housing options for Harwich's year-round workforce and for young families or first-time homebuyers. The high cost of housing is a prevalent concern as it impacts residents' disposable income. Escalating home prices pose significant challenges for both prospective buyers and renters.

Key housing-related survey results included:

- The top challenges facing Harwich included affordable housing and/or limited variation of housing types as well as water quality.
- Types of growth in order of preference included small businesses, multi-family housing, single-family housing, and senior housing.
- The highest preferences for those who should be served by new housing included year-round workers, young families, and low- and moderate-income households.
- More respondents indicated that homeownership housing was extremely important and rental housing was somewhat important.
- There was support for a wide range of housing types on which the Town should focus with small cottage-style homes on small lots, mixed commercial and residential properties, and Accessory Dwelling Units (ADUs) receiving the greatest support.
- Those tools which were considered most important for the Town's efforts to implement its housing priorities included inclusionary zoning, partnerships with non-profit developers on deed-restricted ownership housing (choices did not include rental housing), and public acquisition of easements to require year-round use as opposed to Short Term Rentals.

- *LPC Visioning Workshops*

The Local Planning Committee also held two visioning workshops to obtain additional community input into the update of the Local Comprehensive Plan. The workshops were held on March 23rd and April 6th of 2024, the first in the morning and the second in the afternoon. Activities centered around four major issue areas including housing, land use and growth, environmental resource protection, and community facilities and infrastructure.

The workshop results indicated that residents perceive East Harwich, West Harwich, South Harwich, and North Harwich as being good locations for new housing development. The preferred housing types in these locations include mixed-use development followed by duplexes and multiplexes or historic property conversions. Comments suggest that identifying parcels that are suitable for these housing types in such locations would help address housing needs. Moreover, zoning changes to remove or reduce regulatory barriers should also help encourage the development of both residential and commercial structures.

In addition to identifying housing locations and types, respondents acknowledged that infrastructure improvements will be needed to support future housing development and demographic changes including sewer services and better transportation options. Participants also stressed that environmental considerations should be addressed when planning for housing development and infrastructure improvements including further water quality and natural resource protections.

1. Rental Housing Need

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

- The year-round rental housing stock decreased *by 284 units or by 26% between 2010 to 2021 to only 826 units*. This attrition is largely due to the conversion of such units to seasonal use, homeownership, or Short Term Rentals. If the same level of attrition occurs over the next decade or so, Harwich could lose another 215 units, bringing the total down to 611 units by 2032. The rental units that are included in annual housing production goals (see Table V-1) will be very important to boosting this important housing inventory.
- Despite increasing household wealth, there are substantial numbers of households with incomes below \$25,000, including 690 households or 12% of all households based on 2021 census estimates. There are substantially more of these households than the 328 SHI units and they are challenged to compete in Harwich's housing market.
- There were 2,249 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 414 renter households earning at or below 80% of area median income, 42% were spending too much on their housing.
- There are only 12 subsidized family rental units in Harwich, and wait times for Harwich Housing Authority units are considerable 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.
- Market rents are high. Listings of year-round rentals are very limited, but such listings suggest that two-bedroom units are renting for at least \$2,400. This rent would be affordable to a household earning about \$106,000 annually, assuming average monthly utility costs of \$250 and spending 30% of income on housing costs. The median income earning renter (\$51,786) could afford a rent of only about \$1,045 under the same assumptions.
- The Council on Aging has witnessed more instances of seniors being evicted from their rental units with little or no place to go within the community. Some have had to relocate outside of Harwich and even the Cape while others have been living in their cars. The Town makes efforts to support these seniors but helping them find alternative housing is daunting given that the shelter system is overwhelmed and few appropriate and affordable units are available.

The analysis included in Table III-33 projects a shortage of 173 rental units for low- and moderate-income renters. This data, however, was based only on existing renters in 2020 (latest data available) 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 to its workforce, 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.

While this data suggests that there is no identified need for rentals directed to those with incomes above 80% AMI, the Census Bureau's American Community Survey 5-Year Estimates for 2018-2022 identified 124 renter households with incomes in the \$75,000 to \$99,999 range with cost burdens, 105 with severe cost burdens. Moreover, throughout this planning process, the LPC received extensive input that the perceived need is significant in the 80% AMI and over sector. School administrators comment that it is difficult to attract teachers and other personnel due to the lack of available housing. Similarly, during a recent meeting of the Harwich Board of Health, one member indicated that housing was

biggest issue facing Harwich, and another noted that the Outer Cape Health Center is having difficulty acquiring qualified medical professionals due to the lack of housing.

It is also important to note that the loss of 284 year-round rental units between 2010 and 2021 most likely involved households leaving the community. It is also likely that some of these households had incomes above the 80% AMI limits and would benefit from attainable units being added to the rental housing inventory.

Table III-33: Rental Unit Gap Analysis

Income Group	Income Range*	Affordable Rent**	# Renter Households	# Existing Aff. Units***	Deficit or Surplus
Less than 30% AMI	\$31,100 and less	Less than \$528	195	145	-50
Between 30% and 50% AMI	\$31,101 to \$51,800	\$528 to \$1,045	115	51	-64
Between 50% and 80% AMI	\$51,801 to \$82,850	\$1,046 to \$1,821	104	45	-59
Above 80% AMI	More than \$82,850	\$1,822 +	360	360	0
Total			774	601	-173

Source: 2020 HUD SOCDS CHAS Data (see Table III-31).

* Based on 2023 HUD Income Limits for average household size of three persons.

** Includes an average monthly utility cost of \$250 and renters spending 30% of 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-34. This table indicates that in 2020 (latest data available) there were 173 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 29% of those with cost burdens, small families make-up about 37%, and singles about 34%. Once again, this data does not reflect some of the input that has been received throughout this planning process that there is also a pressing need for more rental housing targeted to those with incomes above the 80% AMI limits. The proposed development of the Town-owned property at 456 Queen Anne Road should address some of this need.

Table III-34: Cost Burdens by Type of Renter Household

Income	Elderly	Small Families	Large Families	Other Renters	Total
< 30% AMI	0	30*	0	20*	50
30-50% AMI	54	10*	0	0	64
50-80% AMI	14	30	0	15	59
> 80% AMI	0	0	0	0	0
Total	68	70	0	35	173

Source: 2020 HUD SOCDS CHAS Data

* All with severe cost burdens as they were spending at least half their income on housing costs.

This Housing Needs Assessment recommends that rental housing be distributed as follows largely based on the deficit in Table III-33 and the distribution in Table III-34:

Table III-35: Projected Distribution of Rental Units

Target Renter Households	Target Unit Size	Proportion of Need	# Units
Seniors/Individuals	One bedroom	50%	86
Small Families	Two bedrooms	40%	70
Large Families	Three+ bedrooms*	10%	17
Total		100%	173

Source: 2020 HUD SOCDS CHAS Data

* Required by the state based on an Interagency Agreement.

2. Homeownership Need

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

The general trend towards declining numbers of young adults and children is occurring throughout most communities of the Cape, where the mismatch 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.

- There were significant declines 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. For example, in 1980 and 1990, this group comprised at least 12% of Harwich's residents, but by 2021 census estimates point to a decrease to 6.4%, proportionately half the 1980 and 1990 levels.
- Family households have decreased in proportion to all households from 71.4% in 1980 to 59.7% in 2021.
- To afford the median sales price of a single-family home of \$650,000, based on *Banker & Tradesman*

data as of August 2023, a household would have to earn an estimated \$191,200 with 95% financing.²⁵ This income is more than twice the median household income for the town per 2021 census estimates of \$79,641.

- The median income earning household could likely afford a single-family home of about \$286,500 based on 95% financing. *The affordability gap is then about \$363,500* - the difference between the price of the median priced single-family home (\$650,000) and what a median income household can afford (\$286,500).²⁶
- For those earning at the 80% of area median income limit (\$82,250 for a family of three), which is higher than the Town's median household income, this gap decreases to \$352,000, the difference between the maximum they could afford of approximately \$298,000 and the median single-family house price of \$650,000.

²⁵ Figures based on 95% financing, interest of 6.5%, 30-year term, annual property tax rate of \$6.64 per thousand, and insurance costs of \$4 per \$1,000 for condominiums and \$6 per thousand for single-family homes). The calculations are also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. It also assumes 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 that no not required Private Mortgage Insurance (PMI).

²⁶ 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.

- There was an affordability gap of \$82,000 for condos as the median condo price of \$339,500, as of August 2023 from *Banker & Tradesman*, was higher than the estimated price that a median income earning Harwich household could afford of about \$257,500.²⁷ Many condos, however, are likely to be small, in poor condition, or not suitable for year-round use.
- Two-thirds of the 1,835 homeowner households earning at or below 80% of area median income were experiencing cost burdens.
- Owners with incomes above 80% AMI were also experiencing cost burdens. As shown in Table III-36, there is an estimated deficit of 200 units that would be attainable to owner households with incomes between 80% and 100% AMI. Moreover, the Census Bureau's American Community Survey 5-Year Estimates for 2018-2022 identified 304 households with incomes in the \$75,000 to \$99,999 range who were experiencing cost burdens, representing 34% of such households. Of these, 76 or 8% had severe cost burdens.
- The Council on Aging indicates that their experience has found that between one-quarter to one-third of those 65 years of age or older are living on Social Security and perhaps small pensions. Consequently, their total income is insufficient to afford to properly maintain their homes, including important health and safety repairs. This problem is exacerbated by physical constraints that limit what work they can do themselves as well as rising costs related to construction and services.

While there have been few resources to support homeownership development, one option is for the Town to consider creating a Starter Home District by-law under M.G.L. 40Y. These districts promote as of right development of at least 4 units per acre with no fewer than 50% of the units including 3 or more bedrooms. At least 10% of the units in developments of 12 or more units must be affordable to households with incomes of less than 110% AMI. Financial incentives are available from the state. (See strategy VI.C.5.)

Table III-36 is based on the HUD CHAS report summarized in Table III-31, comparing numbers of households earning within income categories to units that are affordable as the units are occupied by households without cost burdens. These calculations suggest that there is a 1,578-unit deficit in homeownership units, including 1,234 units for those earning below 80% of area median income. 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, attainable, 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

²⁷ Figures based on 95% financing, interest of 6.5%, 30-year term, annual property tax rate of \$6.64 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 also assumes households could access a subsidized mortgage program such as the ONE Mortgage Program and MassHousing offerings that do not require Private Mortgage Insurance (PMI).

important need for local seniors who want to afford to live independently in Harwich without substantial maintenance demands. Some service-enriched housing for seniors and single individuals should also be considered.

Once again, affordable homeownership projects typically must rely on CPA or Housing Trust gap fillers or cross subsidies from market rate units. Consequently, many homeownership projects with affordable units are small in scale. Moreover, as the affordability gap widens, so does the need for increasing amounts of subsidies.

As noted earlier, only those units that are occupied by those earning at or below 80% AMI and meet other state requirements can be counted as part of the Subsidized Housing Inventory (SHI). Nevertheless, this HPP will recommend new ownership development for those with incomes above the 80% AMI limits but still priced out of the local housing market. Housing for those with incomes up to 100% AMI can be subsidized by CPA or HAHT funds and even potentially to 120% AMI or even higher should be integrated into to new development to address a wider range of community needs. Many of these households are likely pivotal to the community's ability to provide essential local services, who, without homeownership, might look elsewhere to live and work. Additionally, options for reducing real estate taxes can provide some relief for owners with cost burdens as well.

Table III-36: Homeownership Gap Analysis

Income Group	Income Range*	Affordable Sales Prices for Single-family/Condo ²⁸	# Households **	# Existing Affordable Units**	Deficit or Surplus
Less than 80% AMI	Less than \$82,850	Less than \$298,000/\$312,000	1,835	601	-1,234
Between 80% and 100% AMI	\$82,851 to \$111,870	\$298,001 to \$387,500/\$312,001 to \$361,500	590	390	-200
Above 100% AMI	Above \$111,870	More than \$387,500/\$361,500	2,195	2,051	-144
Total			4,620	3,042	-1,578

Sources: Based on 2023 HUD Income Levels for household size of three persons and 2020 HUD SOCDs CHAS data (see Table III-31).

3. Seniors and Special Population Need

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

- Of all Harwich 13,212 residents in the civilian, noninstitutionalized population, 1,788 or 13.5% claimed a disability, lower than the 15.4% level for the County but higher than that of the state at state of 11.7%.

²⁸ Figures based on 95% financing, interest of 6.5%, 30-year term, annual property tax rate of \$6.64 per thousand, insurance costs of \$6 per \$1,000 for single-family homes and \$4 per thousand for condos, and estimated monthly condo fees of \$250. Assumes financing from ONE Mortgage Program or MassHousing offerings that do not require Private Mortgage Insurance (PMI).

- Those residents 65 years of age or older increased from 29.6% of the population in 2000 to 35.0% by 2021, representing an increase of about 1,000 residents and growth of 27% during this period.
- As the population continues to age, with those 65 years and older predicted to increase to about 42% of all residents by 2030 and through 2040, the level of special needs in the community will grow as well, suggesting a greater need for handicapped accessibility and supportive services be integrated into housing.
- Of the 329 elderly renters 62 years of age or older, 68 or 21% were overspending including 24 spending at least half of their income on housing costs.
- The only affordable rental units for seniors (62 years and over) are part of Pine Oaks Village where there are roughly five-year waits for units in all its phases. 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.

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 61% 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 aging system and structural problems.
- Because municipal sewer services remain limited, 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.

5. Summary of Priority Housing Needs

This Housing Needs Assessment suggests that the Town of Harwich establish the targeted affordable housing production goals as summarized in Table III-37 based on priority housing needs over the next five years, the term of this Housing Production Plan.

This planning process has included significant efforts to obtain community input to better inform the Local Comprehensive Plan update and this HPP. Through the community survey for example, residents expressed concern for the current and future status of housing options in Harwich and indicated preferred options for mitigating these concerns. Of those identified, housing affordability and a more diverse housing stock were consistently within the top three concerns and challenges across all community issues. Other concerns included overdevelopment and water quality issues.

Residents recognize the limited housing availability in the community and indicated that they would like to see more housing options for Harwich's year-round workforce and for young families or first-time homebuyers. The high cost of housing is a prevalent concern, as it impacts residents' disposable income. Escalating home prices pose significant challenges for both prospective buyers and renters.

It is important to note that while cost burdens for homeowners are substantial and affordability gaps are widening, the ability to make substantial progress on the production of affordable homeownership is more limited. Consequently, priority needs are directed largely to rental unit development based on the following considerations:

- 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.
- Make up for some of the substantial loss of year-round rentals that has occurred over the past decade.
- Promote greater housing diversity as about 86% of Harwich's housing stock is owner-occupied and 89% involves single-family detached homes. More housing options are necessary to meet the needs of local workers and younger individuals and families who are priced out of the housing market, people who grew up in Harwich and want to remain in the community, and empty nesters, for example.
- Better leverage other funds as state and federal resources are almost exclusively directed to rental housing development, family rentals in particular. Consequently, most of the financial support for homeownership development will remain largely limited to local resources, CPA and Affordable Housing Trust Funds, that are insufficient to support more than a few affordable units per year.
- Invest locally-available subsidy funds (e.g., CPA, Affordable Housing Trust Funds, CDBG funding, HOME Program funds) in support of greater numbers of households/occupants over time as rentals turnover more regularly than ownership units.
- Provide opportunities for some older residents who are "over-housed" and spending too much on their housing to relocate to more affordable and less isolated settings, opening up their homes to families requiring more space.
- Create new income opportunities (e.g., through Accessory Dwelling Units or conversions to two-family homes) that could also address high cost burdens.
- 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 or assisted housing given asset limits.²⁹
- Provide opportunities for mixed-income housing where several different income tiers can be accommodated within the same project.

Table III-37 summarizes the distribution of units to be produced over the next five (5) years based on the housing production goal of 33 SHI units per year, with at least 80% of the units directed to subsidized rentals to meet the increasing needs of the most vulnerable and financially-strapped households and the considerations listed above. About half of these rentals would be developed for qualifying families and the remainder for seniors or individuals. The remaining 20% of the projected affordable units would be developed for homeownership. In addition to the above considerations, the 80% to 20% split in rental to ownership goals reflects the current distribution of SHI units.

²⁹ The state Local Initiative Program (LIP) guidelines prescribe financial asset limits of \$75,000, including another \$200,000 from the net equity of a previous home for those 55 years of age and older. This means that many of the lower income owners who are particularly cash burdened might not qualify for subsidized housing given the value of their existing homes.

While the community survey suggested a higher level of interest in homeownership over rentals, it is important to acknowledge that 95% of respondents were homeowners and did not have the context of the pragmatic considerations listed above. Moreover, the proposed annual housing production goals under Table V-1 suggests a greater likelihood of rental development such as the proposed project at 456 Queen Anne Road and Pine Oaks Village IV.

Given the aging of the population and the relatively high level of people with disabilities in Harwich, the housing goals include the integration of handicapped accessible and/or service enriched housing units equivalent to about 10% of all new units produced for families and 20% for seniors and single individuals (likely to include those with disabilities). Moreover, the goal of supporting necessary home improvements of a projected three units per year are also included in production goals.

While this HPP focuses on the creation of SHI units to meet annual housing production goals, the Town is also interested in creating housing opportunities for those who may earn above the 80% AMI limits but are still priced out of the local housing market. This can be accomplished by establishing different income tiers within new development for example.

Table III-37: Housing Production Goals Based on Types of Units

Type of Units	1-Year Goals (based on annual housing production goal of 33 units)	5-Year Goals
Rental Housing (@80%)	26 units	132 units
Families	13 units	140 units
Seniors/Individuals	13 units	50 units
Homeownership Units (@20%)	7 units	33 units
Total	33 units	165 units
Handicapped accessibility and/or supportive services/about 10% of new units produced	3 units	15 units
Promote housing assistance for property Improvements (about half of ownership units)	3 participants in improvement programs	15 participants in improvement programs

IV. CHALLENGES TO PRODUCING AFFORDABLE HOUSING

It remains a 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 various constraints to new development.

As raised during the community meeting held on October 22, 2024 to present the draft HPP for questions and comments, the fiscal impacts of new development, including the projected new units which are identified in this HPP, should be addressed. Several resources that might be useful in determining such impacts as projects move forward include the following:

- MAPC: "An Update on Housing Production's Effect on Public School Enrollment" (2024): <https://www.mapc.org/learn/research-analysis/enrollment/>
- UMass Donahue/CHAPA: "The Fiscal Impact of Mixed-Income Housing Developments on Massachusetts Municipalities" (2008) https://donahue.umass.edu/documents/UMDI_FiscalImpact.pdf
- UMass Dartmouth/MHP: "The Fiscal Impact of New Housing Production in Massachusetts" (2019) https://donahue.umass.edu/documents/MB_072919_low-re.pdf
- MHP's 2024 Housing Institute included a session on [Housing for Families](#). Doug Howgate, for the MassTaxpayers Foundation, was one of the speakers, and provided great information on fiscal impacts of housing in general.

Specific additional challenges that were identified in previous plans and throughout the planning process are summarized below.

A. Infrastructure

A major challenge and cost factor for new development relates to infrastructure, particularly the current very limited availability of sewer services that raises concerns among residents about impacts of any new development on the environment, water supply and quality in particular, all of which are critical issues for Cape Cod. 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, MassDEP 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 response to these challenges, Harwich developed a Comprehensive Wastewater Management Plan (CWMP), which was finalized in 2016. The CWMP recommends an 8-phase approach to addressing Harwich's water quality concerns including implementation of municipal sewer systems to reduce contaminants in the groundwater believed to be from wastewater emanated by onsite systems. During

the past several years, the Town completed phases one and two and is making progress on phase three. The first two phases are as follows:

- *Phase 1* – This phase focused on the restoration of Muddy Creek by widening the opening by 24 feet to increase flushing and restore ecological habitats. Monitoring is ongoing by both the Towns of Harwich and Chatham, with whom the area is shared.
- *Phase 2* – This phase involves sewer system construction in the Pleasant Bay Watershed area to remove significant nitrogen to meet the Pleasant Bay Total Maximum Daily Load (TMDL) thresholds set by MassDEP. According to the CWMP, the Pleasant Bay watershed is the largest watershed with the highest percentage of septic system nitrogen removal required. This phase provides protection to some of the Harwich drinking water supply wells and allows the Town to work with Chatham in creating a regional approach to wastewater treatment and recharge. The Town issued an order to connect to residents in early 2022 with the connection date extended to March 2025. The phase 2 system consists of 11.5 miles of gravity sewer, 1.2 miles of force main, 6 pumping stations, and 400 linear feet of pressure sewer.

Phase 2 also included bog restoration and the purchasing of wastewater treatment capacity at the Water Pollution Control Facility (WPCF) in neighboring Chatham. The purpose of the restoration of Cold Brook Bog was to increase attenuation – this project is ongoing, though design and permitting were completed from 2015-2022. The agreement to purchase wastewater treatment capacity at the Chatham WPCF was executed in 2017 and implemented in 2021. The WPCF utilizes an oxidation ditch treatment process to treat influent wastewater to a total nitrogen level of 3 mg/l.

It should be noted that requirements in Harwich’s municipal sewer agreement limit development to no growth above current zoning levels which will limit the Town’s ability to connect higher-density housing to municipal sewer unless addressed at some point.

Mitigation Measures: It will be important for any new affordable housing development to address infrastructure constraints, septic issues in particular, and ensure that there are sufficient amounts of subsidies incorporated into the project to adequately service new residents and protect the environment. Also, the Town will need to continue to implement the CWMP, moving into the additional phases. Phase 3 is in process and involves a continuation of the sewerage implementation across town. The designated phase 3 area encompasses the area north of the Harwich Village Commercial District. Per the 2023 Water and Wastewater Department Annual Report, the design phase of this project is completed, and the project is intended to be advertised for bids in spring 2024 with construction commencing thereafter. The phase 3 collection system is intended to address nitrogen impacting the Round Cove and Pleasant Bay sub-watersheds. In addition to progress on the CWMP, the Town voted at the 2021 Special Town Meeting to create a Wastewater Special Purpose Stabilization Fund to ensure a funding source for wastewater efforts moving forward by redirecting 25% of the rooms tax revenue from the General Fund to the new fund.

Future water supply sites need to be addressed and protected in the Town’s growth management planning.

B. Environmental Concerns

Harwich 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 23 freshwater ponds, two reservoirs³⁰, 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 many long-term residents. 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 23 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.

A review of recent water quality data, as shown in the Comprehensive Wastewater Management Plan (CWMP), indicates that alterations to the environment have resulted in dramatic changes in water quality. These include noxious and potentially harmful algal blooms – particularly in Hinkley's Pond and Skinequit Pond. In 2023, the Natural Resources Department, working with the Association to Preserve Cape Cod (APCC), sampled many water bodies for cyanobacteria levels and were able to respond to blooms. For example, the 2023 Annual Report for the Department noted that a subsurface phosphorus inactivation treatment using aluminum sulfate and sodium aluminate was administered by a contracted group in the Skinequit Pond and was successful.

- *Monomoy Lens* -- Drinking water for Harwich is supplied by groundwater from the Monomoy groundwater lens. This lens is one of six groundwater lenses that comprise the Cape Cod Aquifer, a federally designated sole source aquifer. According to the Harwich Water and Wastewater Department website, water is supplied by groundwater through 14 gravel packed wells and one tubular wellfield located in South, East, and North Harwich. The 14 wells are grouped into Zone II Well Protection areas and the Town and MA DEP restrict activities on these properties which could potentially contaminate the wells. The Town has also 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.

³⁰ 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.

- *Wetlands* -- According to the 2017 Open Space and Recreation Plan, 13% of Harwich's land area is wetlands (1,100 acres). Approximately 366 acres of these acres contain saltwater wetlands – primarily in the Herring River and Red River marsh systems. Both fresh water and saltwater wetlands are important resources that help maintain water quality, protect against flood hazards, and provide important habitats for a broad range of wildlife. Wetland ecosystems include coastal plain ponds, cedar swamps, vernal pools, and salt marshes – all of which provide specialized environmental value and are considered critical habitats that are susceptible to environmental and human impacts like climate change and development. Cranberry bogs, a unique asset to Harwich's industry, are, by definition, wetlands. However, they are composed of artificially established vegetation for agricultural purposes.
- *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, Harwich now has approximately 2,924 acres of Town-owned land and other protected open space which accounts for approximately 22% of the total land area in Harwich. Unprotected open space includes agricultural lands (232 acres) and forest and private recreation lands (133 acres) which are managed by public and private agencies and individuals. In addition to public and unprotected open space, Harwich includes land managed by the Commonwealth of Massachusetts. This land accounts for 296 acres in East Harwich and includes Hawksnest State Park. The Harwich Conservation Commission owns 211 parcels totaling 1,053 acres and Harwich Conservation Trust holds 177 parcels with 506 acres.
- *Wildlife and Plant Habitats* – The abundance of wildlife and plant species in Harwich and across the Cape contribute to the area's unique ecological value. Two major wildlife corridors in Harwich are the Bells Neck and Coy Brook areas in West Harwich. Other important corridors include land in North Harwich connecting to the Punkhorn Parklands in Brewster, the land in East Harwich that connects to Hawksnest State Park, and Thompson's field and the Monomoy River corridor leading to Pleasant Bay. These areas provide a wide variety of animal and plant habitats.

Habitats such as the Atlantic White Cedar Swamps are home to native trees including Red Maple, Pitch and White Pine. The swamps support nesting birds, mammals, and provide breeding habitat for some amphibians. Salt marsh habitats are key in protecting shellfish and fisheries and support a wide array of wildlife. These include the rare and protected Northern Harrier, River Herring, and Diamondback Terrapin. Salt marshes also provide nursing grounds for vital aquatic species such as White Shrimp, Blue Crab, Redfish, and Flounder.

The Monomoy National Wildlife Refuge is home to or a breeding stopover for several featured species that are U.S. Fish & Wildlife Service focus species for protection and monitoring. These include bird species such as piping plover and several tern species (such as roseate, common, and least). The Refuge also has several species that are not federally focused such as grey and harbor seals and the northeastern beach tiger beetle. Hawksnest State Park provides essential habitat for box turtles, painted turtles, black racer snakes, and common mammals such as coyotes and the star nosed mole. Bells Neck conservation area reports indicate sightings of ospreys and black-crowned night heron in the spring and summer as well as herring swimming upstream along the herring ladder each April.

The growing conditions, temperature, rainfall, and soil types in Harwich support several plant communities, some common only to sandplains such as kettle pond shore vegetation with many rare species, sandplain grasslands, specialized communities of white cedar swamps, dunes, and pine-oak forests. Harwich also supports plant communities associated only with salt water, salt marshes, and eel grass communities. The natural vegetated areas play an important role in preserving the rural character of Harwich.

The Town Conservation Department, with assistance from the Harwich Conservation Trust, AmeriCorps Cape Cod, Natural Resources Department, and Department of Public Works, has made several efforts to restore rare sandplain grassland/heathland field habitat. This habitat type is a globally rare type that dominated much of Harwich and other Cape towns after much of the land was cleared. Thompson's Field Conservation Area and Muddy Creek Headwaters are two properties that the Conservation Department has focused on to maintain and expand the existing sandplain grassland/heathland habitat. Maintaining these areas provides diverse habitat for small mammals, birds, and insects that would not otherwise be found in forested areas.

Due to development, some habitats have ceased to function for species such as deer, pheasant, fox, and coyote. Roads and development continue to create challenges when it comes to linking existing wildlife areas. Development is the largest threat to wildlife and plant habitats. These species can still be seen within developed areas in search of food and breeding grounds and several large tracts of undeveloped land do exist which support an abundance of species such as the Town Forest, wellfields, Hawksnest State Park, and Herring River marsh. Though fragmentation created by development creates challenges for wildlife, Harwich remains a vibrant habitat for a host of wildlife and plant species.

- *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 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.³¹

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. Public comments throughout this planning process have stressed the need for more affordable housing within the context of the importance of such growth being sensitive to Harwich's rich environmental attributes.

To maintain a sustainable supply of high-quality untreated drinking water and to protect, preserve, or restore the ecological integrity of Harwich's fresh and marine surface water resources for present and future community needs, the Town is working towards the following objectives:

³¹ Town of Harwich Draft Open Space and Recreation Plan, July 2015.

- Continue to require new private wastewater treatment systems to be designed for easy future connection to a larger public system.
- Continue to preserve open space for the purposes of water supply protection.
- Preserve and improve the ecological integrity of marine and fresh surface waters.
- Identify and control contaminants of emerging concern in the environment, currently including PFAS, plastics and other physical and chemical contaminants. Implement mitigation methods to reduce impacts to groundwater and inflow into water bodies.

Recognizing the contribution of lakes and ponds to the region's identity whose health is increasingly threatened by human activities in and around them led the Cape Cod Commission to launch a Freshwater Initiative in 2021. The Freshwater Initiative is a data-driven planning process designed to engage stakeholders and enable action to protect and restore Cape Cod's freshwater resources.

Through this initiative, the Cape Cod Commission and its partners are completing an analysis of available monitoring data, assessing the overall health of Cape Cod's ponds and lakes, identifying regional trends in water quality, and evaluating the impact of these critical resources on the region's economy. Informed by the 2021 Cape Cod Pond and Lake Atlas, this initiative will define a path forward for improving freshwater quality across the region.

Pond profiles have been completed for each town including Harwich. Harwich's pond profile indicates that of the 62 ponds in Harwich, only 15 have been monitored, with only six ponds having three consecutive years of recent monitoring data. In addition, a total of 1,341 acres or 9% of the Town's total land area is within 300 feet of a freshwater pond. Pond strategies have been implemented for 12 ponds/watersheds, including several in the Six Ponds DCPC. Additional data collection and monitoring is needed to improve the overall health and water quality of these vital resources.

In addition, Harwich residents recently organized to establish the Harwich Pond Coalition, whose mission is to coordinate the efforts of stakeholders to protect the quality of freshwater resources in Harwich, especially ponds, through data-driven advocacy, education, and public outreach.

The Town's commitment to sustainable practices, regional collaboration, and adaptive management positions Harwich at the forefront of ensuring long-term water quality improvement and natural resource protection. Ongoing efforts include monitoring for emerging contaminants (such as pharmaceuticals and personal care products), stormwater management, developing land management plans for conservation lands and pursuing further land acquisitions for conservation purposes.

To better protect the environment, including important habitats, the Local Comprehensive Plan proposes the following objectives:

- Increase the percentage of land required to be preserved as open space in clustered subdivisions.
- Evaluate land to be preserved for open space to ensure its meaningful contribution towards the protection of wildlife habitats.
- Establish conservation easements/restrictions.
- Establish a transfer of developmental rights (TDR) program.
- Prohibit development in existing or expanded wetland buffer zones (OSRP).
- Maintain wildlife patches and corridors of existing heterogeneous habitat types.

- Utilize Town and private organizations to develop and execute land management plans.
- Manage open spaces to enhance biodiversity, resiliency, and viable corridors.
- Encourage stronger cluster provisions in areas such as the Six Ponds Special District.

It is also important to note that housing strategies are largely oriented to actions that will promote smart growth and limit impacts on the environment such as developing infill sites in existing neighborhoods, promoting cluster development, and encouraging village development (see Section VI.A and C for details on these strategies). The Town of Harwich is also updating not only its Local Comprehensive Plan (LCP) but its Open Space and Recreation Plan (OSRP) 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 Districts³², 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)
- 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 District³³
- Personal Wireless Service Overlay District
- Harwich Center Overlay District
- Village Commercial Overlay District

³² Harwich Zoning By-law, Section III Establishment of Zoning Districts.

³³ The Six Ponds Special District, Harwich Center Overlay District and Village Commercial Overlay District are not officially mapped.

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 feet 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.³⁴



Photo 3. Barn at 275 Old Main Street, looking southwest.

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*³⁵

Recent changes to the Zoning By-law changed permitting requirements from a special permit to by-right in single-family dwellings, including both attached and detached units, in most zoning districts under the following conditions:

- The accessory apartment must be designed, to the degree reasonably feasible, to maintain the appearance of a single-family property with similar materials, colors, window styles, and roof design.
- Only one of either the principal dwelling or accessory apartment can be rented at any given time for a period of no less than six months.
- An addition to the principal dwelling, the accessory unit must comply with all setback and lot coverage requirements for the zoning district. However, the Zoning Board of Appeals may grant a special permit for preexisting nonconforming principal dwellings and residential accessory buildings that do not comply with the setback or lot coverage requirements in the zoning district.
- The accessory unit cannot be larger than 1,000 square feet and include no more than two bedrooms.
- One off-street parking space is required.

The Building Commissioner administers the building permit application process, determines compliance with the by-law, and may revoke a certificate of occupancy in instances of noncompliance.

- *Two-family Dwellings*³⁶

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

³⁴ Town of Harwich Draft Open Space and Recreation Plan, July 2015.

³⁵ Harwich Zoning By-law, Section X. 7 and 8 Administrative Official and Section II Definitions.

³⁶ Harwich Zoning By-law, Section X.13 Administrative Official.

in any other combination provided there is a common roof or a series of roofs connecting the dwelling units.³⁷ The special permit requires that the following conditions be met:

- The lot area must be at least 40,000 square feet of contiguous upland except for 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*³⁸

Multi-family housing is permitted under special permit in all zoning districts except Commercial Highway 2 and Industrial Limited. The By-law requires 40,000 square feet for the lot with 150 feet of frontage. Setbacks are set at 25 feet although the front setback for an existing building is determined as part of site plan review. Other requirements include a height restriction of 40 feet or 3½ stories, maximum site coverage of 80%, the ability to connect to the municipal water system, and minimum net residential floor area of 250 square feet for an efficiency or studio unit, 550 for a one-bedroom unit, and 940 for two bedrooms.
- *Open Space Residential Development*³⁹

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.

³⁷ Harwich Zoning By-law, Section II Definitions.

³⁸ Harwich Zoning By-law, Section V Use Regulations and Section VI Area, Height and Bulk Regulations.

³⁹ Harwich Zoning By-law, Section X.4 Administrative Official.

- 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.

- *Village Commercial Overlay District⁴⁰ and Harwich Center Overlay District⁴¹*
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 Commercial⁴²*
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 District⁴³*
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.

⁴⁰ Harwich Zoning By-law, Section X.11 Administrative Official.

⁴¹ Harwich Zoning By-law, Section X.14 Administrative Official.

⁴² Harwich Zoning By-law, Section X.12 Administrative Official.

⁴³ Harwich Zoning By-law, Section XII Elderly Affordable Housing District.

- 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.
- 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*⁴⁴

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.

- *Motel Conversions*⁴⁵

The conversion of any nonconforming motel, hotel, multifamily dwelling, two-family dwelling or two or more buildings designated for human habitation on one lot to a condominium form of ownership, cooperative form of ownership, time-sharing or similar usage, if such conversion changes, extends, or alters the existing usage, shall require a permit from the Board of Appeals to change or extend such nonconforming use.

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 and attainable housing and smart growth development. These include adding inclusionary zoning, promoting mixed-use development, and better integrating affordable housing in its clustered zoning by-law for example (see Section VI.B).

⁴⁴ Harwich Zoning By-law, Section XIV Residential Subdivision Growth Rate Limit By-law.

⁴⁵ Harwich Zoning Bylaw, Section 325-54.

D. School Enrollment

While the overall town population increased by 7.6% between 2000 and 2021, those under age 18 decreased by 27%, representing a steadily declining portion of the population – from 18.3% in 2000, to 16.1% in 2010, and down further to 12.4% by 2021. Census estimates also document 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, which decreased to 1,956 and 15% of all residents in 2021. Additionally, those enrolled in kindergarten through high school totaled 1,868 students in 2000, down to 1,452 as of 2021 and representing 74% of those who are enrolled in school.

The Monomoy Regional School District, with a middle school and high school, serves the Harwich and Chatham communities (also includes Housing Choice students from other communities). The District had a total enrollment of 1,681 students in 2023-2024 (down from 1,796 students in 2016 and 1,998 students in 2005). Except for the Harwich Elementary School, most schools serving Harwich are regional including the Cape Cod Vocational Technical School (enrollment of 666 students in 2022-2023, up from 616 in 2015-2016 but down from 717 in 2005), and the Cape Cod Lighthouse Charter School (250 students, up from 240 students in 2015-2016 and 228 in 2012),

Historic enrollment data for the Monomoy Regional School District is included in Table IV-1, demonstrating slow declines through the 2011-2012 school year and then general increases through 2015-2016 and then overall declines after that to 1,681 students in the 2023-2024 school year.

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 children to charter and private schools in the area.

**Table IV-1: Historic School Enrollments for the Monomoy Regional School District
Pre-Kindergarten through 12th Grade, 2005-2023**

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	1,794	-86	-4.6
2014-15	1,865	81	4.5
2015-16	1,852	-13	-0.7
2016-17	1,796	-56	-3.0
2017-18	1,800	6	0.03
2018-19	1,818	18	1.0
2019-20	1,808	-10	-0.6
2020-21	1,742	-66	-3.6
2021-22	1,728	-14	-0.8
2022-23	1,726	-2	-0.1
2023-24	1,681	-45	-2.6

Source: New England School Development Council, July 25, 2016 and 2023.

Projections of school enrollments for the 2024-25 through 2033-34 school years from the New England School Development Council show a decline to 1,324 students during this period. This represents a 20% projected decline and a net loss of 338 students.

**Table IV-2: Projected School Enrollments for the Monomoy Regional School District
Pre-Kindergarten through 12th Grade, 2024 to 2033**

Year	Total Enrollment	Difference	% Difference
2024-25	1,662	-19	--1.1
2025-26	1,591	-71	-4.3
2026-27	1,546	-45	-2.8
2027-28	1,493	-53	-3.4
2028-29	1,449	-44	-2.9
2029-30	1,409	-40	-2.8
2030-31	1,373	-36	-2.6
2031-32	1,356	-17	-1.2
2032-33	1,340	-16	-1.2
2033-34	1,324	-16	-1.2

Source: New England School Development Council, 2023.

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 unlikely that new development over the next five years will have a significant impact on school capacity, particularly in light of current and projected declining enrollments. Moreover, 85% of the units included in annual production goals focus on small one- or two-bedroom units that are not conducive to many children.

E. 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 some public transportation options available.

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.

CCRTA also manages 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. 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.

F. Availability of Subsidy Funds

While financial resources to support affordable housing preservation and production as well as rental assistance are limited, given such wide affordability gaps, new development is likely to require multiple layers of public funds. Harwich does have several important resources to support its housing efforts including:

- *Harwich Affordable Housing Trust Fund*
HAHT was established in 2019 and as of September 2023 had a balance of about \$1.4 million. Funding has largely come from CPA funding, cell tower lease proceeds, STR tax revenue, and investment revenue.
- *Community Preservation Act (CPA)*
Harwich adopted the Community Preservation Act (CPA) at its December 2004 Special Town Meeting at the maximum surcharge level of 3%. Since then, the Town has raised about \$32.6 million in funding, with about 70% from the local surcharge and the rest from state distributions. In 2023, the total CPA revenue was \$2,545,422 with about 45% coming from the state. (See Appendix 4 for historic CPA allocations for housing.)
- *Affordable Housing Stabilization Fund*
Harwich has established the Harwich Affordable 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. It should also be noted that the Town has created an Affordable Housing Stabilization Fund to receive 25% of the revenues from the rooms/short term rental tax. When created, it was estimated that this fund would initially receive \$500,000. As the tax increase would go into effect with the FY24 year, the Town should see what the actual income is quite soon.
- *HOME Program Funding*
HOME funding from the Barnstable County HOME Consortium is also an important and flexible resource that all Cape towns can access.
- *State and Federal Financing*
Appendix 2 includes a summary of state and federal housing resources, many of which will be important to tap towards the implementation of this HPP.

- *Potential Additional Sources*

Potential new funding and some greater flexibility is proposed under the Governor's Affordable Homes Act including the following provisions:

- Allow municipalities and regional affordable housing commissions to adopt a transfer fee of 0.5% to 2% on the portion of sale over \$1 million or the county median home sales prices, whichever is greater. The fee must be dedicated to affordable housing. This provision, however, was ultimately not adopted.
- \$100 million in funding for a Middle-income Housing Fund for households earning up to 120% AMI.
- \$800 million for the Affordable Housing Trust Fund for those with incomes up to 110% AMI.
- \$10 million in tax credits to produce first-time homeownership opportunities for those with incomes of up to 120% AMI.
- A framework for a Seasonal Communities Designation, identifying communities with substantial seasonal variations in employment and housing needs, such as the Cape and Islands, as a first step towards developing special programs for these communities.

Mitigation Measures: This Housing Plan provides guidance on the use of Community Preservation Funds and the Affordable Housing Trust Fund for affordable housing initiatives that will enable the Town to support the production of new affordable and attainable units and leverage other public and private funding sources.

G. Community Perceptions

Residents in most communities are concerned about the impacts that any new development will have on local services and the 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, particularly for neighbors.

On the other hand, with such high and increasing real estate prices, there is a general recognition that not only affordable housing but also attainable or 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. As evidenced by responses to the LPC's community survey, postcard questions, and vision statement there is strong local support for more affordable and attainable housing, however, concerns remain about balancing new development in the context of Harwich's sensitive environment.

Mitigation Measures: This HPP proposes continuing and ongoing community outreach efforts 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 remains important for the Town 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.

V. HOUSING PRODUCTION GOALS

The Massachusetts Executive Office of Housing and Livable Communities (EOHLC) is administering the Housing Production Program in accordance with regulations that have enabled cities and towns to prepare and adopt a Housing Production Plan that demonstrates the production of an increase of 0.5% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (SHI).⁴⁶ If EOHLC certifies that the locality has complied with its annual goal or that it had met the two-year goal, the Town could, through its Zoning Board of Appeals, potentially deny comprehensive permit applications for one or two-years, respectively.⁴⁷

It remains a 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 under Chapter 40B somewhat.

Using the strategies summarized under Section VI and priority needs established in Section III.D, 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% AMI – 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. This Plan also recommends that housing development include units that are available to households with incomes of up to 120% AMI, also referred to as attainable units. The Town also recognizes that there are people seeking to move to Harwich for jobs in education, health care, public service, etc. who are unable to find housing due to second-home and investor-driven escalations in housing costs. Consequently, integrating housing for such higher income earning households should be addressed as well.
- Because housing strategies include some development on privately owned parcels, production will involve projects sponsored by private developers through the standard regulatory process

⁴⁶ Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

⁴⁷ 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 EOHLC, 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 EOHLC, with a copy to the ZBA, within 15 days of its receipt of the ZBA's notice, including any documentation to support its position. EOHLC 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 EOHLC 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.

- and more likely the “friendly” comprehensive permit process under the state Local Initiative Program (LIP). 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 Trust Fund, the Affordable Housing Stabilization Fund, or CPA where appropriate. Updated Housing Guidelines, as proposed in strategy VI.C.3, should help steer new development to reflect local priorities with respect to locations, densities, units mix, etc. in the context of environmental challenges, infrastructure constraints, and market conditions for example.
- The projections involve a mix of rental and ownership opportunities that reflect the priority housing needs in the Housing Needs Assessment (see Section III.D) where at least 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

Strategies by Year	Units < 80% AMI	Ineligible SHI Units*	Total # Units
Year 1 – 2024			
Development of Town-owned property – Old Firehouse/“friendly” 40B/rental	2	0	2
Accessory apartments/rental	0	4	4
Rental Assistance Program (added subsidies)/ Rental	0	10	10
Development of Town-owned property – West Harwich Schoolhouse/rental	3 (all 10 units will count)	0	10
<i>Subtotal</i>	<i>12</i>	<i>14</i>	<i>16</i>
Year 2 – 2025			
Development of Town-owned property – 456 Queen Anne Road/“friendly” 40B/rental	40	5	45
Partner with developers of privately-owned property – Pine Oaks Village IV – Phase A/ “friendly” 40B/rental	50	0	50
Accessory apartments	0	4	4
Rental Assistance Program (added subsidies)	0	10	10
<i>Subtotal</i>	<i>90</i>	<i>19</i>	<i>109</i>
Year 3 – 2026			
Certified under Year 2			
Partner with developers of privately-owned Property – Pine Oaks Village IV – Phase B/ “friendly” 40B/rental	50	0	50
Partner with developers of privately-owned property – OSRD/ownership	8	4	12
Accessory apartments	0	4	4
<i>Subtotal</i>	<i>58</i>	<i>8</i>	<i>66</i>
Year 4 – 2027			
Still certified			
Partner with developers of privately-owned property – inclusionary zoning/ownership	3	17	20
Partner with developers of privately-owned property – group home/special needs rental	5	0	5
Housing Rehab Program/ownership	0	5	5
Accessory apartments	0	4	4
<i>Subtotal</i>	<i>8</i>	<i>26</i>	<i>34</i>
Year 5 – 2029			
Partner with developers of privately-owned property/“friendly 40B”/rental for seniors with supportive service	40	0	40
Partner with developers of privately-owned property – mixed-use/rental	1	5	6
Development of Town-owned, tax-	6	0	6

foreclosed properties/ownership			
Housing Rehab Program/ownership	0	5	5
Accessory apartments	0	4	4
<i>Subtotal</i>	<i>47</i>	<i>14</i>	<i>61</i>
Total	215	81	296

* Includes attainable and market units.

VI. HOUSING STRATEGIES

The strategies outlined below are based on a wide variety of sources and grouped according to the type of action proposed and priority. They also reflect state requirements that ask communities to address all the following major categories of strategies to the greatest extent applicable:⁴⁸

- *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;*
 - Better promote village development (see strategy VI.C.2)
- *Identification of specific sites for which the municipality will encourage the filing of comprehensive permit projects;*
 - Continue to make suitable public property available for affordable housing (strategy VI.A.1)
 - Better promote village development (strategy VI.C.2)
 - Partner with developers on privately-owned property (strategy VI.A.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 (strategy VI.C.3)
 - Adopt inclusionary zoning (strategy VI.C.4)
 - Explore a Starter Home Zoning District under Chapter 40Y (strategy VI.C.5)
 - Adopt an Affordable Housing Property Tax Exemption to promote year-round rentals (strategy VI.C.1)
 - Integrate affordable housing in the Open Space Residential By-law (strategy VI.C.6)
 - As indicated in strategy VI.A.2, the Town should continue to work with developers to create affordable and attainable 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 property available for affordable housing (strategy VI.A.1)
- *Participation in regional collaborations addressing housing development*
 - Participate in Barnstable County HOME Consortium, Cape Housing Institute and other regional housing and planning entities.
 - Promote housing services for residents including homebuyer counseling and other homebuyer services (strategies VI.B.2)

⁴⁸ Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

- Allow housing for seasonal workers under property controls (strategy VI.C.8)

It will be important to also ensure that affordable units produced through this Plan get counted, to the greatest extent possible, as part of the Subsidized Housing Inventory (SHI), applied through the Local Initiative Program (LIP) administered by the state's Executive Office of Housing and Livable Communities (EOHLC) 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.

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 housing marketing and lottery plan approved by EOHLC;
- 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 EOHLC.

Once again, it should be noted that a major goal of this Plan is not only to strive to meet the state's 10% goal under Chapter 40B, but to also serve local needs and there are instances where housing initiatives will be promoted that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory (examples potentially include the promotion of ADUs or housing for those earning between 80% and 120%+ of area median income or mixed-income housing that includes what can be referred to as "attainable housing", "community housing" or "workforce housing" units).

It is important to note that Harwich has made some recent progress in the implementation of its previous HPP including:

- *Provided Funding*
The Community Preservation Committee (CPC) allocated funds to the Harwich Affordable Housing Trust for community housing projects and for the Community Development Partnership (CDP) to support the Lower Cape Housing Institute.
- *Amended the Accessory Apartment Bylaw*
The Planning Board amended the Accessory Apartment Bylaw at the 2023 Annual Town Meeting. Amendments included changing the permitting from a special permit to a by-right permit, which removes some regulatory barriers and streamlines the application and approval process for this important housing type.

- *Hired a Housing Advocate*
Harwich added a full-time Housing Advocate position in December 2022, who is available for to support the implementation of the Town's housing agenda. The Housing Advocate has helped the Town make progress on community outreach and education, on housing assistance funding programs (rental and homeownership), and accessory apartment permitting.
- *Established the HAHT*
As recommended in the previous HPP, the Harwich Affordable Housing Trust (HAHT) was established in 2019 by Town Meeting under MGL Chapter 44, Section 55C. In 2023, HAHT prepared a Strategic Plan for FY2024-2028, which detailed the charge and purpose of the Trust and established its priorities over the next five years. The Trust is currently working on the development of the Town-owned property at 456 Queen Anne Road and issued a Request for Proposals (RFP) to select a developer to design, construct, operate, and manage affordable rental housing of no more than 90 bedrooms on six acres. Proposals are due by June 5, 2024. The RFP indicates that all the units must be affordable to households with incomes at or below 100% AMI, with incomes ranging from 30% to 100% AMI and an average of no more than 80% AMI. In addition, some local leaders are exploring a home rule petition that was approved by the Town of Orleans to enable their Affordable Housing Trust to create or preserve "attainable housing" for households with incomes up to 200% of area median income.
- *Supported First-time Homeownership on Murray Lane*
The HAHT and the CPC allocated funds to Habitat for Humanity of Cape Cod in support of the creation of six affordable homes on Murray Lane. These units are included in the Subsidized Housing Inventory and help the Town meet the 10% affordability requirement stipulated under MGL Chapter 40B.
- *Establishment of the Affordable Housing Stabilization Fund*
Harwich has established the Harwich Affordable 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. It should also be noted that the Town has created an Affordable Housing Stabilization Fund to receive 25% of the revenues from the rooms/short term rental tax. When created, it was estimated that this fund would initially receive \$500,000. As the tax increase would go into effect with the FY24 year, the Town should see what the actual income is quite soon.

The strategies outlined below are based on the following sources:

- Previous studies and reports including the 2010 and 2016 Housing Production Plans.
- The vision statement and growth policy that were developed as part of updating the Local Comprehensive Plan (LCP) as well as housing goals included in Section II.C.
- The Housing Needs Assessment included in Section III.
- Interviews with local and regional leaders and housing stakeholders.
- Postcards issued by the Local Planning Committee (LPC) in 2023 to obtain early input on key local concerns.
- The Community Housing Survey issued during the summer of 2023.
- The Strategic Plan prepared by the HAHT.
- Affordable housing activities to date.

- Guidance from the LPC in meetings and written comments.
- Presentations of the Housing Needs Assessment to the HAHT, Planning Board and Select Board to address questions and comments regarding the HPP.
- The Visioning Workshops held on March 23rd and April 6th of 2024.
- The Housing Stakeholders meeting held on July 30, 2024 and public forum on October 22nd to obtain feedback on the draft HPP.

It will be important to establish and integrate greater financial capacity for the Town to meet housing needs. By building such local financial capacity, programs can be designed to address specific community needs that might not necessarily meet all requirements of state and federal programs.

- The experience of other comparable localities in the area and throughout the Commonwealth.

The strategies are categorized according to those that 1) will build the community's capacity to better promote or preserve affordable and attainable housing, 2) relate to amending local regulations to provide greater incentives and mandates for boosting housing diversity and affordability while preserving the important character of Harwich, 3) will directly produce affordable and attainable housing, and 4) help preserve existing housing and stabilize renters. Moreover, the strategies are prioritized in the order of

importance including those that will require immediate attention and implementation during the first two years of this Plan and those for Years 3 to 5. A summary of these actions is included in Table I-1.

It is important to note that these strategies are presented as a package for the Town to consider, further prioritize, and then process, each through the appropriate regulatory channels. Moreover, the proposed actions present opportunities to judiciously invest funding from the Affordable Housing Trust Fund or CPA to subsidize actual unit production (predevelopment funding and/or subsidies to fill the gap between total development costs and the affordable 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. Housing Production Strategies

Of utmost importance to this HPP are developments that will boost Harwich's supply of affordable and attainable units. The Town needs to move forward expeditiously towards a resolution of two key developments, 456 Queen Anne Road that is owned by the Harwich Affordable Housing Trust (HAHT) and Pine Oaks Village IV that represents another phase of Mid Cape Church Homes current projects. In combination, these developments could create another 100 affordable or attainable rental units in the short term, increasing the SHI considerably and offering safe harbor from inappropriate comprehensive permit projects for periods of time.

It will be essential for the Town to foster relationships with capable developers, both non-profit and for-profit, and secure sources of public and private financing to create new affordable and attainable units. 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

Timeframe: Years 1 to 2

Responsible Party: Select Board and HAHT

Background: The contribution or “bargain sale” of property owned by public entities 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-32 for specific projects included in the Subsidized Housing Inventory).

Of particular interest is the property located at 456 Queen Anne Road (south of Bassett Lane and identified as Assessor’s Map 70-E2 & E3). The Harwich Affordable Housing Trust issued a Request for Proposals (RFP) to select a developer to design, construct, operate, and manage affordable rental housing of no more than 90 bedrooms on six acres of property owned by the Harwich Affordable Housing Trust. Proposals are due by June 5, 2024. Moreover, the Town issued a Request for Proposals (RFP) to restore the community’s first fire station on Bank Street. The selected developer is in the process of renovating the front of the building, maintaining its historic features, and developing two affordable units on the second floor that will be eligible for inclusion in the SHI. The Town has also conveyed the West Harwich Schoolhouse to a local developer for its conversion to 10 rental units, three of which will be affordable, but all units will be eligible for inclusion in the SHI.

Recommendations: The HAHT should continue to move forward on the development of 456 Queen Anne Road. This project will provide much-needed year-round rental housing for a wide range of income levels, including both affordable and attainable units. The RFP specifies that all the units must be affordable to households with incomes at or below 100% AMI, with incomes ranging from 30% AMI to 100% AMI and an average of no more than 80% AMI. The project will also enable the Town to become certified under Housing Production Program requirements, also commonly referred to as achieving safe harbor, as the project will likely involve more than one-half percent of Harwich’s year-round housing stock.

The HAHT should continue to identify and pursue surplus municipal property for the development of affordable housing and planning should include the following considerations:

- *Providing housing that includes affordable and attainable units does not have to be mutually exclusive in new development but can accommodate several income tiers.* This is particularly the case in developments that include more than a few units.
 - Rentals -- Where possible, the development of Town-owned property for rentals should include different income tiers, like the proposed 456 Queen Anne Road project. Based on cost burdens, the highest need is for those with incomes of less than 80% AMI, but the inclusion of attainable housing not only makes the development more financially feasible but also provides rental housing for those with incomes above the 80% AMI limits who are still shut out of the private housing market. Rental development has the advantage of more financing options including Low Income Housing Tax Credits and Section 8 Project-based assistance that enable development projects to accommodate households with incomes at or below 60% AMI and even as low as 30% AMI, among the most vulnerable residents in the community. Even if there are higher income tiers, if the project is permitted through LIP, all units will count as part of the SHI.

- Ownership – New ownership development can also accommodate several income tiers.



Jenney Way Site Plan

cottages or bungalows that are clustered around a community green space. This housing type, which typically targets empty nesters, single professionals, and young couples, is a way of developing smaller units on smaller lots. Such development provides opportunities for the ownership or even rental of small, detached dwellings within or on the fringe of existing neighborhoods, often enhancing affordability while simultaneously encouraging the creation of more usable open space for the residents through flexibility in density.

This approach was used in the pocket neighborhoods of Jenney's Way and Eliakim's Way in Edgartown on Martha's Vineyard. For example, the Jenney Way project involved the construction of nine bungalows with income targets of 80%, 100%, 120% and 140% AMI. The project was developed by a partnership of the Island Housing Trust and South Mountain Company. It was nestled into an existing neighborhood with a density of 3.5 units per acre. See site plan and photo. All units were deed restricted.



period may be called for if more than a specified amount of subsidy from various sources is invested in the attainable units.

Only those units that are targeted to the at or below 80% AMI level will count as part of the SHI. The Town will need to determine as a policy or on a project-by-project basis the level of affordability that should be maintained for those attainable units that are over the 80% AMI limits, whether in perpetuity or, as suggested during a Select Board meeting, for a shorter period. The level and type of subsidy should have some bearing on this issue. For example, the Community Preservation Committee may prefer perpetuity for units in the over 80% to 100% AMI range that include CPA funds. Additionally, a longer affordability

- *Smaller-scale development*

For the development of a single unit or several units, typically in converting existing units to affordable or attainable ones or building new housing on infill sites, it may make sense to consider the following target populations:

- Rentals – Target rental units to those with incomes at or below 80% AMI. Such projects could include group homes for special needs populations and specific rental conversion efforts. For example, the Town of Yarmouth is partnering with a local non-profit organization, Building Dreams, Inc., for the acquisition of existing, moderately-priced dwelling units for conversion into affordable rental units. Each unit is deed-restricted as affordable in perpetuity, rehabilitated, and managed by Building Dreams after conversion to affordability. Building Dreams has completed almost 20 of these units. The program is poised to expand with the development of a new partnership with a local property management company which is expanding into Yarmouth with the intent of adding affordable housing to its inventory of rental units.
- Ownership -- Focus first-time homeownership for a mix of affordable and attainable units for first-time homebuyers. For example, the assembly of several tax foreclosed properties in an RFP for first-time homeownership could include a mix of affordable and attainable or a focus on one or the other. Such smaller-scale projects could include homes that are built under Habitat for Humanity of Cape Cod for example.

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 while preserving open space,
- 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 or can take advantage of the Town's expanding sewer services,
- Buffer between adjacent properties, and
- Located along a major road.

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

Following the necessary approvals for the conveyance of Town-owned properties, the Town's Chief Procurement Officer, Housing Advocate, or a consultant should work with the HAHT to 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. The recent RFP

for the development of 456 Queen Anne Road was prepared with assistance from the Massachusetts Housing Partnership (MH).

Projects may likely 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 EOHLC’s Local Initiative Program (LIP). In fact, the Chapter 40B has been used in the past in the development of 53% of SHI units.

Projected # Affordable Units Produced: 58 units (see Table V-1)

2. Partner with Developers on Privately-owned Properties

Timeframe: Years 1 to 2

Responsible Parties: Select Board, Housing Trust, Planning Board, and ZBA

Background: With existing bylaws, recommended zoning changes (see Section VI.B), the Town will need to work with developers, both for-profit and non-profit, to guide new development to appropriate locations that incorporates affordable and attainable units. The Town of Harwich is fortunate to have working relationships with housing entities including the Community Development Partnership (CDP), Housing Assistance Corporation (HAC), Harwich Ecumenical Council for Housing (HECH), Mid Cape Church Homes, and Habitat for Humanity of Cape Cod. Moreover, it has worked with private developers on new development as well.

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

- Mixed-use development in appropriate locations,
- Redevelopment of nonresidential properties into residential use,
- Smaller infill housing in existing neighborhoods including cottage-style pocket neighborhoods or starter homes, and
- Cluster development that requires the preservation of open space.

As reported by the Lincoln Institute of Land Policy, “Urban planners and public officials are focused on developing housing types that restore the “missing middle” – row houses, duplexes, apartment courts, and other small to midsize housing designed at a scale and density compatible with single-family residential neighborhoods.” The “missing middle” concept grew out of the New Urbanism movement “to inject more moderately-priced housing into residential neighborhoods, from shrinking or subdividing lots to adding accessory dwelling units (ADUs), to expanding legal occupancy in homes.”⁴⁹ It suggests housing types that “typically have small to medium-size footprints with a body width, depth, and height no larger than a single-family home. They can blend into a neighborhood as compatible infill, encouraging a mix of socioeconomic households and making more effective use of transit and services.”⁵⁰

⁴⁹ McCormick, Kathleen, “Gentle Infill,” *Land Lines*, Lincoln Institute for Land Policy, July 2016.

⁵⁰ Ibid.

Many of the housing types listed above can conform to this “missing middle” concept and respond to the community’s need for greater housing choice. This Housing Plan’s focus on attainable units in addition to affordable ones that are eligible for inclusion in the SHI represents the Town’s commitment to greater housing diversity.

Recommendations: The Town should continue to make efforts to work cooperatively with developers who propose new residential developments, trying to provide important input into preliminary plans. Updating local housing guidelines (see strategy VI.B.5) will give developers better information on local housing needs and preferences. To further guide development, the Town should identify the HAHT or Housing Committee as the municipal entity to oversee this preliminary review of early.

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 53% of the SHI units produced as noted in Table III-32. 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.

Projected # Affordable Units Produced: 157 units (see Table V-1)

B. Governance Strategies

Specific actions to help build local capacity to better promote affordable and attainable housing 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. Capitalize the Harwich Affordable Housing Trust (HAHT)

Timeframe: Year 1 to 2

Responsible Parties: Select Board, Community Preservation Committee, and Housing Trust

Background: The Town of Harwich has been particularly creative and generous in supporting housing activities, creating a 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 Town committed special resources towards the Fund including cell tower lease payments and the sale of Town-owned property that while assessed at \$250,000 was sold for \$1.6 million.

On June 7, 2005, the Municipal Affordable Housing Trust Fund Act was enacted as MGL Chapter 44, Section 55C which simplified the process of establishing housing funds that are dedicated to supporting affordable housing. In 2019, Harwich Town Meeting approved the establishment of the Harwich Affordable Housing Trust (HAHT). The Trust's mission is to provide for the preservation and creation of affordable housing in the Town of Harwich for the benefit of low-and-moderate-income households as

defined by the Executive Office of Housing and Livable Communities (EOHLC). To expand the Trust's mission, there has been some support for obtaining Town Meeting approval for a home rule petition to the state legislature that would enable HAHT to create or preserve "attainable housing" for households with incomes up to 200% of area median income, modeled after the warrant article that was approved in Orleans.

The Town continues to commit funds to the HAHT including CPA funding as well as some tax revenue from Short Term Rentals. HAHT has a current balance of about \$1.4 million, however, the implementation of its Strategic Plan FY24-FY28, this HPP, and an updated LCP provide an ambitious agenda of housing activities that will require substantial resources.

Recommendations: The Town should find ways to not only increase local funding for affordable housing initiatives, but to also leverage other resources and expand the types of funding that can be dedicated to such efforts. Having funding on hand can enable the Housing Trust to respond quickly to housing opportunities as they arise.

The following options might be explored for tapping into additional funding streams, some of which could potentially be adopted in concert with neighboring communities:

- Commit a *larger share of CPA funding for affordable housing*. Between 2004 and 2023, the Town allocated \$5,442,461 in CPA funding towards housing activities, representing 15.3% of the total \$35,560,985 funding available during this period.⁵¹ A summary of CPA funding over these years is included in Appendix 4.

The state recently announced a \$97 million housing grant program, referred to as "HousingWorks" that combines several existing grant programs like Housing Choice and payments under Chapter 40R. It also adds new funding to provide direct subsidies for affordable housing production, incentive payments to municipalities that meet zoning best practices, and funds for infrastructure and planning work to support housing development. Moreover, the state recently passed a \$5 billion Housing Bond Bill as part of the Affordable Homes Act to invest in a wide range of housing-related initiatives.

- Support state legislation or a home rule petition for *transfer tax or impact fees* on high-value home sales to help capitalize the Affordable Housing Trust Fund. The recently-adopted Affordable Homes Act, as part of the state Housing Bond Bill, initially proposed that Massachusetts cities and towns be able to impose a transfer fee of no less than 0.5% and up to 2.0% on the portion of the sales proceeds over \$1 million or the county median sales price, whichever is greater. The fee would be paid by the seller to be invested in local affordable housing production. While this provision was not included in the finally adopted Act, the Town could still pursue such a transfer tax through a home rule petition.
- Obtain *funding contributions from area institutions and major employers* that have a vested interest in supporting the community's housing situation. Partnerships through these institutions and other local businesses might not only result in new funding contributions, but also help produce new housing units for their employees.

⁵¹ A total of \$117,798 of the housing allocation was rescinded or returned.

- Use *regional appropriations of CPA funding* based on the premise that housing that is developed in one community is likely to benefit residents of other nearby communities. Examples of this approach is the development of the Cape Cod Village project in Orleans that created housing for autistic adults. Other Cape communities also provided funding support for the Forward project in Dennis for special needs housing.
- *Adopt inclusionary zoning* that could provide a fee in lieu of creating actual units that would be directed to the Housing Trust Fund (see strategy VI.B.2 for details).
- Provide information to owners on the *potential tax advantages* of donating property or selling property at a discounted price for charitable purposes. The Town, through the Housing Committee, conducted some outreach to residents in the past to 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 been adopted by the Massachusetts Legislation in the form of a state tax credit for the donation of property at below fair market value.
- *Hold special fundraising events or an annual appeal* as a means of raising additional funds. “Affordable” or “attainable” housing may have a special appeal given the reliance that residents have on local services provided by a workforce that confronts increasing challenges affording to live in or near Harwich.

The recently adopted Affordable Homes Act recognizes the unique housing challenges experienced by municipalities with significant seasonal economies and thriving vacation home markets. The designation will apply to Cape Cod towns with at least 35% of their housing units owned as second homes, such as Harwich, and will provide several tools, including:

- The opportunity to establish a year-round housing trust fund to provide for the creation and preservation of affordable and attainable housing for the benefit of year-round residents.
- Year-round housing occupancy restrictions to build middle-income year-round housing.
- Funds to acquire and develop housing units specifically intended for public employees.
- Increased residential property tax exemption for the primary homes of year-round residents.

2. Conduct Ongoing Community Education

Timeframe: Years 1 to 2

Responsible Parties: Housing Trust and Housing Committee as well as sponsors of Affordable Housing Related Initiatives

Background: 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 creating greater diversity and affordability in the housing. Such outreach can help “put a face” on who will benefit from new affordable or attainable units, potentially making new development more amenable to the community. Moreover, these outreach efforts are mutually beneficial as they provide useful information to community residents and important feedback to local leaders on resident concerns and suggestions.

As recommended in previous Housing Production Plans, the Town hired a staff person to support the implementation of its housing agenda including the implementation of this HPP. The focus has been on helping the Town maintain its current inventory of affordable housing units, create new programs, as well as educate the community about the need for more affordable and attainable housing. Examples of specific activities have included the organization of a Housing Resource Fair as well as a First Time Homebuyer Workshop and work with local housing groups and non-profits on tasks such as the resale of deed restricted homes. The Housing Advocate is currently working on an expanded housing website.

Recommendations: The presentation of this Housing Production Plan, the update of the LCP, and preparation of the Housing Trust's Strategic Plan have offered additional opportunities to bring attention to the issue of housing that can help attract community support for 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 or attainable housing opportunities and available programs and services to those who may qualify.

The work that is being done by the Housing Advocate should continue, and other additional community education opportunities should be pursued such as:

- Completing work on an expanded housing website.
- Conducting special forums on all new housing initiatives.
- Continuing participation in regional networks including the Cape Housing Institute.
- Tapping into social media to attract attention and disseminate important information to residents, particularly younger residents.
- Organizing housing summits, potentially with other communities, to discuss important housing issues and opportunities to work cooperatively.
- Disseminating information on existing programs and services including those that are administered locally, regionally, or by the state or federal governments.
- Making enhanced use of public access television.
- Providing educational opportunities for board and committee members, as well as professional staff.

3. *Better Define Local Housing Responsibilities*

Timeframe: Years 1 to 2

Responsible Party: Select Board, Housing Trust and Housing Committee

Background: There are several Town boards and committees that have some designated responsibilities related to housing, including affordable housing, such as the Select Board, Community Preservation Committee, Planning Board, and Zoning Board of Appeals. The purposes of the Harwich Housing Committee and Harwich Affordable Housing Trust are summarized below. It should be mentioned that the Harwich Housing Authority is also an important entity, but it is not a municipal agency but rather connected to the state.

- *Harwich Housing Committee*
The Harwich Housing Committee was established by the Select Board 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

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

The Housing Committee had been inactive for a period of years but has been reactivated.

- *Harwich Affordable Housing Trust (HAHT)*

As noted above, the HAHT's mission is to provide for the preservation and creation of affordable housing in the Town of Harwich for the benefit of low-and-moderate-income households as defined by the Executive Office of Housing and Livable Communities (EOHLC). HAHT's recently-completed Strategic Plan indicates that it not only aims to initiate housing development projects directly and fund projects from third parties, but operationally to do the following:

- Work to ensure a consistent and robust funding stream to support the Trust's initiatives, including an equitable annual allocation of Harwich's Community Preservation Act (CPA) funds.
- Work with the Harwich Housing Committee to regularly provide information to community members about affordable housing needs and opportunities and to complete an updated Housing Production Plan with a substantial public engagement component by the end of FY2024.
- Advocate for planning, zoning changes, and tax policies to increase production and preservation of affordable housing and promote creativity in addressing Harwich's housing needs.
- Commit to strong communication and collaboration between the Trust, the Harwich community (including Town officials and other local boards and commissions), Barnstable County and state partners, and local conservation organizations.

The Housing Committee and HAHT have been in regular communication, which is commendable and important.

Recommendations: Given that the missions of both entities appear somewhat overlapping, further discussion on better defining the respective roles and responsibilities of the Housing Committee and HAHT is warranted. The division of local responsibilities for housing with a Housing Partnership/Committee accountable for strategic planning and advocacy plus a Housing Trust focused on fiscal management of a Housing Trust Fund is not an unusual structure for coordinating local housing activities. However, many communities have decided to maintain a single housing entity to oversee housing-related projects and issues, including the implementation of a Housing Production Plan. Some

have found that it has been challenging to attract the necessary interest and expertise to two separate housing entities and have preferred to concentrate on developing the appropriate capacity on a single board, typically a Housing Trust that brings with it the advantage of additional statutory powers under Chapter 44, Section 55C. Other anticipated outcomes of a single entity include greater accountability and improved coordination of housing activities without the confusion of respective roles and responsibilities.

The Housing Advocate is working on an expanded housing website, and so the timing is good to better differentiate housing responsibilities. Moreover, some discussion may be warranted about eventually folding the Housing Committee and its responsibilities into an expanded Housing Trust that becomes responsible for the oversight of affordable and attainable housing activities in Harwich. The turnover of key committee members in the future may present a compelling rationale to explore such a consolidation of entities.

4. Monitor Subsidized Housing Inventory (SHI)

Timeframe: Years 1 to 2

Responsible Party: Housing Committee

Background: 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 loan 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 according to the state report, however, Phase I has a long-term Section 8 contract in place and is not at risk of losing its affordability any time soon. Given plans for Pine Oaks Village IV, this issue should be a greater motivation to resolve this issue.

It is important to ensure 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 mission-driven, non-profit entities, it is likely that they will want to extend affordability when the time comes.

Recommendations: 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 EOHLC 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 40T⁵² has provided a good mechanism for refinancing many of these projects.

C. Regulatory Strategies

Housing production is contingent not only on actual development projects but on the regulatory framework that guides such development. To most effectively and efficiently execute the strategies included in this Plan and meet production goals, greater flexibility and more incentives will be needed in the Town’s Zoning By-law, and new tools will be required to promote more affordable and attainable units in specific “smarter” locations.

It should be noted that Harwich’s Zoning By-law includes some important provisions that support smart growth principles including a by-right ADU by-law and zoning to promote mixed-use development in Harwich Port and Harwich Center for example.

The Zoning By-law includes a minimum lot requirement of at least 40,000 square feet in most areas of town 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 or attainable 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 unit production and should be revisited and revised as necessary (see Section IV.B).

This HPP recommends new zoning to increase density in appropriate locations, to mandate and incentivize the inclusion of affordable and attainable units, and to provide guidelines in support of new development and redevelopment activities. The Planning Board, with oversight from the Select Board,

⁵² 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 EOHLC the right of first refusal when a building with affordable units comes up for sale. EOHLC 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.

should explore density levels, ceilings on initial housing prices, locations, use of municipal sewer, environmental constraints, and other factors to guide new development, incorporating affordability mandates and incentives (e.g., density bonuses). As such, the Town of Harwich should consider the following regulatory strategies as tools that the Town will have available to promote and control new housing opportunities, each applied to particular circumstances and providing a powerful group of resources when available in combination.

1. **Adopt Affordable Housing Property Tax Exemption**

Timeframe: Years 1 to 2
Responsible Party: Assessor

Background: The Town, through its Board of Assessors, has proposed an Affordable Housing Property Tax Exemption for owners of year-round rental units with tenants earning at or below 125% AMI and with affordable rents as follows:

Table VI-1: Tenant Income Limits. 2024

Number in Household	Income Limit
1 Person	\$107,363
2 Persons	\$122,700
3 Persons	\$138,038
4 Persons	\$153,375
5 Persons	\$177,915
6 Persons	\$202,455

Table VI-2: Tenant Rent Limits, 2024

Number of Bedrooms	Rent Limit
Efficiency/Studio	\$1,486
1 Bedroom	\$1,585
2 Bedrooms	\$2,082
3 Bedrooms	\$2,541
4 Bedrooms	\$2,897

Based on HUD Fair Market Rents (FMRs), 2024

The exemption is \$1,000 for units of 500 square feet or less and \$1,500 for larger units. Given the loss of rental owners over the past decade as well as the popularity of short-term rental platforms, this proposal is meant to provide an incentive for owners to rent their units on a year-round basis. The proposed exemption would be capped at 30 per year. To qualify owners for participation, the Assessor is requiring the following documents:

- Most recent Federal tax returns for all adults in occupancy
- 4 weeks of consecutive paystubs for all adults in occupancy
- Copy of the rental agreement/lease
- Proof of monthly rent payments

Recommendation: The Town should move forward in obtaining Town Meeting approval for this exemption. Approval from the Attorney General's Office will also be required prior to implementation.

The Town will need to find opportunities to spread the word on this new option for property owners. It will also have to update the income and rental information on an annual basis.

2. Better Promote Village Development

Timeframe: Years 1 to 2
Responsible Party: Planning Board

Background: 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 system, 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.

Recommendations: The Planning Board should consider modifying the Harwich Port and Harwich Center bylaws by including affordability requirements and extend adoption with other potential modifications to other villages. The integration of 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 limited sewer service significantly constrains density unless special treatment facilities are available. As the Town continues to implement the phases in its Comprehensive Wastewater Management Plan (CWMP), the addition of sewer services to its village centers will make denser mixed-use development more financially feasible, 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). Such guidelines could be part of an update of Local LIP Regulations and Procedures referenced in strategy VI.B.2.

Another consideration is to provide financial incentives. 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. The Town might consider changes to Program provisions and introduce it in Harwich Port on a pilot basis. If it proved helpful, some consideration and funding could allow for the expansion to other village areas as well.

3. Update Local LIP Regulations and Procedures

Timeframe: Years 1 to 2

Responsible Party: Select Board with support from the Planning Board, ZBA, Housing Trust and Housing Committee

Background: 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 Select Board as a “friendly 40B” project. LIP will be an important permitting tool for developments that include affordable housing, and Town guidance for developers on local housing priorities will be helpful in steering such development to appropriate locations as well as providing helpful information on preferred densities, unit mix, environmental constraints, the availability of infrastructure, procedural protocols, etc.

Recommendations: This LIP 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 Select Board to appoint an Ad Hoc Committee or Working Group, comprised of representatives from key Town boards and committees, 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, LCP, as well as changes in the state’s comprehensive permit regulations and guidelines. Moreover, while the document would focus on affordable units, some attention should also be given to providing guidance on the development of attainable units as well.

4. Adopt Inclusionary Zoning

Timeframe: Years 3 to 5

Responsible Party: Planning Board

Background: 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 more than half the 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.

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 by-laws include mandated percentages of units that must be affordable, typically 10% to 20%, and density bonuses⁵³. Some also allow the development of affordable units off-site and/or cash in-lieu of actual units

Recommendations: The Planning Board should explore inclusionary zoning models and prepare a zoning by-law that is best suited to promoting affordable and attainable housing in the community. The by-law, like all other new zoning, will require Town Meeting approval for adoption, however, changes to the state Zoning Act will enable the Planning Board and Town Meeting to approve the by-law by a simple majority. 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 Trust Fund.

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 bylaw that highlights key local decisions and makes some commentary for consideration throughout (www.mass.gov/envir/smart_growth_toolkit/pages/SG-bylaws.html). The Citizen Planner Training Collaborative website has a model bylaw with commentary as well (www.umass.edu/masscptc/examplebylaws.html).

The Town of Eastham recently adopted an inclusionary zoning bylaw under Section 7.7 of its Zoning By-law that might be useful to review as it not only focuses on creating units for households with incomes at or below 80% AMI but also requires workforce housing units for households with incomes above 80% AMI and up to 120% AMI. At least 50% of the units must be affordable at or below the 80% AMI limits with the remaining number of required units as workforce units. Permitting is by special permit of the Planning Board with the required number of affordable/workforce units based on a percentage of the total number of proposed units ranging from a low of 13% or 1 unit for a project with eight units to a high of 24% or 4 units for a project with 17 units.

The Town should consider the following components when preparing an inclusionary zoning bylaw:

- *Payments In-lieu of Affordable Units*
While the production of actual affordable units is always preferable, the by-law should include a formula for the payment in-lieu of actual units that can be deposited into the HAHT's fund and adequately cover the costs of producing a comparable number of affordable units through another initiative(s). It will be essential that the formula for calculating the cash-out fee provide sufficient proceeds to fully subsidize the required number of affordable units despite changes in market conditions and to ensure that the funding will be dedicated to supporting affordable housing. The payment should be tied in some way to the value of the affordable unit. From a theoretical standpoint that value is commonly considered to be the difference between a unit's market-rate price and the affordable one. This means that the value of the fee relates to the losses the developer would suffer by building affordable units. Stronger fees typically match the value of the affordable unit not built, allowing the fee to subsidize the same number of units in a separate project.

⁵³ Density bonuses allow increased densities beyond what is allowed under the Zoning By-law.

A simple formula, adopted by Eastham for example, would be the difference between the market sales price and the affordable one with the affordability based on the state's formula for calculating the purchase price through the Local Initiative Program (LIP). The per unit fee would be multiplied by the number of affordable units required under the permitting taking different prices due to number of bedrooms into consideration.

Another approach is adopting the fee calculation included in Watertown's inclusionary zoning bylaw in which the cash payment is equal to the most current Total Development Costs (TDC) as articulated in the MA Executive Office of Housing and Livable Communities' Qualified Allocation Plan (QAP) for projects using the Low-Income Housing Tax Credit. These costs are determined by whether the units are part of a production or preservation project, are outside or within the Metro Boston area, and by the type of housing to be built. For example, a production project with small units in a suburban/rural area outside the Metro Boston area would have a Total Development Cost cap of \$279,000, while a project with large units would have a cap of \$319,000 based on the 2022-2023 QAP.

Another example is Littleton's that calls for a payment in-lieu that is two times the HUD income limits for a household of four at 80% AMI.

- *Incorporate Density/Intensity Bonuses*

Incorporating density bonuses into the by-law will contribute to the financial feasibility of the affordable units and provide an important incentive for its use. Density bonuses allow the maximum density in a development to be increased above what would typically be allowed given the inclusion of specified public benefits, especially affordable housing.

Requirements regarding density bonuses range considerably. Marshfield, which has voluntary as opposed to mandatory provisions, specifies that the density bonus units must be equal to the number of As of Right (AOR) units multiplied by 25% and rounded up to the next even number divided by two (2).⁵⁴ The City of Melrose allows the developer to build another market unit for every affordable one regardless of minimum lot area or parking requirements for the additional unit or units, although at least 1.5 parking spaces are required per unit. Barnstable waives density requirements and allows reduced minimum lots sizes for projects that are 100% affordable.

While most communities with inclusionary zoning provide density bonuses, it may be useful to consider some intensity bonuses as well such as a reduction in minimum lot sizes (Marshfield, for example, allows a 25% reduction) or parking that also translates into lower development costs by reducing road construction, infrastructure installation, and site preparation costs. FAR bonuses have also been used such that, for example, the FAR allowed in the particular zoning district for residential uses can be increased by 30% where at least 50% of the additional FAR is allocated to the affordable units. In a mixed-use development, the increased FAR may be

⁵⁴ For example, a 9-unit AOR development will result in nine AOR units plus 4 units (.25 x 9 = 2.25 units rounded up to 4 units with 2 affordable units and 2 density bonus units or 13 units in total. A 31-unit AOR development would result in 31 AOR unit plus 8 units (.25 x 31 = 7.5 units rounded up to 8 units, 4 affordable and 4 density bonus units) or 39 units.

applied to the entire lot, however, any resulting gross floor area increase should apply only to the residential use.⁵⁵

The state's Smart Growth Toolkit proposes a baseline density bonus of two additional market units for each affordable one to sufficiently cover the costs of producing the affordable unit. The Toolkit also proposes that the minimum lot area per unit normally allowed in the district be reduced by the amount that is necessary to permit the inclusion of two additional market units on the lot for each one required affordable unit. Moreover, the zoning could add a voluntary inclusionary zoning bonus for affordable units produced beyond the required number, extending the density bonus of two market units for each additional affordable unit up to a maximum number of project units. Typically, a 50% net increase over the original property yield before any density bonuses were applied is recommended.

- *Off-site Units*

Provisions for the developer to build affordable units at an off-site location might also be considered but should be limited to extenuating circumstances only. Requirements should make every effort to ensure that any off-site units are comparable to on-site ones.

It will be important to ensure that all affordable units produced through the bylaw get counted as part of the SHI, applied through the Local Initiative Program (LIP) administered by EOHLC if another housing subsidy is not used. The major tasks for making sure that the affordable units, now referred to as Local Action Units (LAUs), meet the requirements of Chapter 40B are summarized in the introduction to this section and Appendix 2. The Housing Advocate can be helpful in staffing this work.

5. **Consider Adopting a Starter Home Zoning District Under Chapter 40Y**

Timeframe: Years 3 to 5

Responsible Party: Planning Board

Background: The State Legislature adopted M.G.L. Chapter 40Y that enables municipalities to establish a starter home zoning district ordinance or by-law, obtaining a preliminary determination of eligibility from EOHLC prior to adopting the new zoning as well as final approval following local adoption. Communities that adopt a starter home district are entitled to a one-time incentive payment upon EOHLC's final approval as shown in Table VI-3 (based on Chapter 40R Smart Growth Overlay District amounts) as well as a production bonus payment of \$3,000 for each starter home that is created in the district.

Table VI-3: Chapter 40Y/40R Incentive Payments

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

The minimum requirements for determining compliance include:

⁵⁵ Floor Area Ratio (FAR) is the floor area divided by the lot area.

- Units permitted as of right at a density of at least 4 units per acre of developable land area.
- Accessory Dwelling Units (ADUs) are allowed in the district of not more than 600 square feet on the same lot as the starter home.
- Accessory commercial or other non-residential uses may be allowed in the district with the approval of EOHLC.
- Sustainable development standards must be incorporated into the district.
- At least 50% of the homes, excluding ADUs, must contain no fewer than 3 bedrooms.
- For any district of more than 12 starter homes, at least 10% of the units must be affordable to households with incomes less than 110% of area median income.
- Units cannot be age restricted or include other occupancy restrictions.
- Site plan review is allowed subject to some limitations.

Recommendation: The Planning Board should further explore Chapter 40Y and consider adopting such zoning. It will be important to review alternative locations for the district and develop design standards for the new zoning. It will also be essential to work closely with EOHLC on the process of planning and permitting the new zoning.

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

Timeframe: Years 3 to 5
Responsible Party: Planning Board

Background: 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 while creating permanently restricted open space on the remainder. About 30 separate developments have used this by-law, with clusters of housing scattered throughout the community. Nevertheless, the by-law does not include any requirements or incentives for including affordable housing.

Recommendations: The Town should consider adding density bonuses for the integration of some amount of affordable or attainable housing 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 ensure 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) and the state's Smart Growth Toolkit (www.mass.gov/envir/smart_growth_toolkit/pages/SG-by-laws.html).

Moreover, there has been considerable support for clusters of smaller homes, what are sometimes referred to as cottages or bungalows, that can address community needs for starter homes or options

for downsizing. Models of such small developments include both rental and ownership and many include several income tiers. The development of this type of housing could be addressed in changes in the OSRD bylaw or through the “friendly 40B” process under the state’s Local Initiative Program (LIP).

7. Consider Short-term Rental (STR) Regulations

Timeframe: Years 3 to 5
Responsible Party: Planning Board

Background: At a Cape-wide Housing Summit sponsored by the Housing Assistance Corporation, a number of important housing issues were discussed including the impacts of Short Term Rentals (STRs) on the housing stock. While these temporary rentals, such as Airbnbs or VHBOs, offer income to property owners as well as new tax revenue to the Town, they are also eroding year-round rentals while driving up prices. The state’s registry of such units counted 1,098 such units in Harwich in April 2024.

This planning process has included significant efforts to obtain community input to better inform the Local Comprehensive Plan update and this HPP. Through the community survey and workshops for example, residents expressed a growing apprehension about the prevalence of Short Term Rentals and vacation homes. Several respondents indicated they would not like to see turnover in the housing stock go towards these purposes and would instead prefer these houses return to the market as long-term rentals or purchases to attract young families. The higher demand for Short Term Rentals further compounds the challenges of housing availability.

To regulate such units, Great Barrington voters approved a Short Term Rental bylaw that restricts rental days to 150 a year and a tax on the rentals that would be dedicated to addressing affordable housing needs. Toward the end of a more than four-hour annual town meeting in 2022, residents supported the Select Board’s version of Short Term Rental regulations 207-111 by secret ballot after voters spoke of other cities and towns whose character, they say, had been negatively impacted by visitors revolving through STRs. The article defined a Short Term Rental as, “The rental of a whole or a portion of a residential or secondary dwelling unit, in exchange for payment, as residential accommodations for not more than 30 consecutive days, excluding a hotel, motel, or lodging house or tourist home for transient guests as defined and permitted under the Zoning Bylaw.” Key provisions of the bylaw include:

- Requirements only reflect rentals of 30 days or less although unlimited days if the owner is on the premises, 150-day limit if owner is not on the premises.
- STRs can be the primary or secondary unit.
- Up to two bedrooms or an entire second unit on the property are allowed by right.
- Limit to only one STR.
- Registration required.
- STRs may be subject to inspection.
- No corporations are allowed to have an STR although LLCs are OK.
- Violations are subject to a civil penalty.

Recommendation: The Town of Harwich, through its Planning Board, may consider exploring a by-law for regulating STRs using the Great Barrington provisions as a starting point for consideration. This bylaw would become part of the Town’s General By-laws.

8. Allow Housing for Seasonal Workers Under Proper Controls

Timeframe: Years 3 to 5

Responsible Party: Planning Board

Background: Cape Cod has experienced summer labor shortages for decades. While in the past Cape communities typically relied on nonimmigrant foreign workers or college students from outside the area to fill these jobs, employment patterns have shifted, largely due to schools starting earlier and the high cost of living. Increasingly the Cape is becoming an unaffordable job market for students as high housing costs leave little opportunity for students to earn enough to make summer work here worthwhile.

Employers are therefore relying more on foreign workers. Nevertheless, caps on H-2B and J-1 visas that grant temporary work visas are also becoming more limited, and these workers must also find housing within their means. The rising costs of housing as well as tight zoning regulations that limit the number of occupants per unit and types of housing that can be built further exacerbate the jobs problem.

The Town is making some progress in this area. Owners of the Stone Horse Motel have approached the Town's Planning Board with a proposal to increase the number of rooms available from 20 to 82, also increasing parking from 20 to 30 spaces. This proposal reflects the increased demand for workforce housing. The units will be marketed during the off-peak season to local businesses, not for individual leases for residents.



Recommendations: With support from the Housing Committee and HAHT, the Planning Board should identify appropriate locations for the potential siting of seasonal housing units and necessary zoning changes to enable employers to build housing for seasonal workers. This includes provisions that allow dormitory-style housing or other suitable housing type in appropriate locations and under reasonable conditions. Opportunities such as the Stone Horse Motel proposal should be identified and supported.

It may make sense to obtain input from some of the larger employers of seasonal workers to better understand their needs and obtain their recommendations for how the Town can be helpful in supporting new seasonal worker housing. Harwich might also consider working with other Cape communities in financing such housing as well.

D. Housing Preservation and Direct 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. Establish Housing Preservation Initiatives

Priority: Years 1 to 2

Responsible Parties : Select Board with support from the Housing Trust and Housing Committee

Background: As noted earlier, about 61% 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 aging system and structural problems. 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.

In the past, Harwich was part of a Housing Rehabilitation Loan Program to help qualifying homeowners make necessary repairs. The Program was awarded Community Development Block Grant (CDBG) funding from the state and was administered by the Community Development Partnership.

It should be noted that CPA funds are not eligible for supporting housing improvements unless the property was acquired or built with CPA funding. Consequently, other sources of funds must be accessed although this is less challenging in Harwich given the cell tower lease proceeds and STR revenues that are available through the HAHT.

Recommendations: As identified as part of housing priorities in this Plan's Housing Needs Assessment, housing preservation is particularly important given the age of Harwich's housing stock. This HPP also identifies a considerable number of homeowners with lower incomes and high-cost burdens who must struggle to finance home improvements, including critical health and safety repairs. Such homeowners would likely benefit from programs that would help them make such improvements including the following:

- *Community Development Block Grant (CDBG)*
The state administers Community Development Block Grant (CDBG) funding on behalf of the federal government to support Housing Rehabilitation Programs and other activities across the state. Such Rehab Programs provide important support in making much needed repairs to homes occupied by low- or moderate-income owner-occupants earning at or below 80% AMI or investor-owners and non-profit organizations that rent to such households. Program assistance is typically offered at a 0% interest rate with loan conditions dependent on income and ownership status. Loans typically involve a 15-year term, after which the deed restriction expires and the loan is forgiven. CDP is still administering this program for a number of Cape communities.

- *Small Repair Grant Program*

Many communities have introduced grant programs to help qualifying homeowners make important health and safety improvements to their homes. Most programs provide grants of up to \$5,000 for such repairs. Because the use of CPA funding for home improvements or housing rehab is limited to projects that were acquired and/or built with CPA funding, programs must rely on other sources of funding. For example, Sudbury's program is funded through the marketing/lottery fees of its Housing Trust, Norwell's program involves sale proceeds from an affordable unit as part of a local development, and Needham received funding from the Town's general budget. Such programs are relatively easy to administer.

- *ADU Loan Program*

Another consideration is to introduce a program to help owners create accessory apartments, also known as Accessory Dwelling Units (ADUs). The Wellfleet Affordable Housing Trust (WAHT) has set aside funding to provide \$10,000 incentives in the form of deferred forgivable loans to participating homeowners. To qualify homeowners must provide proof that the ADU is rented at an affordable rent based on HUD Fair Market Rents (FMRs) to low- and moderate-income tenants. The loan is in the form of a 5-year deferred, no interest, forgivable loan which is forgiven in whole increments of 1/5 per year as long as the property owner remains in compliance with program terms and conditions. WAHT has engaged the Community Development Partnership (CDP) to manage the program. Eastham is also exploring such a program and has set-aside \$100,000 in funding.

- *Second Story Program*

As noted in strategy VI.B.3, the Town considered providing funding as an incentive for business owners in Harwich Port to create second story apartments above their businesses in 2009. 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. The Program could serve as a pilot initiative and, if effective, could be expanded to all business districts, tweaking requirements, funding, and zoning as appropriate.

The Town should also promote the following programs and resources towards improving Harwich's housing stock:

- *MassHousing Home Improvement Loan Program (HILP)*

The MassHousing 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. To apply for a loan, applicants must contact a participating lender.

- *Septic Repair Program*

MassHousing offers loans through the Septic Repair Program to repair or replace failed or inadequate septic systems for qualifying applicants of up to \$25,000. The interest rates vary according to the borrower's income with 0% loans available to households earning up to

\$68,000 and 3% loans for those earning up to \$127,700. To apply for a loan, applicants must contact a participating lender.

- *Home Modification Loan Program*
This state-funded program provides financial and technical assistance to those who require modifications to their homes to make them handicapped accessible.
- *U.S. Department of Agriculture (USDA) Loans*
The USDA's Office of Rural Development manages a Home Repair Program that provides grants and loans to very low-income homeowners with incomes at or below 50% AMI. Participants must be owner-occupants and demonstrate they have not been able to obtain affordable credit elsewhere. Grants are available for up to \$10,000 and are limited to health and safety hazards or home modifications for those who are 62 years of age or older or have a disability. Loans are provided for up to \$40,000 for work to repair or modernize homes as well as for the removal of health and safety problems.
- *Attorney General's Neighborhood Renewal Division Receivership Program*
This Program involves working with court-appointed receivers to remediate vacant, abandoned and/or foreclosed homes. Property receivership was authorized under MGL Chapter 11, Section 1271 to temporarily seize properties that are placed under a judicially supervised receiver, intervening when a property poses a health and safety hazard because it was abandoned or when tenants are at risk. The receiver has the power to collect rents, make repairs, and borrow money when necessary. The termination of a receivership is typically through a court-ordered foreclosure sale.
- *Massachusetts Community Climate Bank*
The Massachusetts Community Climate Bank was recently established as a new state resource for attracting private sector capital and federal funds available under the Inflation Reduction Act. The Bank will finance building retrofits aligned with the state's long-term climate objectives and new construction of decarbonized buildings. The Bank will focus on affordable housing where occupants typically bear a disproportionate burden in paying energy costs. It is anticipated that the Bank will support deep energy retrofits, help non-profit developers access capital that makes net-zero development possible, and support the rehab and retrofit of older affordable housing in need of repairs. MassHousing will administer the Bank.

Projected # Affordable Units Produced: 10 units included in Table V-1 but are not eligible for inclusion in the SHI.

2. *Expand the Rental Assistance Program*

Priority: Years 1 to 2

Responsible Parties : Housing Committee, Housing Trust, and Community Preservation Committee

Background: The Harwich Housing Authority (HHA) continues to manage the Rental Assistance Program that provides up to \$350 per month in assistance towards rent for up to three years for renters with incomes at or below 80% AMI. This Program was created to help tenants remain in their existing units given rising rents.

HHA recognizes that some of these renters benefit from case management assistance and has referred households to HECH for homelessness prevention counseling. There are typically about 20 families participating in the Program.

The Housing Advocate and HAHT have been working with the HHA to determine ways the program might be expanded and made more responsive to resident needs.

Recommendations: The Town, through the HAHT, Housing Committee, and Housing Advocate, should continue to explore approaches to improving the Rental Assistance Program with support from the HHA. Some suggestions for consideration include:

- Increase available funding, including the monthly maximum payment, and extend the time period allowed for participation.
- Formalize a case management component of the Program to further stabilize participating households.
- Consider a change in Program management such as HECH which has the sufficient organizational capacity or the Homeless Prevention Council that manages Rental Assistance Programs in six other communities including Truro, Eastham, Wellfleet, Dennis, and Provincetown, each with somewhat different program requirements.
- Review Program requirements in other communities and recommend a new framework for Harwich including specific Program provisions (e.g., eligibility requirements, maximum subsidy, term of participation), management entity, and administrative practices.
- Obtain funding through CPC (will require Town Meeting approval), HAHT Fund, or other identified source.

Projected # Affordable Units Produced: 20 additional units included in Table V-1 but are not eligible for inclusion in the SHI because subsidies are not permanent.

APPENDIX 1

Local and Regional Organizations

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 Affordable Housing Trust (HAHT)*

In May 2019, Town Meeting established the Harwich Affordable Housing Trust (HAHT) under Massachusetts General Laws Chapter 44, Section 55C to preserve and create affordable housing to serve the needs of low- and moderate-income households in Harwich. The Select Board appoints five members to the Trust, including at least one member of the Select Board and the Town Administrator or his/her designee. HAHT recently prepared a Strategic Plan for FY24-FY28 to guide its activities over the next five years.

Prior to the establishment of HAHT, the Town prepared a home rule petition to the state for official approval of a dedicate affordable housing 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. This Affordable Housing Fund authorized the Select Board 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.

2. *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). 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.

In addition to its property management functions, the Housing Authority administers 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. In the past, it had also overseen the Buy Down Program that subsidized first-time homeownership for qualifying households and properties, and the American Dream Program that brought on a private developer to build three homes on scattered Town-owned properties.

3. *Harwich Housing Committee*

The Harwich Housing Committee was established by the Select Board to promote diverse solutions to the acknowledged shortage of affordable housing and further the Town's goal of reaching the 10% affordability goal under Chapter 40B. The Select Board 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 Select Board on an annual basis that includes specific recommendations with a plan to address affordable housing needs.

4. *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 Select Board, 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 Select Board.

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 developments for seniors include 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 a lower price range.

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*

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 including addressing Cape Cod's needs in land use, transportation, economic development, GIS, natural resources, and more. (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, (3195, Main Street, Barnstable, MA 02630; 508-375-6600)

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 (LCCCCDC), was established in 1992 to promote affordable housing and economic development in the towns of the Lower Cape. 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.

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 six homes on Murray Lane. (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. They administer workshops and housing/foreclosure counseling for first-time homebuyers, rental assistance (including Section 8 housing), eviction prevention programs, and rehabilitation and foreclosure assistance. The agency also manages the Regional Housing Consumer Education Center (HCEC). Counselors work with community members about credit problems, personal budgeting, debt reduction, and home buying. (508) 771-5400 (460 West Main Street, Hyannis, MA 02601; 508/771-5400)

Other resources that could potentially be tapped to assist residents include:

- The Caleb Chase Fund Harwich supports residents in need of assistance with utility bills. (508) 430-7513
- Family Pantry Provides food and clothes to those in need. (508) 432-6519

- Cape Cod Times Needy Fund provides urgent financial assistance for basic human needs to individuals and families residing on Cape Cod, Martha's Vineyard and Nantucket who are experiencing temporary financial hardships. The money it raises helps local families and individuals pay for food, rent, mortgage payments, utility and heating bills, medical costs, and other basic expenses. Most of the money raised comes from Cape Cod individuals, families, businesses, clubs, civic organizations, schools, and churches. (508) 778-5661 or (800) 422-1446
- Salvation Army Good Neighbor Fund: (800) 334-3047; Hyannis (508) 775-0364
- Community Action Committee of Cape Cod & Islands (CACCI) helps residents with bills, debt, rent, and other costs. It administers several different programs that can provide people with assistance, and they also can refer people to other charities and organizations. They administer a federally-funded energy program, LIHEAP, to help qualified families pay for their home heating bills, air conditioning and cooling expenses, and any other energy costs. There also are weatherization, utility discounts and emergency furnace repair programs. Households receiving food stamps, MassHealth, SSI, fuel assistance or are in the school free lunch program automatically qualify. 115 Enterprise Road, Hyannis, MA 02601. (508) 771-1727
- Lower Cape Outreach Council provides financial assistance to qualified applicants for payments of essential household services including electricity, heat, rent/mortgage payments, insurance, medical and prescription drug expenses, transportation, and other expenses which can break an already stretched budget. This assistance is short-term in nature, designed to help people make ends meet until they can help themselves. 19 Brewster Cross Road, Orleans, MA 02653. (508) 240-0694
- Hands of Hope Outreach Center offers critical emergency assistance to low-income families in need in the mid-Cape area (Mashpee to Harwich), offering emergency food, financial assistance to prevent evictions and homelessness, emergency sheltering, assistance with utility and medical bills, clothing, and small household goods. (508) 432-1312
- Our Lady of the Cape St. Vincent de Paul is a local non-profit that provides members of the community with assistance paying utility and heating bills, money for housing expenses including rent and mortgages, medical charges, food, and other emergency needs such as car repairs. Brewster (508) 385-7582 or Orleans (508) 255-8080
- Cape Cod Catholic Charities Assistance Programs administers social services and emergency assistance for low-income and unemployed individuals. Housing resources include emergency rental assistance as well as tenant and foreclosure mediation. Other financial aid may be available. Case workers provide education and employment services for the Barnstable County region. Other resources include meals for seniors, childcare, and general counseling. (508) 771-6771
- The Homeless Prevention Council of Orleans is committed to keeping people in their homes and apartments, assisting those in need in finding and accessing available resources, including housing programs, mortgage assistance and funding at government, charities and other social service agencies. Counselors will also help individuals establish a budget, access healthcare and insurance, and advocate for individuals, including negotiation with landlords, mortgage servicers and banks for rent and mortgage adjustments, as necessary. (508) 255-9667
- Calvary Baptist Church offers an emergency food assistance program and kitchen that serves Barnstable County. (508) 775-7018
- Nauset Neighbors helps seniors stay in their homes and remain active in the community for as long as possible. Volunteers provide a caring service that makes it easy for seniors to get rides to appointments, expand their contacts with others, and get help with some of the complexity in their lives. (508) 514-7067

- St. David's Paper Pantry serves elders and low-income families who do not have the resources to purchase paper products such as toilet paper, paper towels, Depends, shampoo, soap, and other personal items. St. David's Paper Pantry in South Yarmouth is open one afternoon a month, the 3rd Wednesday of the month. (508) 394-4222
- Homelessness Crisis Hotline offers immediate local emergency housing, food, and transportation, serving individuals and families in the communities of Barnstable County who are homeless or at risk of homelessness. (888) 656-2233
- Veterans Crisis Hotline is available 24/7/365 to provide confidential counseling and referrals for Veterans and their families. This is part of an integrated national outreach effort to increase the awareness and use of the Veterans Crisis Line, providing suicide prevention support and promoting other help-seeking behaviors among Veterans at risk of suicide or with other mental health problems. (800) 273-8255
- Citizens Energy helps low-income households pay heating bills by giving vouchers for free heating oil or a gas bill credit. (877) 563-4645
- Good Neighbor Energy Fund offers short-term financial support for those in crisis who do not qualify for fuel assistance. The fund helps pay fuel and other energy bills. (800) 334-3047
- MassSave Energy savings program provides information about free home energy assessments, energy-saving products, as well as loans and rebates for energy-saving home improvements. (866) 527-7283

APPENDIX 2

Summary of Housing Regulations and Resources

I. Summary of Key Housing Regulations

A. 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 ensuring 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. EOHLC 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 (LAUs), 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 Rents⁵⁶

- Rents are calculated at what is affordable to a household earning 80% of area median income adjusted for family size, assuming they pay no more than 30% of their income on housing. Housing costs include rent and payments for heat, hot water, cooking fuel, and electric. If there is no municipal trash collection a trash removal allowance should be included. If utilities are separately metered and paid by the tenant, the LIP rent is reduced based on the area’s utility allowance. Indicate on the EOHLC application

⁵⁶ EOHLC has an electronic mechanism for calculating maximum sales prices on its website at www.mass.gov/EOHLC.

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 fees⁵⁷, private mortgage insurance (if putting less than 20% of purchase price down), and hazard insurance.
- The initial maximum sales price or rent is calculated as affordable to a household with a number of household members equal to the number of bedrooms plus one (for example a two-bedroom unit would be priced based on what a three-person household could afford).

Allowable Financing and Costs

- Allowable development costs include the “as is” value of the property based on existing zoning at the time of application for a project eligibility letter (initial application to EOHLC). 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 City Council/Select Board where the applicant for the LIP comprehensive permit submits satisfactory evidence of value.
- Profits are limited to no more than 20% of total allowable development costs in homeownership projects.
- In regard to rental developments, payment of fees and profits are limited to no more than 10% of total development costs net of profits and fees and any working capital or reserves intended for property operations. Beginning upon initial occupancy and then proceeding on an annual basis, annual dividend distributions will be limited to no more than 10% of the owner’s equity in the project. Owner’s equity is the difference between the appraised as-built value and the sum of any public equity and secured debt on the property.
- For LIP comprehensive permit projects, EOHLC 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 EOHLC has determined that the developer has appropriately complied with the profit limitations.
- No third-party mortgages are allowed for homeownership units.

⁵⁷ EOHLC 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. EOHLC 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.

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 EOHLC-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 EOHLC.
- 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, 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 EOHLC.
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 EOHLC through a recorded regulatory agreement.
4. Project sponsors must prepare and execute an Affirmative Fair Housing Marketing Plan that must be approved by EOHLC.
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 EOHLC with developer's input
2. EOHLC 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. EOHLC 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. EOHLC approval must include

- Marketing plan, lottery application, and lottery explanatory materials
- Regulatory agreement (EOHLC 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 EOHLC for the units to be counted as affordable. This application is on EOHLC's web site.

The contact person at EOHLC is Rieko Hayashi of the LIP staff (phone: 617-573-1309; fax: 617-573-1330; email: rieko.hayashi@state.ma.us).

B. 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 met⁵⁸:

- The community has met the statutory minimum 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.⁵⁹ 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 EOHLC 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 EOHLC in writing within 15 days of receipt of the ZBA notice. If the applicant appeals, EOHLC will review materials from the ZBA and applicant and issue a decision within 30days of

⁵⁸ Section 56.03 of the new Chapter 40B regulations.

⁵⁹ 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.

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 EOHLC's decision by filing an interlocutory appeal with the Housing appeals Committee (HAC) within 20 days of receiving EOHLC's decision. If a ZBA fails to follow this procedure, it waives its right to deny a permit on these "appeal-proof" grounds.

Chapter 40B also addresses when a community can count a unit as eligible for inclusion in the SHI including:

- *40R*
Units receiving Plan Approval under 40R now count when the permit or approval is filed with the municipal clerk provided that no appeals are filed by the board or when the last appeal is fully resolved, similar to a Comprehensive Permit project.
- *Certificate of Occupancy*
Units added to the SHI on the basis of receiving building permits become temporarily ineligible if the C of O is not issued 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.

Municipalities may be allowed to set-aside up to 70% of the affordable units available in a 40B development for those who have a connection to the community as defined within the parameters of fair housing laws and Section III.C of the Comprehensive Permit Guidelines including residents, employees of the Town (including the school district) or employees of businesses located in the town. If the municipality wishes to implement a local selection preference, it must do the following:

- Demonstrate in a required Affirmative Fair Housing Marketing Plan the need for the local preference (waiting lists for subsidized developments who may be likely to apply for the project for example).
- Justify the extent of the local preference (the percentage of units to be set-aside for local preference) through documented local need in the context of the size of the community, the size of the project and regional need. The percentage cannot exceed 70% of the total affordable units.
- Demonstrate that the local preference will not have a disparate impact on protected classes and would not be discriminatory.

- Provide the project developer with this documentation within three (3) months of final issuance of the comprehensive permit. Failure to comply with this requirement will be deemed to demonstrate that there is no need for local preference and such preference will not be approved as part of the Affirmative Fair Housing Marketing Plan or use restriction.
- Obtain approval from the subsidizing agency, such as EOHLC in the case of Local Action Units (LAUs), for the local preference as part of the Affirmative Fair Housing Marketing Plan. This approval must be secured prior to including such language in any zoning mechanism. A comprehensive permit can only contain requirements or conditions relating to local preference to the extent permitted by applicable law and this Affirmative Fair Housing Marketing Plan policy.

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 City Council/Select Board for a 30-day comment period. The City Council/Select Board solicits comments from Town officials and other boards and based on their review the subsidizing agency typically issues a project eligibility letter. Alternatively, a developer may approach the City Council/Select Board for their endorsement of the project, and they can make a joint application to EOHLC for certification under the Local Initiative Program (for more information see description in Section I.E below).

A subsidizing agency must also consider the following items when determining site eligibility:

- 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 EOHLC 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 EOHLC's 30-day review period.
- Requires that the subsidizing agency provide a copy of its determination of eligibility to EOHLC, the chief executive officer of the municipality, the ZBA and the applicant.

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

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

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

Chapter 40B regulations related to the hearing process include:

- The hearing must 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 EOHLC 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 EOHLC guidelines.
- States that ZBA's cannot delay or deny an application because a state or federal approval has not been obtained.
- Adds new language regarding what constitutes an uneconomic condition including requiring applicants to pay for off-site public infrastructure or improvements if they involve pre-existing conditions, are not usually imposed on unsubsidized housing or are disproportionate to the impacts of the proposed development or requiring a reduction in the number of units other than on a basis of legitimate local concerns (health, safety, environment, design, etc.). Also states that a condition shall not be considered uneconomic if it would remove or modify a proposed nonresidential element of a project that is not allowed by-right.

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

Subsidizing agencies are required to issue final project eligibility approvals following approval of the comprehensive permit reconfirming project eligibility, including financial feasibility, and approving the proposed use restriction and finding that the applicant has committed to complying with cost examination requirements. New Chapter 40B regulations set forth the basic parameters for ensuring that profit limitations are enforced, while leaving the definition of "reasonable return" to the subsidizing agency in accordance with EOHLC 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 EOHLC 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.

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”.⁶⁰

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.”⁶¹ The key components of 40R include:

- Allows local option to adopt Overlay Districts near transit, areas of concentrated development, commercial districts, rural village districts, and other suitable locations;
- Allows “as-of-right” residential development of minimum allowable densities;
- Provides that 20% of the units be affordable;
- Promotes mixed-use and infill development;
- Provides two types of payments to municipalities; and
- Encourages open space and protects historic districts.

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

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

⁶⁰ 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.

⁶¹ 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.”⁶²

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 City/Town holds a public hearing as to whether to adopt an Overlay District per the requirements of 40R;
- The City/Town applies to EOHLC prior to adopting the new zoning;
- EOHLC reviews the application and issues a Letter of Eligibility if the new zoning satisfies the requirements of 40R;
- The City/Town adopts the new zoning through a two-thirds vote of Town Meeting subject to any modifications required by EOHLC;
- The City/Town submits evidence of approval to EOHLC upon the adoption of the new zoning; and
- EOHLC issues a letter of approval, which indicates the number of incentive units and the amount of payment.

The state also 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. 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

⁶² “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” p. 4.

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.

A. Technical Assistance

1. *Community Planning Grant Program*

The state has introduced the Community Planning Grant Program that offers grant funding for a variety of activities related to land use including development. Activities may include the development of a Master Plan, Housing Production Plan, zoning review and updates, Urban Renewal Plans, Downtown Plans, Parking Management Plans, Feasibility Studies, or other Strategic Plans. Grants will likely be in the \$25,000 to \$75,000 range. Communities apply for this funding through the Community One Stop for Growth Application.

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 EOHLC with a brief written description of the problem or issue, the technical assistance needed and documentation of a vote of the Select Board or letter from the Town Administrator supporting the request for a peer. Communities may propose a local official from

another community to serve as the peer or ask EOHLC for a referral. If EOHLC approves the request and once the peer is recruited, EOHLC 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 EOHLC, 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 EOHLC, MHP launched this program in 1999 to provide technical assistance to those communities needing assistance in reviewing comprehensive permit applications. The Program offers up to \$10,000 in third-party technical assistance to enable communities to hire consultants to help them review Chapter 40B applications. Those communities that are interested in this initiative should contact the MHP Fund directly for more information.

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

- State housing agencies will now appraise and establish the land value of 40B sites before issuing project eligibility letters.
- State will put standards in place for determining when permit conditions make a 40B development "uneconomic".
- There will be set guidelines on determining related-party transactions, i.e., when a developer may also have a role as contractor or realtor.
- Advice on how to identify the most important issues early and communicate them to the developer, how informal work sessions can be effective, and how to make decisions that are unlikely to be overturned in court.

5. *Planning for Housing Production*

MassHousing is administering funding that is designated to help designated Housing Choice communities with technical assistance related to local efforts to produce housing. Their first funding round took place several years ago, and another round has been introduced.

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). 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.

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. Harwich has received this funding over the years, investing in a Housing Rehabilitation Loan Program for a number of years for example.

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 EOHLC 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 Housing Choice Voucher Program and Massachusetts Rental Voucher Program*

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 (MRVP) as well as three smaller programs directed to those with special needs and veterans. 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 Executive Office of Housing and Livable Communities 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 EOHLC 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

EOHLC 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 older persons, those 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 EOHLC; and
- Adopt the Compact Neighborhood Zoning.

16. EOHLC Project-Based Homeownership Program

EOHLC funds a 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 EOHLC 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 EOHLC 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, EOHLC review will invite certain sponsor/developers to submit full applications.

17. *National Housing Trust Fund (NHTF)*

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

18. *Workforce Housing Fund*

The state is investing in a Workforce Housing Fund to provide rental housing for those households earning 61% to 120% AMI. In his announcement, Governor Baker said, “Making more affordable housing options available to working Massachusetts families deterred by rising rent expenses is essential to economic growth and development in communities throughout the Commonwealth. These working middle-income families are the foundation of our economy and talented workforce, and the creation of this \$100 million fund by MassHousing will advance opportunities for them to thrive and prosper.”

The Workforce Housing Initiative was created to do the following:

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

Eligible projects include:

- Preference is for new units; existing projects where unrestricted units become restricted will be considered
- Workforce housing units are intended for working age household and may not be not be age restricted or occupied by full-time students

- 20% of units at the development must be affordable for households earning at or below 80% of AMI

19. *Housing Choice Initiative*

The state has stated its commitment to producing 135,000 new housing units statewide by 2025 or by about 17,000 units per year, an ambitious task. To help accomplish this, it has created the Housing Choice Initiative that has three basic components that includes Capital Grant Funding. Communities that qualify for designation under this Initiative can receive exclusive admission to new Housing Choice Capital Grants as well as priority access to existing grant and capital funding programs such as MassWorks, Complete Streets, MassDOT projects, and LAND and PARC grants.

To obtain this designation, the community must submit an application that documents the increase in the total year-round housing stock from the 2010 census and the cumulative net increase in year-round units of at least 5% or 500+ units in the last five years or 3% and 300+ units when best practices have been applied to promote housing (e.g., zoning for multi-family housing, Chapter 40R, ADUs, cluster zoning, etc.). Designation lasts for two years.

20. *Rental Assistance Demonstration (RAD)*

The Rental Assistance Demonstration is a federal housing program that is administered by HUD to provide a set of tools to address the unmet capital needs of deeply affordable, federally assisted rental housing properties in order to maintain both the viability of the properties and their long-term affordability. It also simplifies the administrative oversight of the properties by the federal government. Specifically, RAD authorizes the conversion of a property's federal funding from one form to another, where the initial form presents structural impediments to private capital investment and the new form (project-based section 8) is not only familiar to lenders and investors but, since its enactment in 1974, has leveraged billions in private investment for the development and rehabilitation of deeply affordable rental housing.

21. *Section 202 Supportive Housing for the Elderly Program*

HUD provides capital advances to finance the construction, rehabilitation or acquisition with or without rehabilitation of structures that will serve as supportive housing for older and very low-income persons, also providing rent subsidies for the projects to help make them affordable.

22. *Section 18 Housing Assistance*

Section 18 of the U.S. Housing Act of 1937 (as amended in 1998) removes the 1 for 1 public housing replacement requirement and provides broad authority to Public Housing Agencies (PHAs) to demolish or dispose of public housing. Section 18 is commonly referred to as "demo/dispo" program and helps reposition public housing to a more sustainable financial platform and access private capital.

23. *Starter Home Program*

The State Legislature adopted M.G.L. Chapter 40Y that enables municipalities to establish a starter home zoning district ordinance or bylaw, obtaining a preliminary determination of eligibility from EOHLC prior to adopting the new zoning as well as final approval following local adoption. Communities that adopt a starter home district are entitled to a one-time incentive payment upon EOHLC's final approval as shown in the table below (based on Chapter 40R Smart Growth Overlay District amounts) as well as a production bonus payment of \$3,000 for each starter home that is created in the district.

Incentive Payments

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

The minimum requirements for determining compliance include:

- Units permitted as of right at a density of at least 4 units per acre of developable land area.
- Accessory Dwelling Units (ADUs) are allowed in the district of not more than 600 square feet on the same lot as the starter home.
- Accessory commercial or other non-residential uses may be allowed in the district with the approval of EOHL.
- Sustainable development standards must be incorporated in the district.
- At least 50% of the homes, excluding ADUs, must contain not fewer than 3 bedrooms.
- For any district of more than 12 starter homes, at least 10% must be affordable to households with incomes less than 110% of area median income.
- Units cannot be age restricted or include other occupancy restrictions.
- Site plan review is allowed subject to some limitations.

C. Homebuyer Financing and Counseling

1. *ONE Mortgage Program*

The Massachusetts Housing Partnership Fund, in coordination with the state's Executive Office of Housing and Livable Communities, administers the ONE Mortgage Program which replaced the highly successful Soft Second Loan Program that operated between 1991 and 2013 and helped over 17,000 families purchase their first home. The ONE Mortgage Program is a new simplified version of the Soft Second Program providing low, fixed-rate financing and a state-backed reserve that relieves homebuyers from the costs associated with private mortgage insurance. Additionally, some participating lenders and communities offer grants to support closing costs and down payments and slightly reduced interest rates on the first mortgage.

2. *Homebuyer Counseling*

There are a number of programs, including the Soft Second Loan Program and MassHousing's Home Improvement Loan Program, as well as Chapter 40B homeownership projects, that require purchasers to attend homebuyer workshops sponsored by organizations that are approved by the state, Citizens Housing and Planning Association (CHAPA) and/or HUD as a condition of occupancy. These sessions provide first-time homebuyers with a wide range of important information on homeownership finance and requirements. The organizations that offers these workshops in closest proximity to Harwich includes the Community Development Partnership (CDP) and Housing Assistance Corporation (HAC).

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 has been offering financing for lead paint removal on excellent terms. Based on uncertain future legislative appropriations, some changes in program requirements were made to insure that eligible homeowners with lead poisoned children would have funding available for a longer period. All income eligible families who are under court order to delead or who have a child under case management with the Commonwealth's Lead Paint Prevention Program, will continue to receive 0% deferred loans. Owners wanting to delead their homes for preventive purposes must qualify for an amortizing loan with a 3% interest rate if earning within 80% of area median income, 5% interest if earning over 80% AMI and up to the program maximum. Applicants must contact a local rehabilitation agency to apply for the loan.

3. *Septic Repair Program*

Through a partnership with the Massachusetts Department of Environmental Protection and Revenue, MassHousing offers loans to repair or replace failed or inadequate septic systems for qualifying applicants. The interest rates vary according to the borrower's income with 0% loans available to one and two-person households earning up to \$23,000 and three or more person households earning up to \$26,000 annually. There are 3% loans available for those one or two person households earning up to \$46,000 and three or more persons earning up to \$52,000. Additionally, one to four-family dwellings and condominiums are eligible for loan amounts of up to \$25,000 and can be repaid in as little as three years or over a longer period of up to 20 years. To apply for a loan, applicants must contact a participating lender.

4. *Home Modification Loan Program*

This state-funded program provides financial and technical assistance to elders and those with disabilities who require modifications to their homes to make them handicapped accessible. Based on household size and income limits, from \$1,000 up to \$50,000 may be borrowed by property owners, which is secured by a promissory note and mortgage lien. Borrowers receive a 0% interest, deferred payment loan with no repayment required until the property is sold or transferred. The Berkshire Regional Planning Commission is the regional provider of these funds on behalf of the state.

Appendix 3

Glossary of Housing Terms

Affordable Housing

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

Area Median Income (AMI)

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

Chapter 40B

The state’s comprehensive permit law, enacted in 1969, 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.

Executive Office of Housing and Livable Communities (EOHLC)

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

Fair Housing Act

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

Inclusionary Zoning

A zoning ordinance or 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 EOHLC 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 EOHLC 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 EOHLC), 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 EOHLC. 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), EOHLC's technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. Also, “internal subsidies” refers to those developments that do not have an external source(s) of funding for affordable housing, but use the value of the market units to “cross subsidize” the affordable ones.

Subsidized Housing Inventory (SHI)

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

U.S. Department of Housing and Urban Development (HUD)

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

APPENDIX 4**Summary of Community Preservation Act (CPA) Funding for Housing**

Year	Applicant	Allocation	Activity	Subtotal/Total CPA Allocation
2004	--	\$0	--	\$0/\$693,000
2005	--	\$0	--	\$0/\$2,195,560
2006	HHA	\$30,000	Predevelopment costs/Main St. Ext.	
	HHC	\$40,000	Predevelopment costs/Rec. Building and W. Harwich Schoolhouse	
				\$70,000/\$1,672,722
2007	HECH	\$69,533	Predevelopment costs/916-920 Rt. 28	
	Habitat	\$90,000	Gomes Way	
	HHC	\$90,000	Infrastructure design and construction/Rec. Building and W. Harwich Schoolhouse	
	HHA	\$100,000	Rental Assistance Program (RAP)	
				\$349,533/\$1,652,580
2008	HHC	\$25,000	Development of aff. housing on Town-owned property	
	LCCDC/CDP	\$300,000	Predevelopment and construction costs/Main St. Ext.	
	HHA	\$150,000	Aff. housing infrastructure and development assistance fund	
				\$475,000/\$1,919,587
2009	HECH	\$90,000	Predevelopment costs/93-97 Rt. 28	
	HHC	\$20,000	Assistance in developing aff. housing on Town-owned property	
				\$110,000/\$1,820,372
2010	HHA + HHC	\$207,928	Buy Down Program	
	HHA + HHC	\$130,000	RAP	
				\$337,928/\$1,917,834
2011	-	\$0	-	\$0/\$965,497
2012	HHA + HHC	\$300,000	RAP	\$300,000/\$1,519,330
2013	HECH, HHA + HHC	\$455,000	Development of 93-97 Rt. 28	
	HHA + HHC	\$75,000	Buy Down Program	
				\$530,000/\$1,756,270
2014	Habitat	\$140,000	Development of Oak Street	\$140,000/\$1,350,075
2015	HHA + HHC	\$300,000	RAP	\$300,000/\$1,667,275

2016	-	\$0	-	\$0/\$2,126,028
2017	-	\$0	-	\$0/\$864,300
2018	CDP	\$10,000	Educational program	
	Habitat	\$300,000	Development of 93-97 Rt. 28	
	HAHT	\$500,000	Start-up funding for HAHT and part-time housing coordinator	
				\$810,000/\$3,501,265
2019	CDP	\$7,500	-	
	HAHT	\$340,000	-	
				\$347,500/\$1,376,150
2020	CDP	\$7,500	-	
	HAHT	\$250,000	-	
	HHA + HHC	\$200,000	RAP	
				\$457,500/\$1,921,767
2021	CDP	\$7,500	-	
	HAHT	\$50,000	Part-time housing coordinator	
				\$57,500/\$1,835,116
2022	HAHT	\$50,000	Part-time housing coordinator	
	HAHT	\$500,000	-	
	Pennrose LLC	\$100,000	Cape Cod 5 Housing Project	
2023	HAHT	\$500,000	-	\$605,000/\$2,260,825
	Lower Cape Housing Institute	\$7,500	-	
				\$507,500/\$2,545,422
Subtotal				\$5,442,461/\$35,560,985
Returned/rescinded				\$117,798
Total				\$5,324,663/\$35,560,985

Abbreviations:

HHC = Harwich Housing Committee

HHA = Harwich Housing Authority

HAHT = Harwich Affordable Housing Trust

HECH = Harwich Ecumenical Council for Housing

Habitat = Habitat for Humanity of Cape Cod

LCCDC/CDP = Lower Cape Cod Development Corp, that was renamed Community Development Partnership

