

# TOWN OF ORLEANS COMMUNITY HOUSING STUDY



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# TOWN OF ORLEANS COMMUNITY HOUSING STUDY

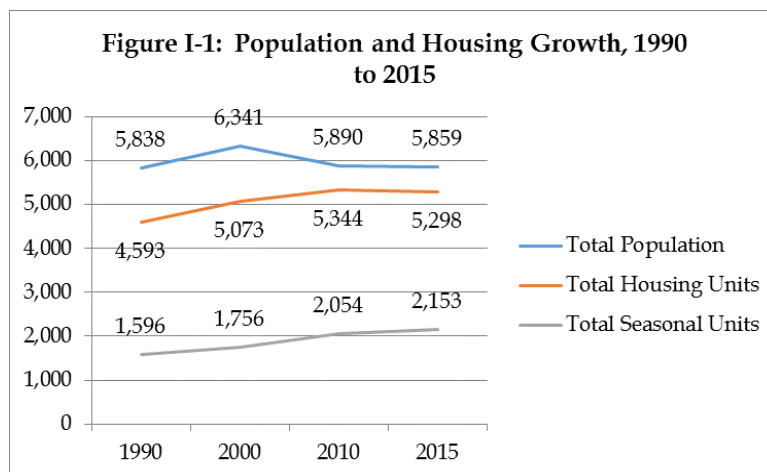
## I. EXECUTIVE SUMMARY

This Community Housing Study provides updated information on demographic, economic and housing characteristics and trends and recommends strategies for the Town to implement to further meet local housing goals and fulfill a vision for a safe and healthy community which a wide range of individuals and families can call home.

Orleans has in fact made considerable progress in creating affordable housing opportunities with 9.33% of its year-round housing defined by the state as affordable. While the Town is close to surpassing the 10% state affordability goal under Chapter 40B, it recognizes that greater diversity and affordability is required in the housing stock to address today's range of unmet housing needs. Substantial demographic shifts, high housing values, a sensitive natural environment, seasonal nature of the economy, and limited resources are among some of the challenges facing the community as it plans for its future.

### DEMOGRAPHIC PROFILE

Key findings from this Housing Study include the following **demographic changes**:



Since 1990, Orleans' net population has increased by only 0.4% as of 2015 compared to 15% and 35% in total housing units and seasonal units, respectively. Clearly the seasonal and occasional housing markets have fueled new development.

Population projections estimate declines in the year-round population to 4,802 or 4,333 residents by 2030 according to Metropolitan Area Planning

Council (MAPC) and State Data Center calculations, respectively. It is important to emphasize that projections are not always borne out in fact, but at a minimum the trend toward seasonality of the population is expected to continue.

All age categories below 45 years have experienced population losses while all those above involved considerable gains. For example, those between the ages of 25 and 34 declined by 62% between 1990 and 2015.

Compared to the state as a whole and many other communities, Orleans residents tend to be significantly older, are homeowners, and less likely to have children living with them.

Children under 18 decreased by 34% while those 65 years or older increased by 32%. In fact, Orleans' seniors are not only growing in number but are living longer and becoming frailer and therefore more reliant on the community's network of services.

**These population changes are much more extreme than for the Cape as a whole and state.** While children comprised about 10% of Orleans' population in 2015, they were 16% and 21% of the county and state populations, respectively, while seniors were 41% of all residents in Orleans but 27% in the county and 15% statewide.

**These demographic shifts are expected to continue** with children decreasing by 41% between 2010 and 2030 and those 65 years or older increasing by 13% to comprise 55% of all residents according to MAPC figures. State Data Center estimates are less extreme with projected decreases in children of 24% and even an almost 6% decline in seniors however, this is in the context of a 26% overall population loss.

**The number of households increased by 8.4%** between 1990 and 2010, much higher than the net population growth of less than 1%, reflecting growing numbers of smaller households and an aging population. Average household size was 2.00 persons in Orleans compared to 2.24 and 2.53 persons for the county and state, respectively.

**20% of all households had heads 65 years of age or older who were living alone!**

In 2014 there was a net in-migration of 167 residents compared to a net out-migration of 371 for a net population loss of 204 residents with **considerable net out-migration to other communities on the Cape, Brewster in particular.**

A housing survey conducted by the University of Massachusetts' Donahue Institute in 2008 suggested that **23% of the Lower Cape's seasonal homeowners planned to become year-round residents** between 2009 and 2024. This would involve almost 500 housing units in Orleans.

Visitors staying in one of the 361 rooms available in Orleans' motels or inns (assume average occupancy of two persons) and those using the estimated 2,153 second or seasonal homes (assume all such units with an average residency of 4.6 persons given usage listed above) **could together be as many as 10,600 temporary residents during major summer weekends.**

## **ECONOMIC PROFILE**

There have also been considerable **economic changes** including:

**Incomes increased 120% between 1990 and 2015**, higher than the 94% rate of inflation. The median household income was \$64,861 based on 2015 census estimates.

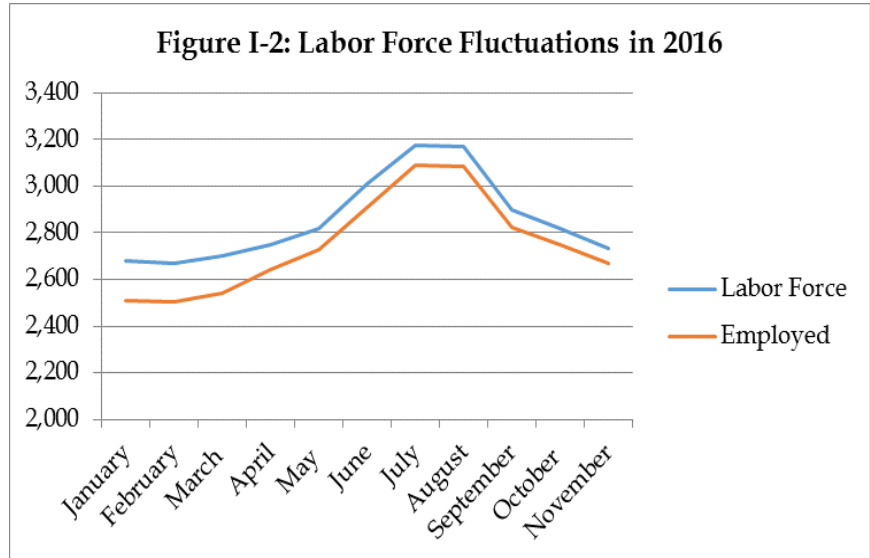
**28% of households earned more than \$100,000 in 2015, while 21% had incomes below \$25,000.**

**Substantial income disparities are clear from the respective median income of homeowner and renter households of \$77,873 and \$19,858, respectively.**

The median income of senior households at \$62,159 is much higher than the county's at \$47,464 and demonstrates that many seniors are still working or have retired with substantial assets.

Poverty increased somewhat but at 5.5% is still well below county and state levels of 8.7% and 11.6%, respectively.

As a resort community, Orleans experiences seasonal shifts in its labor force. Figure I-2 shows the increase in the number of workers in the summer months as there were 3,088 workers employed in August 2016 compared to 2,509 the previous January. There were also increases in unemployment during the winter at 6.3% in January from 2.4% in October. Unemployment levels are still relatively low and reflect a healthy economy.



An economic analysis prepared in collaboration with the Town in December 2015, indicated how important the seasonal home population and visitor market is to the Town's economy, representing \$128 million in annual sales.<sup>1</sup> Jobs that help fuel local businesses in the summer months are critical for maintaining the community's economic health.

The average weekly wage of \$789 for those who work in Orleans translates into an annual income of about \$41,200 and reflects the concentration of jobs in the lower-paying service sector.

**A key question arises regarding the community's capacity to meet the service needs of its residents and in fact the expanding needs of its seniors.**

Projected decreases in younger adults will continue to erode the workforce and require older workers to fill in on lower-paying retail and service jobs and employees to come from places further and further away.

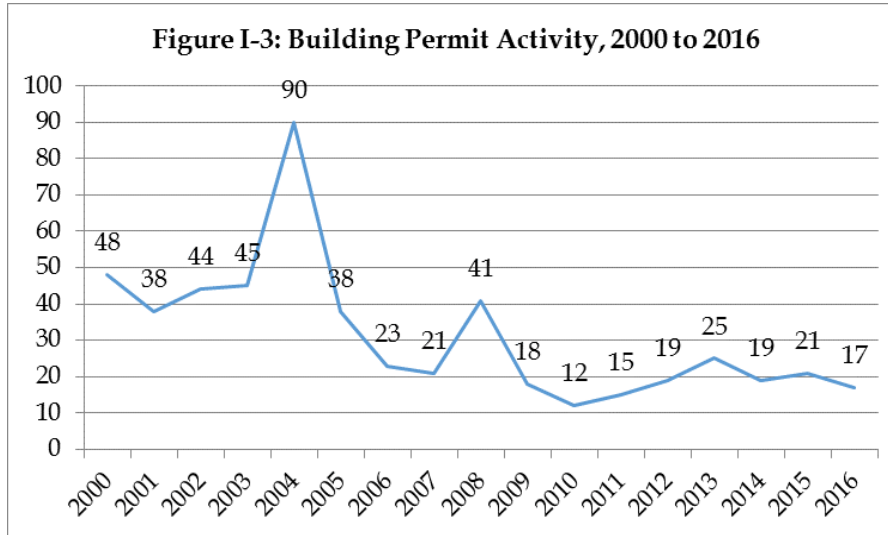
14.3% of residents claimed some type of disability, higher than county and state levels of 13.4% and 11.5%, respectively. 23% of those 65 years of age or older

indicated they had some type of disability, which will likely increase as the older population continues to grow.

<sup>1</sup> Barringer, Pat, Fine Point Associates, *Orleans Town Center: Economic Analysis Primer*, December 2015

## HOUSING PROFILE

Orleans has also experienced the following major shifts in housing characteristics and trends:



**Residential building activity has slowed down** with the average annual number of permits for new residential units between 2011 and 2016 of 19 units about half the 38-units average produced between 2000 and 2010.

The average per unit valuation was \$335,076 between 2000 and 2010

and then almost doubled to \$661,811 between 2011 and 2016.

While 65 units in multi-family properties were built in 2004 and 2005, none have been constructed since.

**There has been some level of teardown activity** where typically smaller older homes are demolished and replaced by somewhat larger and more modern ones with an average estimate of **approximately two such teardowns each year**. This would imply that net new housing growth is less than what is being reported in the census and building permit data with a total housing supply likely close to 5,285 units.

**Increases in seasonal or occasional units** from 1,596 units in 1990 to 2,153 by 2015 to 40.6% of all housing units.

Owner-occupied units increased by 20% between 1990 and 2015 with corresponding losses in year-round rentals. In fact, 82% of all new unit creation since 1990 involved single-family detached homes.

**Low vacancy rates** of 3.4% and 3.0% for owner-occupied and renter-occupied properties, respectively.

In 2000 there were 540 units or one-quarter of the owner-occupied, year-round housing stock, valued below \$200,000. This relatively affordable housing dwindled to 142 units or 6.3% as of 2015.

Those higher-end properties of \$500,000 or more involved 18.2% of the housing stock in 2000, increasing to 60% of all owner-occupied, year-round units as of 2015.

The single-family home market was at its peak in 2005 when the median house price was \$697,000. Home values declined to \$525,000 in 2009, soon after the “bursting of the housing bubble”, and have fluctuated somewhat since then to a median of \$675,000 as of the end of 2015, and then down to \$575,000 by November 2016.

**There is little remaining affordability in Orleans’ single-family inventory but considerable affordability in the condominium market** with 3.6% and 65.4% of units valued below \$300,000, respectively.

Real estate agents confirm that typically they see very few year-round or winter rentals. The rental market in Orleans is complicated by decreasing numbers of these units in the context of seasonal shifts.

Given the limited supply of year-round rentals, housing costs are high and it is difficult to find a two-bedroom year-round market rental for less than \$1,200.



**45% of Orleans’ rentals are subsidized.** The John Avellar development with 10 units is the only Orleans Housing Authority development for families (see photo).

**The gap between median household income and the median single-family house price has widened.** While incomes increased by 120% between 1990 and 2015, the median single-family house price rose by 187% based on The Warren Group data. *Moreover, the gap between income and house value was \$205,481 in 1990 but increased to \$610,139 in 2015.*

The median income earning household could likely afford a single-family home of about \$265,000 based on 95% financing.

**The affordability gap is then about \$310,000 - the difference between the price of the median priced single-family home (\$575,000) and what a median income household can afford (\$265,000).<sup>2</sup>**

<sup>2</sup> Figures based on 95% financing, interest of 5.0%, 30-year term, annual property tax rate of \$6.33 per thousand, \$250 monthly condo fee, and insurance costs of \$4 per \$1,000 for condominiums and \$6 per thousand for single-family homes. The calculations are also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. It is also assumes that the purchaser would be eligible for a subsidized mortgage program such as the ONE Mortgage Program or a MassHousing mortgage that would not require Private Mortgage Insurance.

**For those earning at 80% of area median income limit (\$61,150 for a family of three), this gap widens to \$325,000**, the difference between the maximum they could afford of approximately \$250,000 and the median single-family house price of \$575,000.

There are also significant affordability gaps for condos as the median condo price of \$259,000, as of November 2016, would require an income of about \$71,750, which is more than Orleans' median household income of \$64,861 and the HUD area median income for Barnstable County of \$61,150 for a household of three.<sup>3</sup> **The gap would be \$29,000 for condos**, the difference between the median condo price (\$259,000) and what a median income earning household could likely afford (\$230,000).

**About 72% of condos were potentially affordable to those earning at or below 100% AMI, 46% below 80% AMI, which demonstrates considerable affordability in this segment of Orleans' housing market.**

The condo affordability gap for those households earning at the 80% AMI limit (\$61,150 for a household of three) increases to an estimated \$44,500 or the difference between the median condo price (\$259,000) and what a household earning at \$61,150 could probably afford (\$214,500).

According to Assessor's data, only 67 homes or 1.8% of all *single-family homes* were affordable to households earning below the town's median income (\$64,861) based on 2015 census estimates.

A low-priced market rental of \$1,200 for a two-bedroom unit would require an income of about \$56,000 (assuming \$200 in average utility bills and not paying more than 30% of income on housing costs).

The median income earning renter (\$19,858) could afford a rent of only about \$696. It is consequently not surprising that so many renters are paying far too much for their housing.

**494 households or 43% of households earning at or below 80% AMI were spending more than half of their income on housing costs.**

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

A HUD report indicates that of the 2,774 year-round households included in this analysis, 1,171 or 42% were reported with cost burdens as they were paying more than 30% of their income on housing costs. Moreover, of these households, **587 or 21% of all households were spending more than 50% of their income on housing.**

**There were 1,150 households, or 41% of all households, who were earning at or below 80% AMI. Of these, 803 households or about 70% were experiencing cost burdens.**

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<sup>3</sup> Ibid.

**Cost burdens are spread along a wide range of incomes** as 368 households earning more than 80% AMI, or 13% of all households, were also overspending.

**Almost 60% of Orleans’s homeowners are 62 years of age or older.**

**A combination of information on demographic shifts, cost burdens, affordability gaps, and the community’s housing mix suggest the following priority housing needs:**

- Rental development goal of 85% of all new units created in line with the current SHI level.
- Goal of 100 affordable units over the next ten years.
- About half of *rental* units produced directed to seniors or single individuals (many with special needs) through one-bedroom units, 40% for small families with two bedrooms, and 10% of units for larger families with three bedrooms (required by state for units that are not age-restricted or for single person occupancy.)
- About 25% of *ownership units* targeted to seniors or single individuals through one-bedroom units, 25% for small families with two bedrooms, and 50% for larger families with three plus bedrooms.
- 20% of one-bedroom units with handicapped accessibility and/or supportive services and at 10% for other units created.

See slightly revised Table V-24.

## HOUSING CHALLENGES

This Study also emphasized that the Town of Orleans remains committed to encouraging sustainable growth and development, including the production and preservation of affordable housing within the context of preserving natural resources, economic health, and quality of life. Nevertheless, it continues to be a challenge for the community to create enough housing choices to address the wide range of housing needs in light of the following constraints:

- *Environmental Issues* – The Town continues to focus on efforts to preserve its miles of coastline, marshes, and other extraordinary natural amenities that can be vulnerable to new development.
- *Zoning* – Orleans has made strides in amending zoning to promote greater housing diversity and smart growth development. However large-lot zoning, while protecting the environment, has also created a suburban pattern of development in most areas of town that provides challenges to building affordable housing given its general reliance on some amount of density.
- *Community Infrastructure* -- Orleans has no sewer services at this time, and consequently wastewater disposal is largely reliant on septic systems. This situation raises concerns about the impacts of any new development on the environment, water supply and quality in particular.
- *Market Conditions* – Housing costs continue to rise which lead to widening affordability gaps between housing prices and what many long-term residents can afford. This situation is exacerbated by a seasonal economy. The increasing gaps are causing many households to spend far too much for their housing and are creating the need for greater amounts of subsidies to make affordable housing financially feasible.
- *Available Property* -- Housing market issues in tandem with environmental constraints substantially limit the availability of property to own, rent, or on which to develop. It

will be important for the Town to make the best use of existing development opportunities through redevelopment activities, new zoning, the potential inclusion of special wastewater treatment facilities or even the sewerage of the Village Center to facilitate higher density development.

- *Available Subsidies* – While Orleans is fortunate to have CPA funding and an Affordable Housing Trust Fund, widening affordability gaps create the need for increased funding to support the Town’s housing needs and the Town should explore new revenue streams.
- *Community Perceptions* -- Local opposition to affordable housing is more the norm than the exception in most communities as most residents, particularly abutters, generally prefer the status quo to the uncertain implications of new development. Orleans will participate in an ongoing community education effort 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

## HOUSING STRATEGIES

This Housing Study has also identified a package of approaches for addressing the wide range of local needs from those who are experiencing homelessness or at risk to becoming homeless to those who are earning too much to typically qualify for housing assistance but are still priced out of the private housing market. The following strategies, also summarized in Table I-1, are based on input from a wide variety of sources including interviews with local and regional stakeholders, prior planning efforts, housing goals and housing needs, the housing workshop held on April 11, 2017, the outcomes of local housing initiatives, and the experience of other comparable localities in the area and throughout the Commonwealth.

### Capacity Building Strategies

The following strategies are proposed to further build local capacity to implement the recommendations included in this Community Housing Study:

- *Make community education on housing issues a priority*  
Continued and strategic efforts to inform residents and local leaders on the issue of affordable housing and specific new initiatives builds support by generating a greater understanding of the benefits of affordable housing, reducing misinformation and dispelling negative stereotypes. Of particular importance are upcoming efforts of the Community Development Partnership (CDP) and Housing Assistance Corporation (HAC) to develop a Cape Community Housing Partnership to promote a better understanding of housing needs and opportunities on a regional basis through workshops, special training and a social media campaign.
- *Provide sustainable funding sources and incentives for affordable housing*  
While Orleans is fortunate to have CPA funding and an Affordable Housing Trust Fund to support affordable housing, other revenue streams should be explored to help fill widening affordability gaps and meet short and long-term housing goals.
- *Consider adopting a Municipal Affordable Housing Trust Fund or similar fund*  
Orleans established an Affordable Housing Trust Fund in 2000, but since then the state enacted the Municipal Affordable Housing Trust Fund Act which not only simplified

the process of establishing housing funds but also provided such Trusts with greater powers that enhance their capacity to implement actions in this Housing Study. Orleans should consider the benefits of replacing its Affordable Housing Fund with this state-sanctioned funding mechanism, shaping the composition of the Trust and extent of powers as the Town determines appropriate.

- *Fund a part-time Housing Coordinator*  
The Town of Orleans has been fortunate to have a capable Housing Authority and regional non-profit organizations to provide important support for local housing initiatives. Nevertheless, the community would benefit by having additional staff or consultant assistance for local housing-related activities perhaps through sharing this resource with another community or through a regional collaboration.

### **Zoning Strategies**

Orleans should consider the following zoning-related strategies to promote the production of additional affordable units and to direct new development to appropriate locations and target populations:

- *Better promote accessory dwelling units*  
While Orleans' zoning allows accessory apartments, the Town should find ways to better encourage their creation as they provide excellent opportunities for creating small year-round rentals for increasing numbers of smaller households, also offering somewhat more affordable market units.
- *Explore inclusionary zoning*  
While the Town just approved an inclusionary provision in the Apartment Development bylaw, adopting a town-wide bylaw would enable Orleans to have some affordability integrated into new development or redevelopment effort over a certain number of units or potentially obtain fees in-lieu of units to support other housing initiatives.
- *Allow dormitory-style housing for seasonal workers under proper controls*  
Cape Cod has experienced summer labor shortages for decades. Efforts to modify zoning are needed to enable employers to build housing for seasonal workers, including provisions that allow dormitory-style housing in appropriate locations and under reasonable conditions.

### **Development Strategies**

The following strategies, sometimes in combination, provide the basic components for the Town to produce new affordable housing:

- *Partner with private developers on private properties*  
Continuing to work cooperatively with private developers, non-profit and for profit, on housing development is the most effective and efficient way to boost affordable housing. With incentives created in the zoning bylaw and the availability of the "friendly 40B" option, the Town can continue to enter into productive partnerships with developers to guide new development that incorporates affordable units and smart growth principles.

- *Further explore regional partnerships*  
There is a precedent for regionalism with respect to housing on the Cape including the recent Orleans' Cape Cod Village special needs project that received CPA contributions from not only Orleans but also the towns of Brewster, Chatham, Eastham, Provincetown, Truro, and Wellfleet totaling \$950,000. There are additional opportunities for regionalization including the creation of the Cape Community Housing Partnership among other potential approaches.
- *Identify suitable Town-owned property for affordable housing*  
While a major obstacle to developing affordable housing in Orleans includes the limited availability of developable property, publicly-owned property in particular, the Town has a long history in providing publicly-owned property for affordable housing. There may be opportunities for the Town to acquire property at some point in the future through the new revenue streams that are suggested as part of this Study or by bonding CPA funding as other communities have effectively done.

### **Housing Preservation and Assistance Strategies**

In addition to creating new housing opportunities, this Housing Study recommends that the Town focus on preserving existing housing through funding to correct code violations and make emergency repairs and also provide assistance to the most vulnerable Orleans residents.

- *Continue to support housing rehab initiatives*  
While Orleans received special funds in the past to support a housing rehab program, it has been unable to retain this funding. There are other housing rehab initiatives that are available to qualifying Orleans residents however, and the Town should continue to make information on these programs accessible to residents and support HECH's Housing Emergency Loan Program (HELP) Program.
- *Create greater community connections for seniors*  
It remains a challenge for the Town to provide an "age-ready" community that fully meets the increasing needs of its older adults. Further development prospects of more accommodating housing types for seniors, support for home modifications, and efforts to foster better connections within the town and region can offer new and vital ways to help keep elders healthy, engaged and connected to the community.
- *Support agencies that address the emergency housing needs of residents to reduce homelessness*  
The Town should continue to support local and regional organizations that address the needs of those who are homeless or at risk of homelessness including the Homeless Prevention Council of the Lower Cape, Lower Cape Outreach Council, Harwich Ecumenical Council for Housing (HECH), and Cape and the Islands Regional Network on Homelessness for example.
- *Promote tenant self sufficiency*  
The Town of Orleans should explore special rental assistance programs that help lower income renters afford to remain in the community by providing funding that mimics Section 8 Housing Choice Vouchers. Also, given little turnover of Orleans Housing Authority units, escrow accounts, bolstered by case management and counseling

support, could also be considered to help address their social service needs and self-sufficiency goals.

**Table I-1: Summary of Housing Strategies**

Strategies	Priority for Implementation			Responsible Party**
	Short Term	Middle Term	Longer Term	
<b>Capacity Building Strategies</b>				
1. Make community education on housing issues a priority	X			AHC
2. Provide sustainable funding sources and incentives for affordable housing	X			BOS/AHC
3. Consider adopting a Municipal Affordable Housing Trust Fund or other similar fund	X			BOS/AHC
4. Fund a part-time Housing Coordinator		X		BOS/AHC
<b>Zoning Strategies</b>				
1. Better promote accessory dwelling units		X		PB
2. Explore inclusionary zoning		X		PB
3. Allow dormitory-type housing for seasonal workers under proper controls			X	PB
<b>Housing Development Strategies</b>				
1. Partner with private developers on private properties	X			AHC, PB, ZBA
2. Further explore regional partnerships	X			BOS, PB, AHC
3. Identify suitable Town-owned property for affordable housing	X			BOS/AHC
<b>Housing Preservation and Assistance Strategies</b>				
1. Continue to support housing rehab initiatives	X			AHC
2. Create greater community connections for seniors	X			AHC, COA
3. Support agencies that address the emergency housing needs of residents reduce homelessness	X			AHC
4. Promote tenant self sufficiency		X		AHC, HA

**Abbreviations**

Board of Selectmen = BOS

Affordable Housing Committee = AHC

Planning Board = PB

Housing Authority = HA

Council on Aging = COA

Zoning Board of Appeals = ZBA

## II. INTRODUCTION

### A. Background and Purpose

Orleans is primarily a resort and residential community that encompasses about 14 square miles of land area and some of the most prized coastal waters in the region and even the country including Cape Cod Bay, Nauset Harbor/Town Cove and Pleasant Bay as well as frontage on the Atlantic Ocean. This striking coastline in addition to other important fresh and salt water resources and natural features not only provide important wildlife habitats and watershed protection, but also serve to draw summer visitors, second home owners and retirees to Orleans. As the gateway town for the Cape Cod National Seashore as well as Nickerson State Park, the area attracts an estimated 2.5 million visitors annually.

While providing a great boost to the local economy, tourism in tandem with a growing number of second home owners and retirees, also comes with a host of challenges. For example, seasonal population increases that are estimated to reach as many as 19,000 residents, place substantial burdens on existing Town services and cause serious traffic congestion much to the consternation of local residents. The demand for property puts pressure on the existing supply of developable land and housing and pushes housing prices up beyond the means of most long-term residents. Greater numbers of older adults with the financial means are buying into the community on a retirement or pre-retirement basis, which in addition to the aging of longer term residents is causing the population to become increasingly older. This is occurring in the context of younger adults and families leaving the area in search of better employment opportunities and a more affordable cost of living.

In light of these demographic and economic trends, Town leaders and residents need to consider whether Orleans will be able to sustain a reasonable diversity of ages, occupations, and incomes in light of escalating land and home values.

In 2000, the Town completed a Local Comprehensive Plan that it amended in 2006. This Plan includes a section on affordable housing that analyzed population trends and housing needs. Since then however, the community has experienced substantial changes that make it even more challenging to own and rent safe and decent housing.

This Community Housing Study updates and augments the affordable housing section in the Local Comprehensive Plan. It revisits the issue of housing in Orleans, particularly housing affordability, to present a documented snapshot of current conditions and trends. It also looks at existing gaps between what housing is available to serve local residents and what is required to meet local needs, including a review of local, regional and state resources. This Study also identifies housing goals and strategies to address identified priority needs based on input from a wide variety of sources including interviews with local and regional stakeholders, public meetings, prior planning efforts, the priority housing needs identified in Section III.C and the experience of Orleans to date as well as other comparable localities in the area and throughout the Commonwealth.

This Community Housing Study provides a roadmap to guide the Town of Orleans in promoting affordable housing over the short and longer term, 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 Orleans.
- Decent paying jobs are limited in a predominantly tourist economy and thus children who grew up in town face the likelihood 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 other costs but unable to find alternative housing that better meets their current life styles and pocket books.
- Seniors are living longer and more residents are becoming frailer and increasingly reliant on a home care industry in which workers are harder to find given relatively low wages and high costs of living in the area.
- Families are finding it more difficult to “buy into” the private housing market and “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 Orleans 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. Alternatively, others are at the mercy of landlords who raise rents well beyond their means in the summer months, forcing them to relocate.
- Occupants of the Housing Authority’s family housing development have all been at risk of homelessness if not actually homeless.

Despite the fact that Orleans is approaching the 10% state affordability goal under Chapter 40B, this Housing Study documents that clearly more housing options are required well beyond the 10% level to meet local needs.

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

Affordable housing, sometimes referred to as subsidized housing or community housing, is generally defined by the income of the household in comparison to housing costs. For example, HUD generally identifies units as affordable if gross rent and the carrying costs of owning a home (mortgage, homeowner association fees, property taxes and insurance) is not more than 30% of total income. If households are paying more than these amounts, they are described as experiencing housing cost burdens; and if they are paying 50% or more for housing, they have severe cost burdens.

Affordable housing can also be defined according to percentages of median income for the area. Housing subsidy programs are typically targeted to particular income ranges depending upon programmatic goals. Based on 2017 HUD area income limits, 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 (\$24,350 for a family of three for the Barnstable County area) and very low-income is defined as households with incomes over 30% but less than 50% of area median income (\$40,600 for a family of three). Low- and moderate-income generally refers to the range between 51% and 80% of area median income (\$61,200 for a

family of three at the 80% level – up from \$61,150 in 2016). These income levels are summarized in Table II-1.

The Cape Cod Commission has defined affordable housing as that costs no more than 30% of total gross income for households earning at or below 80% of the median income for Barnstable County, referred to as area median income (AMI).

**Table II-1: 2016/2017 Income Levels for Affordable Housing in the Barnstable County Area**

# in Household	30% AMI/extremely Low-income	50% AMI/Very Low-income	60% AMI	80% Median Income/Low-income
1	\$17,850/\$18,950	\$29,750/\$31,600	\$35,700/\$37,920	\$47,550/\$47,600
2	20,400/21,650	34,000/36,100	40,800/43,320	54,350/54,400
3	22,950/24,350	38,250/40,600	45,900/48,720	61,150/61,200
4	25,450/27,050	42,450/45,100	50,940/54,120	67,900/68,000
5	27,500/29,250	45,850/48,750	55,020/58,500	73,350/73,450
6	29,550/31,400	49,250/52,350	59,100/62,820	78,800/78,900
7	31,600/33,550	52,650/55,950	63,180/67,140	84,200/84,350
8+	33,600/35,750	56,050/59,550	67,260/71,460	89,650/89,800

2017 median household income for the Barnstable County Metropolitan Statistical Area (MSA) = \$90,200 (for 4-person household) up significantly from \$77,100 in 2016 although there was very little change in the 80% AMI levels.

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

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

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

Based on the Massachusetts Department of Housing and Community Development’s most recent data on Orleans’s supply of affordable housing included in the state’s Subsidized Housing Inventory, Orleans had 3,290 year-round housing units of which 307 are currently counted by the state as affordable, representing 9.33% of the year-round housing stock. Thus Orleans is very close to surpassing the state’s 10% affordability goal. Assuming future housing

growth however, the 10% figure is a moving target as ultimately the required minimum number of year-round units will increase over time.

Most state-supported housing assistance programs are targeted to households earning at or below 80% of area median income (AMI), however, others, particularly rental programs, are directed to those earning at lower income thresholds. For example, the Low Income Housing Tax Credit Program that subsidizes rental units is targeted to households earning less than 60% AMI, \$45,900 for a family of three in Orleans. 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 1,150 households or about 41% of Orleans's total households might have been income-eligible for affordable housing using the 80% AMI income criterion alone without consideration of financial assets.

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

### **C. Housing Goals and Policies**

The Affordable Housing section of Orleans' Local Comprehensive Plan, which was produced in 2006, provided the following goals and priorities:

**Goal 1: To promote the provision of fair, decent, safe, affordable housing for rental or purchase that meets the needs of present and future Orleans residents. The Town will seek to raise its affordable housing stock to 10% of all year-round units by 2020.**

Policies for reaching this goal include:

- Affordable housing should be encouraged in all areas including areas of mixed-use residential and business development, but not in industrial areas.
- Residential construction and redevelopment of 10 units or more should provide at least 10% of the proposed units as affordable units.
- Affordable housing units should remain affordable long-term through the use of deed restrictions or rental restrictions.
- Affordable housing units should be compatible with respect to design, appearance, construction, and quality of materials with other structures in the area.
- Housing contributions should be placed in the Affordable Housing Trust Fund or other similar fund, to be used to further affordable housing initiatives.

**Goal 2: To promote equal opportunity in housing, both ownership and rental, and give special consideration to meeting the housing needs of the most vulnerable segments of Orleans' population including, but not limited to: very low income (50% AMI), low income (51-80% AMI), single-parent heads of households, elderly, minorities, the homeless, disabled, and other with special needs.**

Policies for reaching this goal include:

- The Town should actively participate in regional affordable housing strategies, funding opportunities, and initiatives.
- The Town should consider other options for affordable housing alternatives adhering to the needs of displaced residents and seasonal employees.
- In all of its actions, the Town shall work to prevent discrimination in housing because of race, color, creed, religion, sex, national origin, primary language, age, political affiliation, disability, sexual orientation or any other consideration prohibited by law, and shall not knowingly approve any development that so discriminates.

**Goal #3: To utilize, seek out, provide support and encourage the development of innovative strategies designed to address the housing needs of Orleans' residents, with particular attention to the needs of low and moderate income renters.**

**Goal #4: Integrate the development of affordable housing with protections of the Cape's environment.**

These housing goals, further guided by the priority housing needs identified in Section V.F of this Study, will provide the context for the package of housing actions the Town plans to implement over the short and longer term (see Section VII).

### III. DEMOGRAPHIC PROFILE<sup>4</sup>

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 and service needs. The following key questions will be addressed in this section:

- What have been the historical growth trends in the community and how has this growth contributed to unmet housing needs?
- What are the ramifications of increases and decreases of various age groups in regard to housing needs?
- What are the variations in household size and types of households that suggest unmet or greater housing needs?
- What patterns of in- and out-migration might have an impact on the future population mix?
- What estimates can be calculated to obtain a better understanding of the seasonal resident population?

These and other issues will be discussed in this section.

#### A. Population Growth – Small recent population loss

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 3,055 residents to 5,838. This was largely driven by the wave of development activity that engulfed the region fueled by those looking to vacation, retire or have second homes on Cape Cod. From 1990 through 2000 the population increased by another 503 residents or 8.6%, down considerably from pre-1990 levels. After 2000, there has been some decrease in total residents with a loss of 482 residents through 2015. These population changes are summarized in Table III-1 and Figure III-1.

The seasonal or second home population has also grown considerably. According to U.S. census data, the year-round population increased 0.4% between 1990 and 2010, from 5,838 to 5,890 residents, following an increase to 6,341 residents in 2000, while the number of housing units increased 15%, from 4,593 to 5,298 units, and seasonal units increased 35%, from 1,596 units to 2,153. **The seasonal population is estimated to include as many as 19,000 visitors in recent years, down somewhat from estimates as high as 22,000 in 2003 and 2004.**

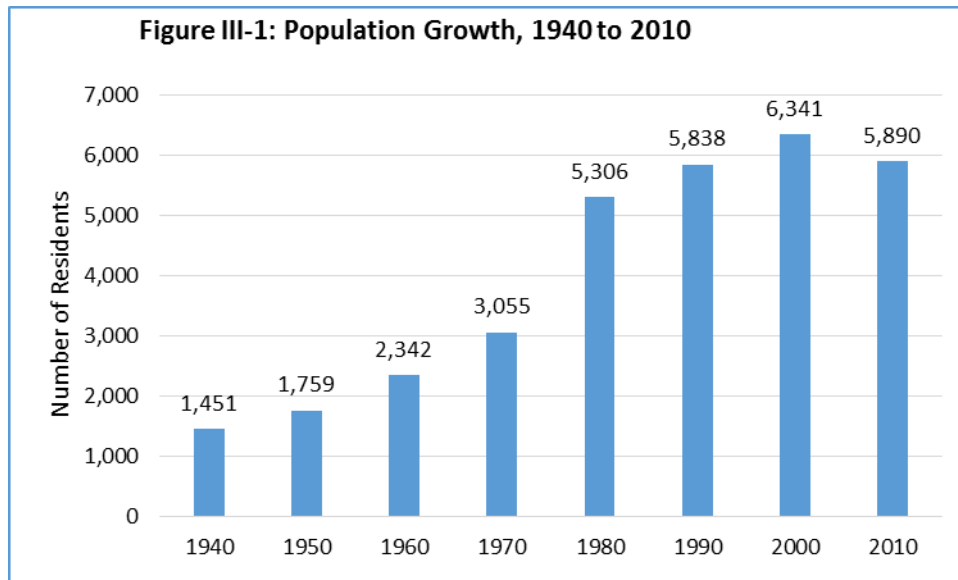
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<sup>4</sup> It should be noted that this Housing Study includes the most up-to-date data available. The decennial census data is typically provided as this data reflects actual counts. The most recent issue of the Census Bureau's American Community Survey (ACS) is also shown for some data not covered by the decennial counts and for more up-to-date information. Because the ACS is based on sample information, it is subject to sampling error and variation.

**Table III-1: Population Change, 1930-2015**

Year	Population	Increase in # Residents	Percentage Change
1930	1,181	--	--
1940	1,451	270	22.9%
1950	1,759	308	21.2%
1960	2,342	583	33.1%
1970	3,055	713	30.4
1980	5,306	2,251	73.7%
1990	5,838	532	10.0%
2000	6,341	503	8.6%
2010	5,890	-451	-7.1%
2015	5,859	-31	-0.5%

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2011-2015 and MassBenchmarks, State Data Center at the University of Massachusetts' Donahue Institute.



Town census figures from the Town Clerk's office indicate that the total population is approximately 6,194 residents with 2,694 over 65 years of age and 488 under age 18. In comparison to the 2015 federal census estimates, the Town figures estimate a higher total population (5,869 in the census estimate) but fewer under age 18 (compared to 609 in the census estimates). The number of seniors is also higher than the federal census estimates (at 2,402 residents) particularly given that the Town figures include those over age 65 while the federal census estimates include those age 65 and older and are therefore more inclusive. It should be mentioned that it is not unusual for Town and federal census estimates to deviate, but because so much of the data included in this report relies on the federal census, these figures will be used throughout this Housing Study. It nevertheless will be important to keep in mind these disparities, which will be further referenced.

Population projections from the Metropolitan Area Planning Council (MAPC) estimate significant future population losses to 4,802 residents in 2030, an 18.5% decline from the 2010 census count of 5,890 residents. The State Data Center at the University of Massachusetts'

Donahue Institute projects even greater population losses to 4,333 residents by 2030, representing a 26.4% population decrease since 2010. It is important to emphasize that projections are not always borne out in fact, but at a minimum the trend toward seasonality of the population is expected to continue.

A Cape Cod Commission economist suggests that these projections may not involve such significant population declines based on a number of factors. For example, the outpacing of births by deaths in a typical retirement community may be a less reliable measure for population trends than the ability of the community to attract new population from outside the region.<sup>5</sup>

### B. Population Density – Lower population size and density

Table III-2 provides comparative data on population size and density for communities on the Cape as well as Barnstable County and the state. Communities on the Lower Cape tended to have smaller land areas, smaller populations and lower population density. For example, the lowest population size and densities were in Truro and Wellfleet with Provincetown, Eastham, Chatham and Orleans following next in order.

Significant drivers of these relatively low density figures include the substantial population of occasional residents, large amount of land area dedicated to the Cape Cod National Seashore with considerable development limitations, and longer commutes from employment centers.

**Table III-2: Population Size and Density for Cape Communities, 2010**

Place	Land Area (Square Miles)	Population	Population Density
Barnstable	60.0	45,193	752.8
Bourne	40.9	19,754	482.8
Brewster	23.0	9,820	427.2
Chatham	16.2	6,125	377.6
Dennis	20.6	14,207	689.8
Eastham	14.0	4,956	354.2
Falmouth	44.2	31,531	712.7
Harwich	21.0	12,243	581.8
Mashpee	23.5	14,006	596.5
Orleans	14.2	5,890	415.5
Provincetown	9.7	2,942	304.5
Sandwich	43.0	20,675	480.4
Truro	21.1	2,003	95.1
Wellfleet	19.8	2,740	138.7
Yarmouth	24.2	23,793	981.2
Barnstable County	395.5	215,888	545.8
Massachusetts	1,840	6,547,629	835.2

Source: MassBenchmarks, State Data Center at the University of Massachusetts Donahue Institute

<sup>5</sup> Ramachandran, Mahesh, Environmental Economist for the Cape Cod Commission, “The Cape’s Population Problem Isn’t a Problem,” from Banker & Tradesman, November 28, 2016.

**C. Age Distribution - Continued decreases in younger residents and significant increases in older ones with projected continuations of these trends**

**All age categories below age 45 experienced significant population losses since 1990 while all those above involved considerable gains.**

As Table III-3 demonstrates, Orleans has experienced significant demographic shifts over the past several decades including:

*Declining population of children:* While the overall population remained relatively stable, increasing by only 0.9% between 1990 and 2010, those **under age 18**

decreased by 4.7% with a net loss of 273 children. This represented a declining portion of the population - from 15.8% in 1990 to 11.0% by 2010. The 2015 census estimates suggest further declines to 609 under age 18 and 10.4% of all residents despite little total population change. Town records indicate an even smaller population of children at 488 residents.

- *Modest decreases in those 18 to 24:* Between 1990 and 2010, those between the ages of 18 and 24 decreased from 293 residents to 249, representing a 15% loss. The 2015 census estimates suggest a gain to 292 residents in this age group, back to the 1990 level, although this increase is somewhat surprising and as sample data rather than actual counts is somewhat questionable.

**Table III-3: Age Distribution, 1990-2015**

Age Range	1990		2000		2010		2015*	
	#	%	#	%	#	%	#	%
Under 5 Years	231	4.0	159	2.5	156	2.6	146	2.5
5 - 17 Years	692	11.9	714	11.3	494	8.4	463	7.9
18 - 20 Years	293	5.0**	107	1.7	99	1.7	292	5.0**
21 - 24 Years			115	1.8	150	2.5		
25 - 34 Years	668	11.4	390	6.2	340	5.8	252	4.3
35 - 44 Years	784	13.4	706	11.1	404	6.9	480	8.2
45 - 54 Years	634	10.9	930	14.7	759	12.9	808	13.8
55 - 64 Years	717	12.3	936	14.8	1,144	19.5	1,019	17.4
65 - 74 Years	1,027	17.7	1,144	18.0	1,131	19.2	1,371	23.4
75 - 84 Years	792	13.6**	841	13.3	825	14.0	756	12.9
85+ Years			299	4.7	388	6.6	275	4.7
Total	5,838	100.0	6,341	100.0	5,890	100.0	5,859	100.0
Under 18	923	15.8	873	13.8	650	11.0	609	10.4
Age 65+	1,819	31.2	2,284	36.0	2,344	39.8	2,402	41.0
Median Age	48.4 years		55.5 years		60.3 years		60.5 years	

Source: U.S. Census Bureau, 1990, 2000 and 2010 and 2011-2015 American Community Survey 5-Year Estimates. \*Data only available as percentages and therefore some rounding error occurs.

\*\* Data not broken down any further.

- *Losses in younger adults:* Very significant is the drop in those between the **ages of 25 and 34** who are entering the labor market and beginning to form their own families. In 1990 this group comprised about 11.4% of Orleans’s residents, but by 2010 the percentage dropped to 5.8%. There was therefore a net loss of 328 residents between 1990 and 2010 or 49.1%. The 2015 census estimates indicate even further declines to 252 residents or 4.3% of the population.

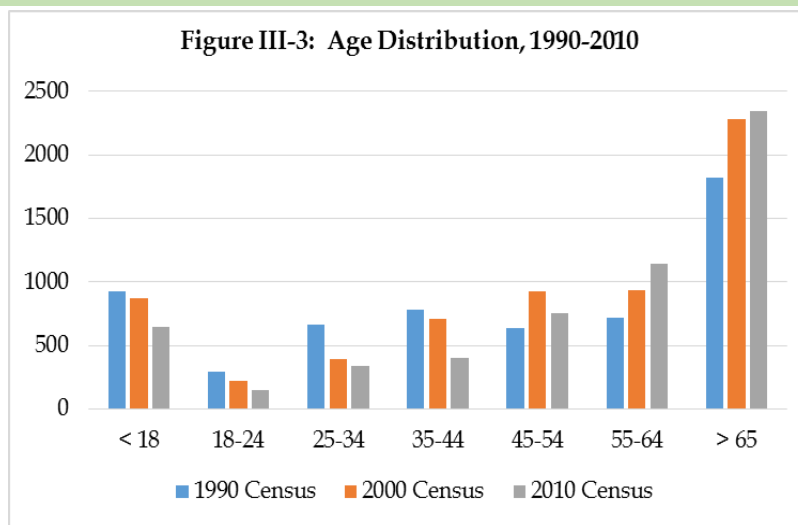
**Those in the 25 to 44 age range, raising their own families and establishing community roots, decreased by about 50% between 1990 and 2010.**

There were also significant losses in those in the **35 to 44 age range**, from 13.4% of the population in 1990 to 6.9% by 2010, or from 668 to 340 residents, representing a loss of 380 residents or 48.5%. In this case, the 2015 estimates suggest some upturn in numbers to 480 residents or 8.2%.

This trend towards declining numbers of young adults is occurring throughout most communities of the Cape, where the combination of fewer job opportunities, particularly those outside of the retail and service sectors that pay well, and escalating living expenses are increasingly forcing this group to relocate further away. While challenging, the Town should consider strategies to enable young people to remain in the community.

- *Substantial increases in middle-aged residents:* Another significant population shift is reflected in those between the **ages of 45 and 54**, who comprised 10.4% of Orleans residents in 1990 but 12.9% by 2010, growing from 634 to 759 residents or by about 20%. The 2015 census estimates suggest further increases to 808 residents in this age range and 13.8% of the population.

- *Additional increases in older middle-aged residents:* Those in the **55 to 64 age category** increased from 717 residents in 1990, or 12.3% of the population, to 1,144 by 2010 or 19.5% of all residents. **This represents a net increase of 427 residents and a growth rate of about 60%.**



Besides the effects of the aging baby boom generation, this growth is largely correlated to the costs of living, where older residents in the height of their earning potential are better able to afford to live in town. **This trend is also reflected in increases in the median age, from 48.4 years in 1990 to 60.5% by 2015. This median age is**

**much higher than 51.3 years Cape-wide and 39.3 for the state.**

- *Significant increases in older adults:* Orleans’s population is certainly aging as the numbers and percentages of **those 65 years of age or older** have increased significantly, from 31% in 1990 to 40% by 2010, and an estimated 41% by 2015. The numbers of residents in this age group increased by 525 residents between 1990 and 2010 or by approximately 29%, and by 583 residents or 32% between 1990 and 2015. Figure III-3 clearly shows the predominance of older adults in the community and their continuing growth. **Town records indicate even higher numbers of seniors at 2,684 over the age of 65.**

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

The level of those under age 18 is dramatically lower in Orleans, at 10.4% in 2015 compared to 16.2% and 20.9% for the county and state, respectively. Those in the 18 to 34 years age range is also notably lower, at 9.3% compared to 15.6% for the county and 23.4% of r the state. On the other end of the age range, those age 65 and older includes 41% of all Orleans residents in 2015, so much higher than 27.1% for Barnstable County and 14.7% for the state.

**Table III-4: Comparative Demographic Data, 2000 and 2015**

	Orleans		Barnstable County		Massachusetts	
	% 2000	% 2015	% 2000	% 2015	% 2000	% 2015
Under 18	13.8	10.4	20.4	16.2	23.6	20.9
Age 18 to 34	9.7	9.3	14.9	15.6	17.8	24.0
Age 35 to 44	11.1	8.2	15.3	9.5	14.6	12.7
Age 45 to 54	14.7	13.8	14.8	14.6	16.7	14.9
Age 55 to 64	14.8	17.4	11.5	17.1	13.8	13.0
Age 65 +	36.0	41.0	23.1	27.1	13.5	14.7
Median Age	55.5 years	60.5 years	44.6 years	51.3 years	36.5 years	39.3 years

Source: U.S. Census Bureau, 2000 and 2011-2015 American Community Survey 5-Year Estimates.

**While those age 65 or older increased by 29% between 1990 and 2010, they are expected to increase by 55% by 2030, coinciding with the aging of the baby boomers. The housing needs of this expanding population of seniors will need to be addressed in the Town’s housing agenda.**

Table III-5 presents population projections by age range through 2020 and 2030 in comparison to 2010 census figures, prepared by the Metropolitan Area Planning Council (MAPC). These projections suggest population losses to 5,359 residents by 2020 and 4,802 by 2030, or by 18.5% since 2010. During this time of projected population decline, the percentage of those 65 years of age or more is estimated to increase to 48.7% of all residents by 2020 and up to 55% by

2030. This represents a net gain of 298 seniors and a growth rate of 12.7%.

**Table III-5: MAPC Population Projections for 2020 and 2030**

Age Range	2010 Census		2020 Projections		2030 Projections	
	#	%	#	%	#	%
Less than 5 years	156	2.6	98	1.8	68	1.4
5 to 19 years	564	9.6	406	7.6	357	7.4
20 to 34 years	519	8.8	399	7.4	235	4.9
35 to 64 years	2,307	39.2	1,848	34.5	1,500	31.2
65+ years	2,344	39.8	2,608	48.7	2,642	55.0
Total	5,890	100.0	5,359	100.0	4,802	100.0

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

Table III-6 provides projections of the age distribution in Orleans through 2030 from the State Data Center at the University of Massachusetts’ Donahue Institute. This data suggests even greater population losses, down to 5,044 residents by 2020 and 4,333 in 2030. It also provides additional confirmation of the substantial increases in those 65 years of age or older, growing from 40% to 51% of the population in the context of overall population loss, but lower than the MAPC projections. Despite the proportionate growth of seniors, given the estimated decline in population, those 65 years and over are also expected to decrease in number declining by 135 residents between 2010 and 2030 in these projections. It is also interesting to note that those under age 20, while fewer in number given projected population losses, remain about the same percentage of the population in these calculations at about 12%, higher than the MAPC figures.

**Table III-6: State Data Center Population Projections for 2020 and 2030**

Age Range	2010 Census		2020 Projections		2030 Projections	
	#	%	#	%	#	%
Less than 5	156	2.6	136	2.7	86	2.0
5 to 19 years	564	9.6	501	9.9	460	10.6
20 to 34 years	519	8.8	381	7.6	242	5.6
35 to 64 years	2,307	39.2	1,712	33.9	1,336	30.8
65+ years	2,344	39.8	2,314	45.9	2,209	51.0
Total	5,890	100.0	5,044	100.0	4,333	100.0

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

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

**D. Racial Composition - Limited racial diversity**

The population has remained predominately white but minority residents have steadily increased in numbers from five (5) residents in 1990 to 202 or 3.4% in 2010 as shown in Table III-7. The 2015 census estimates suggest a decline to 86 residents or 1.5% in 2015, although these estimates are questionable as they reverse past increases locally and throughout the region. Examining the likely more reliable 2010 figures, approximately 26% of the minority population identified themselves as Black or African American and 22% as Asian. About one-third claimed they were of two races and 40% claimed Hispanic or Latino heritage.

**E. Household Characteristics - Relative stability in the mix of household types over the past several decades**

**20% of all Orleans households involved individuals 65 years of age or older who lived alone based on 2015 census estimates, considerably higher than 17.4% and 11.3%, for the county and state, respectively, and correlated with Orleans' large existing population of older adults.**

As shown in Table III-7, the number of households increased from 2,722 to 3,087 between 1990 and 2000 and then declined as the population declined to 2,950 by 2010. This represented a net growth rate of 8.4%, much higher than the net population growth of almost 1% during this period and reflective of some growth in smaller households further indicated declines in the average household size from 2.09 persons in 1990 to 1.97 in 2010. The 2015 census estimates suggest small further declines in population and households but a surprising increase in average household size to 2.00 persons in line with the 2000 level.

Unlike most Cape communities where there is a trend towards higher proportions of smaller, non-family households, the mix of household types has remained relatively static over the past several decades with a breakdown of about 60% of families versus 40% non-families if one compares 1990 and 2015 census figures. This level of non-families is still higher than Barnstable County and the state at 38.5% and 36.4%, respectively, based on 2015 census estimates. The 2010 census counts suggest some downturn in the number and proportion of families since 1990 in comparison to increases in non-families that is more in keeping with overall regional trends and may be more accurate than the upturn in families and correlated decline in non-families suggested by the 2015 figures.

**Table III-7: Demographic Characteristics, 1990-2015**

Characteristics	1990		2000		2010		2015	
	#	%	#	%	#	%	#	%
Total Population	5,838	100.0	6,341	100.0	5,890	100.0	5,859	100.0
Minority residents*	5	0.1	154	2.4	202	3.4	86	1.5
Total # Households	2,722	100.0	3,087	100.0	2,950	100.0	2,881	100.0
Family Households**	1,617	59.4	1,772	57.4	1,664	56.4	1,743	60.5
Female Heads of Households with Children < 18 **	95	3.5	106	3.4	74	2.5	109	3.8
Non-family Households **	1,105	40.6	1,315	42.6	1,286	43.6	1,138	39.5
Householder living Alone/65 years +	958/ 566	35.2/ 20.8	1,147/ 676	37.2/ 21.9	1,107/ 688	37.5/ 23.3	1,031/ 582	35.8/ 20.2
Average Household Size/Family Size	2.09/2.62 persons		2.00/2.55 persons		1.97/2.48 persons		2.00/2.55 persons	

Sources: U.S. Census Bureau, 1990, 2000 and 2010 and American Community Survey 5-Year Estimates, 2011-2015.

\*All non-white classifications

\*\* Percent of all households

While the number of female-headed households with children under age 18 is small, they have fluctuated over the decades, down to 74 in 2010 but up again to 109 according to 2015 census estimates and once again comparable to the 2000 figures. Because these households typically are among the most financially vulnerable in any community, any increase represents a troubling trend.

Table III-8 provides a breakdown of household size by household type, comparing 2015 census estimates for Orleans to Barnstable County and the state. This information indicates that there were proportionately more persons living alone in Orleans at 35.8% of all households compared to 32.9% countywide and 28.7% for the state.

The level of two-person households was also higher in Orleans, at 46% of all households compared to 40% and 33% for the county and state, respectively. On the other hand, Orleans had a lower level of all larger households in comparison to the Cape and the state as a whole, and proportionately fewer families. It is therefore not surprising that Orleans’s average household size of 2.00 persons was significantly lower than those of the county and state at 2.24 and 2.53, respectively.

**Table III-8: Types of Households by Size for Orleans, Barnstable County, and Massachusetts 2015**

Households by Type and Size	Orleans		County	MA
	#	%	%	%
<b>Family Households</b>	<b>1,743</b>	<b>60.5</b>	<b>61.5</b>	<b>63.6</b>
2-person household	1,219	42.3	35.3	26.5
3-person household	278	9.6	11.9	15.4
4-person household	147	5.1	9.3	13.7
5-person household	84	2.9	3.3	5.4
6-person household	15	0.5	1.1	1.7
7 or more person household	0	0.0	0.7	0.8
<b>Non-family Households</b>	<b>1,138</b>	<b>39.5</b>	<b>38.5</b>	<b>36.4</b>
1-person household	1,032	35.8	32.9	28.7
2-person household	106	3.7	4.8	6.2
3-person household	0	0.0	0.5	1.0
4-person household	0	0.0	0.2	0.4
5-person household	0	0.0	0.03	0.1
6-person household	0	0.0	0.04	0.03
7 or more person household	0	0.0	0.0	0.01
<b>Total</b>	<b>2,881</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates.

## F. Migration Patterns

Table III-9 includes information on in and out-migration between Orleans and other places based on census migration data, demonstrating the following findings:

- There was a net in-migration of 167 residents compared to a net out-migration of 371 for a net population loss of 204 residents in 2014.
- Orleans is drawing residents from other areas of the country. In-migration data suggests that new residents are coming from a number of states including Maryland, Connecticut, New Jersey, Ohio, Illinois and Virginia.
- There have been some limited net gains in population from other communities on the Cape including Barnstable, Eastham, Wellfleet and Yarmouth.
- There was considerable net out-migration to other communities on the Cape, particularly Brewster, most likely related to somewhat greater affordability in these towns.
- Besides other Cape communities, residents leaving Orleans for other places in Massachusetts chose Boston, Haverhill, Lexington, Manchester-by-the-Sea, and New Bedford. Some of these municipalities were relatively more affordable, such as New Bedford and Haverhill, others had higher properties values.
- There was also significant out-migration to Connecticut, New Jersey and Florida. Of particular note are the 82 residents who moved to Murrysville, PA, which most likely could be explained by the relocation of a business.

**Table III-9: Orleans In-migration and Out-migration, 2014**

Place	# In-migration	# Out-migration	Net Migration
Andover, MA	16	0	16
Anne Arundel County, MD	19	0	19
Barnstable, MA	11	0	11
Berlin, CT	7	0	7
Clark County, OH	16	0	16
Dennis, MA	20	11	9
DuPage County, IL	2	0	2
East Greenwich, RI	1	0	1
Eastham, MA	1	0	1
Easton, CT	22	0	22
Edison Township, NJ	8	0	8
Norwich, CT	5	0	5
Rockbridge, VA	20	0	20
San Diego, CA	13	0	13
Wellfleet, MA	1	0	1
Westport, CT	15	0	15
Yarmouth, MA	1	0	1
<b>Subtotal of Net In-migration</b>	<b>178</b>	<b>11</b>	<b>167</b>
Boston, MA	15	32	-17
Branford, CT	0	11	-11
Bourne, MA	0	6	-6
Brewster, MA	7	102	-95
Chatham, MA	0	10	-10
Harwich, MA	0	29	-29

Haverhill, MA	0	7	-7
Lexington, MA	0	28	-28
Manchester, MA	0	14	-14
Murrysville, PA	0	82	-82
New Bedford, MA	0	24	-24
Piscataway, NJ	0	9	-9
Princeton, NJ	0	4	-4
Sumter County, FL	0	35	-35
<b>Subtotal of Net Out-migration</b>	<b>22</b>	<b>393</b>	<b>-371</b>
<b>Total</b>	<b>200</b>	<b>404</b>	<b>-204</b>

Source: U.S. Census Bureau, American Community Survey, Migration estimates, 2010-2014. This census data includes relatively large margins of error.

### G. Seasonal Population Estimates

As noted earlier in this section, the seasonal population is estimated to include about 19,000 people or about more than three times the number of year-round residents. As described in Orleans' Town Center Economic Analysis,<sup>6</sup> this seasonal population can be broken down into the following three subgroups:

#### 1. Seasonal home population

This group is comprised of temporary residents and their guests who are second home owners or rent homes during the summer. The 2015 census estimates indicate that 2,153 homes or 40.6% of Orleans' housing stock is used by these occasional residents. With an estimate of two persons per household per unit, this population represents at least 5,306 persons.

A housing survey conducted by the University of Massachusetts' Donahue Institute in 2008 suggested that 23% of the Lower Cape's seasonal homeowners planned to become year-round residents between 2009 and 2024. This would involve almost 500 housing units in Orleans. After converting the homes to their principle residence, the survey indicated that on average of two people will use the home for 10 months of the year, meaning that most conversions are occurring among retirees who will spend some time each year away from the property. The survey further indicated that 12% of respondents planned to sell their second homes and another 10% expected to hand down their home to a family member or friend.

This conversion activity will benefit local businesses given the extended time that occupants will spend in the property, but will also reduce available rentals for short-term visitors because 22% of those who plan to permanently move to the Cape currently rent their homes for at least some time during the year. This will involve a loss of approximately 109 existing seasonal rentals although new development can potentially make-up for this loss.

The survey also suggested that 35% of those who planned to move permanently into their second home also wanted to work part-time with an additional 7% planning to

<sup>6</sup> Barringer, Pat, Fine Point Associates, *Orleans Town Center: Economic Analysis Primer*, December 2015.

work full-time. It is conceivable that at some point in the future the conversion of seasonal units to year-round ones might outweigh the construction of new units that are largely directed at this time to seasonal or occasional occupancy.

Research by the Cape Cod Commission and the UMASS Donahue Institute suggest the following characteristics of the *seasonal homeowners*:

- Median age of 60 years.
- 75% have at least a college degree and 48% have a graduate degree
- 58% have a household income of more than \$100,000
- Household typically has two adults and no children under age 18

Additional information on *second home usage* includes:

- 26% rent their home for part of the year.
- 82% of second home owners made personal use of their home in the summer and about 25% in the winter.
- The percentage of homeowners who rent their home ranges from about 24% in the summer to a bit more than 3% in the winter.
- Use is not surprisingly more intense in the summer months, at an average usage of 24.5 days in July and August by 4.6 persons.
- In June the average usage is about 16 days with about 3.5 persons.
- February has the lowest usage at only about five average days of use and an average of 1.8 persons.
- Seasonal homeowners use their home most long weekends throughout the year.
- Increasingly, seasonal homeowners have offices in their home that enable them to telecommute and stay for longer periods of time.
- Second home owners in the Mid and Upper Cape use their homes more days per month than those from the Lower and Outer Cape with the exception of July and August.

## 2. *Motel visitors*

These visitors stay at local motels, hotels, inns and bed & breakfasts. There are 361 such rooms available in Orleans as summarized in Table III-10. On a busy summer weekend, the number of persons sleeping each night in Orleans could be about 722 persons assuming full occupancy and an average household size of two persons. Over the course of the entire summer and shoulder season, approximately 9,100 visitors is estimated based on occupancy over a 14-week period, a vacancy rate of 90%, and a weekly turnover of units.

These visitors and those using the estimated 2,153 second or seasonal homes (assume all such units with an average residency of 4.6 persons given usage listed above) could together be as many as 10,600 temporary residents during major summer weekends.

**Table III-10: Motel, Inn and Bed & Breakfast Establishments in Orleans**

<b>Name of Establishment</b>	<b>Number of Rooms</b>
Rockaway Inn	43
Olde Tavern Motel & Inn	30
Gov. Pence Inn of Orleans	51
Ship's Knees Inn	16
Seashore Park Inn	62
Skaket Beach Motel	45
Ridgewood Motel & Cottages	20
Family House B & B	3
The Cove Motel	47
HI-Eastham Hostel	44
Total	361

3. *Day-trip visitors*

It is very difficult to compute the number of visitors that live elsewhere and visit one of Orleans famous beaches, other tourist attractions and businesses. The Orleans Chamber of Commerce indicates that approximately 2.5 million visitors stop by their Information centers during the summer although it is not clear how much time they actually spend in Orleans.

## IV. ECONOMIC PROFILE

This section examines income, employment and educational information as well as disability data to address the following questions:

- What changes in income levels have occurred and how does this relate to housing affordability?
- Are there growing income disparities among residents?
- What are the employment trends related to the mix of employers and workforce (year-round and seasonal)?
- How do population projections affect workforce needs and demands?
- What are the trends toward educational attainment that can affect employment opportunities and housing affordability?
- What proportion of the population is disabled or has other special needs that limit their employment options and income?

These and other economic issues will be discussed in this section of the Housing Study.

### A. Income - Increasing incomes for many

Orleans has gained increasingly more affluent residents over the past several decades as have many communities on Cape Cod with median income levels rising from \$29,519 in 1989 and up to \$56,313 and \$64,861 in 2010 and 2015, respectively. *This represents a 120% increase which was significantly higher than the rate of inflation during this period of 94%.* These income levels are generally comparable to most of Orleans's neighbors based on 2015 census estimates as shown in Table IV-3.

Table IV-1 presents census income data from 1989 through 2015, which is also visually presented in the chart in Figure IV-1 since 1999. Those earning more than \$75,000 increased from 13.4% of households in 1989 to 43% as of 2015, **including 28% earning above \$100,000.** In 1989, 16.3% of households were earning between \$50,000 and \$74,999, increasing to 19.1% in 2010 and then down to 11.6% in 2015 as incomes shifted upwards.

**Despite increasing household wealth, there are substantial numbers of households with incomes below \$25,000, including 605 households or 21% of all households based on 2015 census estimates. There are substantially more of these households than the 307 SHI units, and they are challenged to compete in Orleans's housing market.**

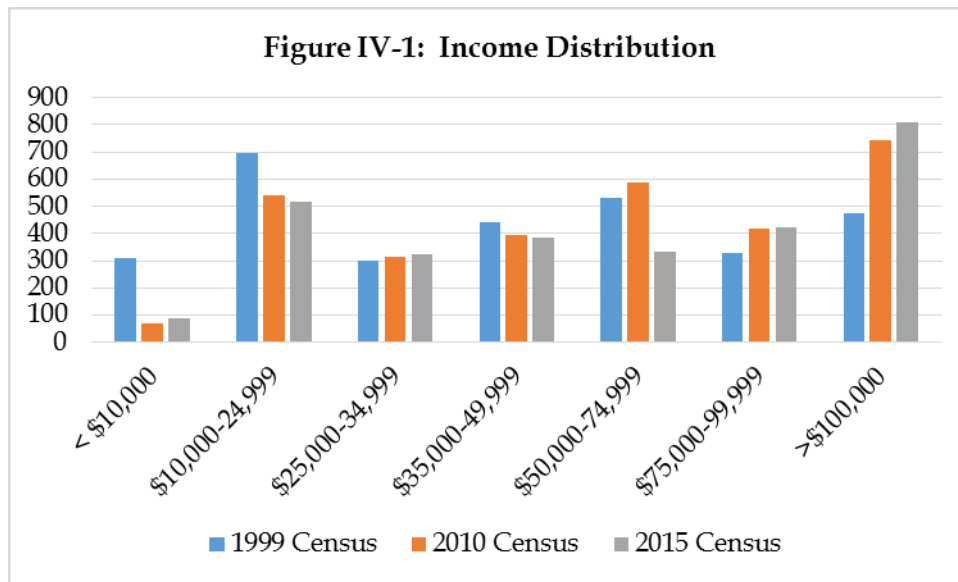
It is likely that some of the households in the lower income ranges may in fact be long-term residents who own their homes, which are now worth a considerable amount of money, in effect cash poor but equity rich. Nevertheless, continued increases in the cost of living as well as health-related issues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

While Orleans has provided considerable numbers of subsidized senior units to those on the Lower Cape, these units are insufficient, and in many cases inaccessible, to those who want to downsize but are being priced out of the community's housing market.

**Table IV-1: Income Distribution, 1989-2015**

Income Range	1989		1999		2010		2015	
	#	%	#	%	#	%	#	%
Under \$10,000	309	11.3	309	10.0	71	2.3	88	3.1
\$10,000-24,999	826	30.3	698	22.6	542	17.6	517	17.9
\$25,000-34,999	352	12.9	299	9.7	313	10.2	325	11.3
\$35,000-49,999	428	15.7	442	14.3	393	12.8	386	13.4
\$50,000-74,999	445	16.3	533	17.3	586	19.1	333	11.6
\$75,000-99,999	174	6.4	330	10.7	420	13.7	422	14.6
\$100,000-149,999	191	7.0	283	9.2	316	10.3	462	16.0
\$150,000 or more			194	6.2	427	13.9	348	12.1
Total	2,726	100.0	3,088	100.0	3,068	100.0	2,881	100.0
Median Income	\$29,519		\$42,594		\$56,313		\$64,861	

Source: U.S. Census Bureau, 1990, 2000 and 2010 and 2011-2015 ACS 5-Year Estimates.



In 1999, incomes for Orleans residents were on average somewhat lower than the Cape as a whole with median household income levels of \$42,594 and \$45,933, respectively, for example. The county proportionately had lower proportionate levels of households earning below \$25,000 as well as those earning above \$100,000 in comparison to Orleans in 1999 as documented in Table IV-2. As of 2015, the relative distribution of incomes became more complicated with Orleans having a somewhat higher percentage of those in the \$10,000 to \$50,000 income range, a lower level in the \$50,000 to \$75,000 range, and then relatively comparable levels above \$75,000.

**Table IV-2: Income Distribution by Household: Orleans and Barnstable County  
1999 and 2015**

Income Range	Orleans		Barnstable County	
	1999 %	2015 %	1999 %	2015 %
Under \$10,000	10.0	3.1	6.8	4.5
10,000-24,999	22.6	17.9	17.8	14.9
25,000-34,999	9.7	11.3	12.8	8.4
35,000-49,999	14.3	13.4	16.8	12.2
50,000-74,999	17.3	11.6	21.5	18.4
75,000-99,999	10.7	14.6	11.9	13.8
100,000-149,999	9.2	16.0	8.0	16.3
150,000 or more	6.2	12.1	4.4	11.6
Total	100.0	100.0	100.0	100.0
Median income	\$42,594	\$64,861	\$45,933	\$63,251

Source: U.S. Census Bureau, 2000 and 2011-2015 American Community Survey 5-Year Estimates

The income distribution for family households is higher with a median family income of \$86,132 in comparison to \$80,751 for the county. Orleans also had more families earning above \$100,000, 40% compared to 28% for all households in the county.

Table IV-3 compares median household income over time to neighboring communities as well as the county and state. Most communities had median income levels in the \$60,000 to \$68,000 range, lower than the state at \$68,563 however. Outlier communities of Dennis, Provincetown and Wellfleet had medians below \$60,000, as low as \$36,958 for Provincetown.

**Table IV-3: Comparison of Median Household Incomes for Orleans and Neighboring  
Communities, 1999, 2010 and 2015**

Community	1999 Median Income	2010 Median Income	2015 Median Income
Brewster	\$49,276	\$58,374	\$66,220
Chatham	\$45,519	\$65,990	\$67,587
Dennis	\$41,598	\$50,642	\$53,381
Eastham	\$42,618	\$58,750	\$60,760
Harwich	\$41,552	\$54,958	\$68,267
Orleans	\$42,594	\$56,313	\$64,861
Provincetown	\$32,716	\$44,646	\$36,958
Truro	\$42,981	\$80,425	\$60,432
Wellfleet	\$43,558	\$66,109	\$45,735
Barnstable County	\$45,933	\$60,317	\$63,251
Massachusetts	\$50,502	\$64,509	\$68,563

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

As presented in Table IV-4, 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 IV-4: Median Income by Household Type, 2015**

Type of Household/Householder	Median Household Income
Individual/per capita	\$43,602
Families	\$86,597
Nonfamilies	\$30,081
Renters	\$19,858
Homeowners	\$77,873
Householder less than age 25	*
Householder age 25 to 44	\$31,705
Householder age 45 to 64	\$77,794
Householder age 65 or more	\$62,159
Male full-time, year-round workers	\$46,655
Female full-time, year-round workers	\$35,819

Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

\* Indicates data not available as sample size too small.

These income figures are also based on Orleans’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 40% of Orleans’s housing units, likely have significantly higher average incomes in order to afford the high costs of seasonal units or second homes, thus further widening income disparities within the community.

Table IV-5 presents a comparison of income levels for owners and renters. More than two-thirds of renters (76.9%) earned less than \$35,000 compared to one-fifth of homeowners. On the other hand, 34.5% of the homeowners earned more than \$100,000 compared to only 4.8% of the renter households. **The income disparity is also reflected in median income levels of \$77,873 and \$19,858 for owners and renters, respectively, based on 2015 census estimates.** Additionally, while the median household income of owners increased by 50.4% from \$51,771 in 1999, the median income of renters increased by a far lesser degree by only 14.4% from \$17,358.

**Table IV-5: Income Distribution by Tenure, 2015**

Income Range	Homeowners		Renters	
	#	%	#	%
Under \$10,000	33	1.5	55	8.9
\$10,000-24,999	237	10.5	280	45.1
\$25,000-34,999	183	8.1	142	22.9
\$35,000-49,999	287	12.7	99	15.9
\$50,000-74,999	318	14.1	15	2.4
\$75,000-99,999	422	18.7	0	0.0
\$100,000-149,999	453	20.0	9	1.4
\$150,000 +	327	14.5	21	3.4
Total	2,260	100.0	621	100.0

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2011-2015

Table IV-6 summarizes the income distribution by the age of the head of the household, indicating that younger households tended to have lower incomes with all those under age 25 (only 57 households) and 61.6% of those in the age 25 to 44 age range earning less than \$35,000

compared to 19.3% and 33.1% in the age 45 to 64 and over 65 age categories, respectively. On the other end of the income range, those earning more than \$100,000 included 20.8% of those households in the age 25 to 44 category, 33.4% of those age 44 to 64 and 26.9% of those 65 years and over.

**Table IV-6: Income Distribution by Age of Householder, 2015**

Income Range	Less than Age 25		Age 25 to 44		Age 45 to 64		Age 65 or Over	
	#	%	#	%	#	%	#	%
Under \$10,000	34	60.0	0	0.0	25	2.4	29	1.9
\$10,000-24,999	0	0.0	55	19.7	116	11.1	346	23.0
\$25,000-34,999	23	40.0	117	41.9	61	5.8	124	8.2
\$35,000-49,999	0	0.0	0	0.0	220	21.1	166	11.0
\$50,000-74,999	0	0.0	31	11.1	78	7.5	224	14.9
\$75,000-99,999	0	0.0	18	6.4	194	18.6	210	14.0
\$100,000-149,999	0	0.0	51	18.3	250	24.0	161	10.7
\$150,000 or more	0	0.0	7	2.5	98	9.4	243	16.2
Total	57	100.0	279	100.0	1,042	100.0	1,503	100.0

Source: U.S. Census Bureau, 2011-2015 ACS 5-Year Estimates

The disparity of incomes by age is also reflected in the median income levels that included \$31,705 for younger households in the age 25 to 44 range, about half of the median for seniors of \$62,159 and considerably less than the \$77,794 for those age 45 and 64 in the prime of their earning potential. It is somewhat surprising that the median for those 65 plus is so high given that many would be retired and living on fixed incomes and is much higher than the median for the county at \$47,464. This demonstrates that many seniors are likely still working or have retired to Orleans with substantial earnings from financial assets and retirement funds.

### **B. Poverty - Relatively low but increasing somewhat**

Table IV-7 presents poverty levels in Orleans over the past several decades.<sup>7</sup> Despite some fluctuations over time, the 2015 census estimates indicate that the absolute numbers and proportion of those with incomes below the poverty level increased a bit since 1989 across each of the resident types listed in the table, including an increase in overall poverty from 5.2% in 1989 to 5.5% as of 2015. The poverty level for families increased to 2.7% by 1999, then decreased to 2.4% by 2010, and subsequently increased past the 1999 level to 2.9% in 2015. The levels of children in poverty has fluctuated as well going from 5.3% of all children under 18 in 1989, down to 5.6% in 1999, back up to a high of 15.1% in 2010, and then down to half that level to 7.6% by 2015. Seniors 65 years and older who were living in poverty comprised 3.2% of all such seniors in 1989, increased to 5.6% in 1999, and then went back down to 4.4% by 2015.

These levels are still well below the county and state where census figures suggest 8.7% and 11.6% rates for individuals in 2015, respectively.

<sup>7</sup> The federal poverty levels for 2016 were \$11,880 for a single individual and \$20,160 for a family of three (3).

**Table IV-7: Poverty Status, 1989-2015**

Types of Residents/ Households	1989		1999		2010		2015	
	#	%	#	%	#	%	#	%
Individuals Below Poverty *	303	5.2	397	6.5	294	5.0	322	5.5
Families **	41	2.1	48	2.7	40	2.4	51	2.9
Related Children Under 18 Years ***	49	5.3	45	5.6	98	15.1	46	7.6
Individuals 65 and Over ****	59	3.2	122	5.6	39	3.8	106	4.4

Source: U.S. Census Bureau, 1990, 2000 and 2010 and 2011-2015 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+

**This data demonstrates that Orleans still has a very vulnerable population, including 322 individuals and 51 families, who had substantial income limitations and likely require public assistance to meet their housing needs.**

**C. Employment – Half of jobs are in the lower-paying service sector**

Orleans is located well into the Cape and a fair distance from the major population and job centers of Boston and Providence. The 2015 census estimates indicated that 34.3% of Orleans’s 2,623 residents in the labor force were involved in management or professional occupations and 48% were employed in the lesser paying retail and service oriented jobs that supported the local economy including sales and office occupations (26.2%), and service occupations (21.8%). While 68.5% were wage or salaried workers, another 10.8% were government workers, and

19.6% were self-employed. This level of self-employment is considerably higher than other areas with countywide and statewide figures at 12.0% and 6.1%, respectively, for example.

**Orleans’s resort economy causes fluctuations in the job force that increases in the summer months to serve seasonal needs. At this point, there are increasingly limited housing options in Orleans to house lower paid seasonal workers. The seasonality of the job market also has some workers living without much income during the winter.**

Additional information on employment patterns indicates that of those Orleans residents who were employed over the age of 16, 261 or about 10.6% worked in the community, which is low in comparison to the town of Barnstable for example at 52% given jobs available in Hyannis.

Labor and workforce data from the state’s Office of Labor and Workforce Development is presented in Table IV-8, which project an unemployment rate in Orleans as of November 2016 of 2.5%, with 68 residents unemployed, down from 6.3% in January 2016 with 169 unemployed

workers. These variations are a result of Orleans’s resort economy that causes fluctuations in the job force with increases in the summer months to serve seasonal needs. For example, there were 3,088 workers employed in August 2016 compared to 2,509 the previous January. These statistics are for Orleans residents specifically and do not include seasonal workers who live in other nearby communities or who arrive for seasonal jobs from other parts of the state, country or even world.

It is interesting to note that while Orleans’ employment levels vary significantly by the season, these swings are much smaller than what is occurring further into the Lower Cape or on the Islands. For example, Provincetown’s unemployment rates in 2016 fell from a high of 27.7% in January to 7% in October, Nantucket’s from 11.3% to 1.8% between January and August.

An economic analysis prepared in collaboration with the Town in December 2015, indicated how important the seasonal home population and visitor market is to the Town’s economy, representing \$128 million in annual sales.<sup>8</sup> Jobs that help fuel local businesses in the summer months are critical for maintaining the community’s economic health.

**Table IV-8: Average Employment by Month, 2016**

Month	Labor Force	Employed	Unemployed	Unemployment Rate
January	2,678	2,509	169	6.3
February	2,667	2,503	164	6.1
March	2,700	2,543	157	5.8
April	2,751	2,643	108	3.9
May	2,820	2,728	92	3.3
June	3,008	2,911	97	3.2
July	3,176	3,090	86	2.7
August	3,168	3,088	80	2.5
September	2,897	2,823	74	2.6
October	2,816	2,749	67	2.4
November	2,735	2,667	68	2.5

Source: Massachusetts Executive Office of Labor and Workforce Development, January 6, 2017

Additional labor and workforce data from the state’s Office of Labor and Workforce Development is presented in Table IV-9, which focuses on jobs available in Orleans. This data shows an average employment of 4,358 workers and 467 businesses. All industries with an average of more than 300 employees are highlighted in the table.

The data also confirms the concentration of jobs in the retail and service sectors and further demonstrates the corresponding lower wage levels with an average weekly wage of \$789 that translates into an annual income of about \$41,200. The town still has a notable concentration of jobs in the finance and insurance sector with an average weekly wage of \$1,718 or an average annual salary of almost \$90,000.

<sup>8</sup> Barringer, Pat, Fine Point Associates, *Orleans Town Center: Economic Analysis Primer*, December 2015

**Table IV-9: Average Employment and Wages by Industry in Orleans, 2015**

<b>Industry</b>	<b># Establishments</b>	<b>Total Wages</b>	<b>Average Employment</b>	<b>Average Weekly Wage</b>
Construction	54	\$8,798,830	181	\$935
Manufacturing	12	\$4,191,260	92	\$876
Wholesale trade	13	\$3,034,170	63	\$926
Retail trade	99	\$35,896,732	1,165	\$593
Information	8	\$4,549,788	79	\$1,108
Finance & insurance	20	\$26,804,574	300	\$1,718
Real estate/rental	14	\$2,981,866	69	\$831
Professional/technical services	38	\$12,003,451	178	\$1,297
Administrative and waste services	19	\$4,143,223	105	\$759
Health care and social assistance	42	\$11,346,488	307	\$711
Arts, entertainment and recreation	14	\$3,816,314	189	\$388
Accommodation and food services	55	\$16,719,309	726	\$443
Other services, Exec. public administration	49	\$6,415,370	194	\$636
Public administration	9	\$10,421,895	151	\$1,327
<b>TOTAL</b>	<b>467</b>	<b>\$178,874,118</b>	<b>4,358</b>	<b>\$789</b>

Source: Massachusetts Executive Office of Labor and Workforce Development, January 6, 2017  
**Shaded rows indicate industries with 300 or more employees.**

While Orleans' \$789 weekly wage level was less than half of Boston's at \$1,770, it was higher than Dennis' at \$753 as well as other the Lower Cape communities including Wellfleet (\$756), Eastham (\$713), Provincetown (\$720), and Chatham (\$762). Only Truro had a higher average weekly wage at \$803. Wage levels are higher in the Upper Cape with average weekly wages of \$908 and \$970 for Bourne and Falmouth, respectively, and \$869, \$926 and \$936 for the off-Cape communities of New Bedford, Plymouth and Attleborough, respectively, for example.

It should also be noted that 71.6% of workers drove alone to work, another 7.1% carpooled and 30 workers, or 1.2%, used public transportation. Another 8.1% walked to work and 10.6% of workers worked at home. The average commuting time was 19.3 minutes according to 2015 census estimates. The reliance on the car can be a major financial challenge for lower income residents.

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

According to the U.S. census, the educational attainment of Orleans residents is high and has improved. In 2010, 97.3% of those 25 years and older had a high school diploma or higher and 52.8% had a Bachelor's degree or higher, up from the 2000 figure of 45.1% with a college degree and higher than the 2000 figure of 33.6% for the county. As of 2015, those with at least a high school degree increased to almost all residents, or 99%, and those with a college degree or higher decreased according to these census estimates to 49.7%. These levels remain much

higher than county and state figures which included 40% of all those 25 years of age or older and signal the higher earning potential of Orleans residents.

Census estimates also indicate declining school enrollments related to demographic shifts to fewer children. Those enrolled in school (nursery through graduate school) in 2000 totaled 993 residents or 15.7% of the population, down to 608 and 10.4% of all residents as of 2015. Additionally, those enrolled in kindergarten through high school totaled 740 students in 2000, declining to 469 as of 2015 and representing 77% of those who are enrolled in school.

Public school enrollments also reflect decreasing numbers of children. For example, those children enrolled at the Orleans Elementary School decreased from 300 students in the 2000-2001 school year to 215 by 2016-17. Comparably, enrollments at the Nauset Regional Schools (Middle School and High School) - that include students from Brewster, Orleans, Wellfleet and Eastham - decreased from 1,790 in 2000-2001 to 1,464 by 2016-2017. These declines are reflective of the substantial demographic shift towards fewer younger residents and increasing numbers and proportions of older ones that is occurring throughout the Cape but is particularly worrisome for the Lower Cape.

#### **E. Disability Status - Higher level of special needs**

Of the 2015 noninstitutionalized population of 5,824, 830 or 14.3% claimed some type of disability, down considerably from 20.8% in 2000, but still higher than county and state levels of 13.4% and 11.5%, respectively. Of those under 18 years of age, 28 or 4.6% had a disability with another 264 in the 18 to 64 age range that also claimed a disability or 4.6% of those in this age range. In regard to the population 65 years of age or older, 538 seniors or 22.7% of those in the age group claimed some type of disability. These levels of disability, particularly those of seniors, represent significant special needs within the Orleans community and will likely increase as the older population continues to grow.

Additional information on the types of disabilities for local seniors is summarized in Table IV-9, comparing Orleans estimates to those of the state based on Tufts Health Plan Foundation's Healthy Aging Community Profile. This report indicates that older residents in Orleans have lower levels of the listed specific disabilities with the exception of hearing difficulties for those age 65 to 74 and vision problems in the 75 plus age category. This report further indicates that Orleans is "a walker's paradise"; and compared to state averages, older residents of Orleans have lower rates of Alzheimer's disease, diabetes, COPD, hypertension, ischemic heart disease, congestive heart failure, lung cancer, and obesity. They also have fewer annual hospital stays and emergency room visits. As the population continues to age, services from the Council on Aging and other area service providers will become increasingly important, including the potential need for more assisted living options.

**Table IV-9: Types of Disabilities**

<b>Population Characteristics</b>	<b>Orleans Estimates</b>	<b>State Estimates</b>
% Disabled for a year or more	27.3%	31.0%
Hearing impairment % 65-74/ % 75+	10.4%/11.2%	7.4%/21.2%
Vision impairment % 65-74/ % 75+	0.7%/9.8%	3.2%/9.3%
Cognition impairment % 65-74/ % 75+	3.3%/11.8%	4.7%/12.1%
Ambulatory impairment % 65-74/ % 75+	8.3%/23.5%	12.9%/29.4%
Self-care impairment % 65-74/ % 75+	2.5%/10.3%	3.7%/12.2%
Independent living impairment % 65-74/ % 75+	5.9%/19.8%	7.2%/24.3%

Source: Tufts Health Plan Foundation, Massachusetts Health Aging

## V. HOUSING PROFILE

This section of the Housing Study summarizes housing characteristics and trends, analyzes the housing market from a number of different data sources and perspectives, and compares what housing is available to what residents can afford addressing the following major questions:

- How has recent housing growth compared to historic trends?
- What do population projections suggest are future housing priorities?
- What is the mix of housing types and how does this relate to year-round and seasonal housing demand?
- How do housing vacancy rates affect the current housing dynamic?
- What has been the impact of the recent financial recession on the housing market?
- What are the current affordability gaps for homeownership and rentals?
- How much can households earning at various income levels afford to pay for their housing whether for purchase or rent?
- What housing is affordable in the community including state-approved Subsidized Housing Inventory (SHI) units (often referred to as big “A” affordable units) as well as any private housing that is still relatively affordable (referred to as little “a” affordable)?
- What mix of housing needs should be considered priorities for local support and investment?

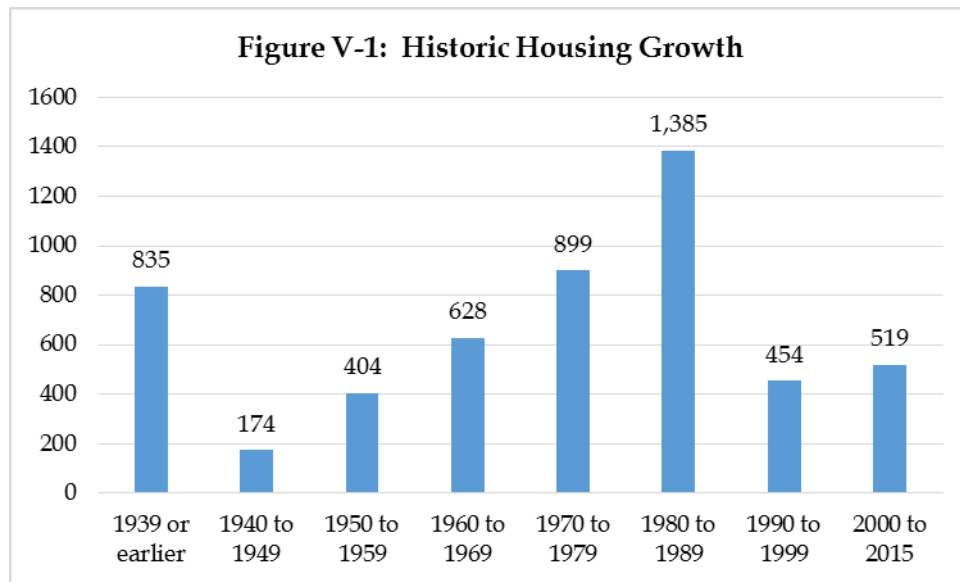
Housing in Orleans involves two distinct markets, the year-round housing stock and the seasonal or second home market which is growing as it comprised 35% of all dwellings in 1990, 38% in 2010, and almost 41% as of 2015. This seasonal usage, the burgeoning interest in second homes by affluent baby boomers, and the attractiveness of the Cape for retirement, in addition to regional market pressures, have translated into rising housing prices that are no longer affordable to many long-term, year-round residents. In fact, housing prices have increased significantly since the recession of a few years ago and are approaching pre-recession levels with a median single-family home price of \$575,000 as of November 2016.

### A. Housing Growth – Slowdown in recent housing growth

**While Orleans’s population grew by 11% between 1980 and 2010, housing units increased by 82%, which was largely fueled by the seasonal and second home markets.**

Table V-1 and Figure V-1 chart housing growth, identifying that about one-third of Orleans’ housing units were created between 1970 and 1989, directed largely to the higher priced market based on the growing demand for second homes and places to retire on or near the seashore. Still about another 39% of the town’s housing was built prior to 1970.

Since 1990, residential building activity has slowed down considerably to a growth rate of 8.6% between 1990 and 2000 and a comparable level of 8.7% between 2000 and 2009. This data also suggests only an additional 60 units were built from 2010 to 2015. While building permit data indicates that a total of about 99 units were built during this period instead, the number of 517 housing units produced between 2000 and 2015 is almost exactly what was reported in this census data of 519 units.



Actual housing counts from the U.S. Census are included in Table V-4 and indicate that housing growth has been higher than population growth. Between 1990 and 2010, the Town experienced a 16% rate of housing growth, from 4,593 units in 1990 to 5,344 by 2010, higher than the total population growth of less than 1% during this period. An additional 116 units were added through 2016 based on building permit activity for a total of 5,460 units as of the end of 2016. The 2015 census estimates suggest a lower housing figure of 5,298 units which may be more accurate given Assessor’s data and that the figures do not reflect teardown activity.

**Table V-1: Housing Units in 2015 by Year Structure Was Built**

Time Period	# Units	% Units
2010 or later	60	1.1
2000 to 2009	459	8.7
1990 to 1999	454	8.6
1980 to 1989	1,385	26.1
1970 to 1979	899	17.0
1960 to 1969	628	11.9
1950 to 1959	404	7.6
1940 to 1949	174	3.3
1939 or earlier	835	15.8
Total	5,298	100.0

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2011-2015

Building permit data from 2000 to 2016 is summarized in Table V-2. This data indicates that building activity has slowed down in recent years with the average annual number of permits for new residential units between 2011 and 2016 about half of the number produced between 2000 and 2010. While 65 units in multi-family properties were built during several years prior to 2006, none have been constructed since. Another major trend is the increase in the average per unit valuation during this period, from an average of \$335,076 between 2000 and 2010 almost doubling to \$661,811 between 2011 and 2016.

**Table V-2: Building Permit Activity for New Residential Units, 2000 through 2016**

Year	# Building Permits	Average Valuation
2000	48	\$309,571
2001	36 1 Two-family	\$323,972 \$150,000
2002	44	\$292,257
2003	45	\$349,178
2004	38 1 Three-family 1 49-unit property	\$413,366 \$120,000 \$169,388
2005	27 2 Three-family 1 Five-unit property	\$463,889 \$250,000 \$195,000
2006	23	\$493,049
2007	21	\$181,244
2008	41	\$419,512
2009	18	\$424,722
2010	12	\$442,318
2011	15	\$691,500
2012	19	\$867,526
2013	25	\$531,457
2014	19	\$587,249
2015	21	\$718,115
2016	17	\$611,176
<b>Total/Average Per Year (2000--2010)</b>	<b>418/38</b>	<b>\$335,076</b>
<b>Total/Average Per Year (2011-2016)</b>	<b>116/19.3</b>	<b>\$661,811</b>

Source: Orleans Building Department



There has been some level of teardown activity however, where typically smaller older homes are demolished and replaced by somewhat larger and more modern ones. The Building Department estimates that there are approximately two such teardowns each year. This would imply that net new housing growth is less than what is being reported in the census and building permit data with a total housing supply likely closer to 5,285 units.

Buildout projections that were prepared by the Town in 2003 suggest that, based on existing zoning, the Town might accommodate an additional 1,562 units over and above the 2000 census total of 5,108 units for a total of 6,670 units. The 2015 census estimates identify 5,298 units thus still leaving a gap of

1,372 units to reach buildout. These calculations were made over a decade ago however, and should be revisited.

Table V-3 compares Orleans’ housing growth from 1970 through 2000 and then between 2001 and 2015 to that of its neighbors as well as the Cape as a whole and state. Orleans’ housing growth rate between 1970 and 2000, at 51.7% of all units, was comparable to the 49.6% level for the county and quite a few nearby communities but much higher than 29.8% statewide. Growth rates during this period ranged from 23.4% for Provincetown to a high of 64.8% in Brewster when that community built the large Ocean Edge condominium complex.

While housing growth has slowed, this data suggests that since 2001 Orleans had a somewhat higher rate of growth than those of the county and state at 9.8% as opposed to 8.9% and 8.6%, respectively. Orleans’ relatively recent housing growth is significantly lower than Provincetown’s and Truro’s however.

**Table V-3: More Recent Housing Development, 1970 to 2015  
Orleans and Neighboring Communities, Barnstable County and Massachusetts**

<b>Community</b>	<b># Units Built 1970-2000</b>	<b>% Units Built 1970-2000</b>	<b># Units Built 2001-2015</b>	<b># Units Built 2001-2015</b>
Brewster	5,003	64.8	843	10.9
Chatham	2,712	38.1	772	10.9
Dennis	6,863	42.8	721	4.5
Eastham	3,030	51.3	610	10.3
Harwich	4,628	46.0	914	9.1
Orleans	2,738	51.7	519	9.8
Provincetown	1,059	23.4	595	13.2
Truro	1,324	40.4	467	14.3
Wellfleet	2,203	49.2	484	10.9
Barnstable County	79,931	49.6	14,266	8.9
Massachusetts	843,361	29.8	240,035	8.6

Source: U.S. Census Bureau, 5-Year Estimates from the American Community Survey, 2011-2015

## **B. Types of Units and Structures - Continued increases in seasonal/second home units**

Table V-4 includes a summary of housing occupancy characteristics from 1990 through 2015. Out of 5,344 total housing units in 2010, Orleans had 3,290 year-round units<sup>9</sup> of which 2,950 were occupied. The 2015 census estimates suggest that the Town lost 46 housing units despite building permit activity that involved 99 units (116 new units as of the end of 2016). This loss might be explained by multi-unit properties being converted to fewer units or single-family use and teardown activity where some reconstruction lagged behind demolition activity. Also, because the 2015 figures rely on sample data as opposed to actual counts in the 2010 data, the 2010 figures may be more reliable. Nevertheless, this Housing Study will also include 2015 census estimates in the analysis when the 2010 census figures also rely on sample data for some types of information in addition to providing some updated data for comparative purposes.

<sup>9</sup> Year-round units are defined as total units minus those for seasonal, occasional or recreational use and is used as the figure for determining the percentage of affordable units under Chapter 40B.

In reviewing changes in the housing stock since 1990, the following trends become apparent:

- Increases in seasonal or occasional units:* The absolute numbers of seasonal units or second homes increased from 1,596 units in 1990 to 2,153 by 2015. This represents an increase of 557 such units and a growth rate of 35% during this timeframe, higher than the 5.8% growth rate for the year-round occupied housing stock. The comparison of total housing units to seasonal or occasional units is visually presented in Figure V-2.

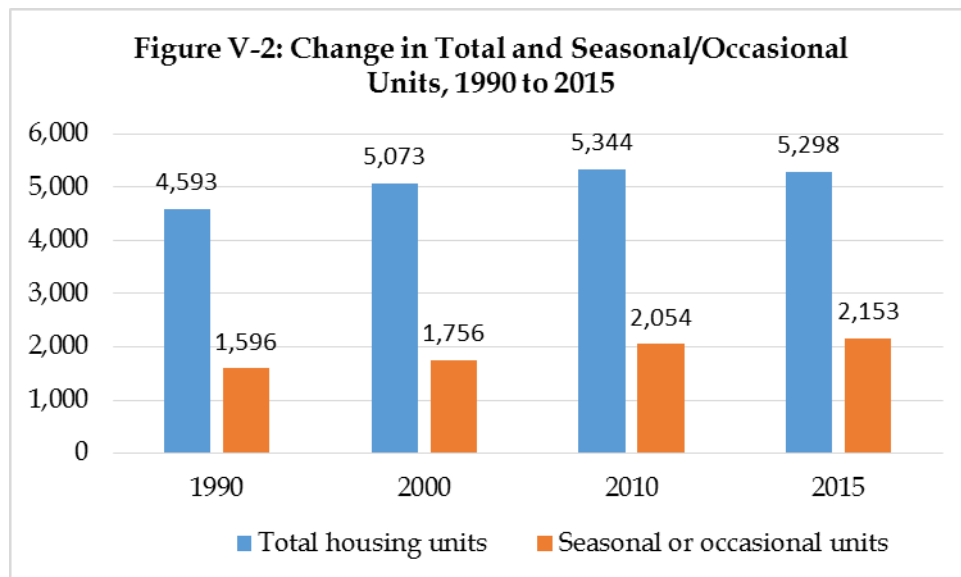
**Table V-4: Housing Occupancy, 1990-2015**

Housing Characteristics	1990		2000		2010		2015	
	#	%	#	%	#	%	#	%
Total # Units	4,593	100.0	5,073	100.0	5,344	100.0	5,298	100.0
Occupied Units*	2,722	59.3	3,087	60.9	2,950	55.2	2,881	54.4
Total Seasonal, Recreational or Occasional Use*	1,596	34.8	1,756	34.6	2,054	38.4	2,153	40.6
Occupied Owner Units **	1,881	69.1	2,333	75.6	2,263	76.7	2,260	78.4
Occupied Rental Units **	841	30.9	754	24.4	687	23.3	621	21.6
Average House-Hold Size of Owner-Occupied Unit	2.25 persons		2.12 persons		2.05 persons		2.18 persons	
Average House-Hold Size of Renter-Occupied Unit	1.75 persons		1.64 persons		1.68 persons		1.38 persons	

Source: U.S. Census Bureau, 1990, 2000 and 2010 and 2011-2015 American Community Survey 5-Year Estimates.

\* Percentage of total housing units

\*\* Percentage of occupied housing units



Due to this very high level of seasonal housing and second homes, at 40% of all units according 2015 census estimates, Orleans’s population increases substantially during the summer months, estimated at 19,000. These temporary residents put high demands on local services but bolster 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.

- *Owner-occupied units increased by 379 units or by 20% during the 1990 to 2015 period:* Out of the total occupied housing units in 2015, 2,260 or 78.4% were owner-occupied, comparable to Barnstable County’s level of 78.8%.
- *There has been a loss of rental units, declining by 220 units or by 26% during the 1990 to 2015 period:* Rental units decreased in number and as a percentage of all units to 621 units or 21.6% of all occupied units in 2015. This loss is likely explained by the conversion of rentals to owner-occupancy and/or seasonal or occasional use.
- *Decrease in persons per unit:* The average number of persons per unit declined between 1990 and 2015, from 2.25 persons to 2.18 persons for owner-occupied units and from 1.75 persons to 1.38 persons for rental units. These low average occupancy levels reflect local, regional and national trends towards smaller households and relates to the change in the average household size in Orleans from 2.09 persons in 1990 to 2.00 by 2015.
- *Declining homeownership vacancy rates:* The homeowner vacancy rate was 4.8% in 1990 and decreased to 1.4% by 2000 and then went up somewhat to 3.4% in 2015 as shown in Table V-5. The change in the homeowner rate is relatively insignificant as any level below 5% is considered to represent tight market conditions.
- *Substantial fluctuations in rental vacancy levels:* The rental vacancy rate more than tripled from 5.3% in 1990 to 17% by 2010, also significantly higher than state and national levels. The 2015 census estimates suggest a marked reduction to 3.0% indicating very tight market conditions. It is not surprising that Section 8 voucher holders are finding it very challenging to find qualifying rental housing in the community.

**Table V-5: Vacancy Rates, 2000, 2010 and 2015**

Tenure	Orleans 1990	Orleans 2000	Orleans 2010	Orleans 2015	MA 2010/2015	Nation 2010/2015
Rental	5.3%	12.5%	17.0%	3.0%	3.5%/4.2%	5%/6.4%
Homeowner	4.8%	1.4%	3.5%	3.4%	0.7%/1.2%	3%/1.9%

Source: U.S. Census Bureau, 2000 and 2010 and American Community Survey 5-Year Estimates, 2011-2015

- *Predominance of single-family homes:* As shown in Table V-6, 79% of Orleans’s housing units were single-family detached homes based on 2015 census estimates, somewhat lower than the county’s level at 81.5% and much higher than the state where somewhat more than half of all units were in such dwellings. The data indicates that there was an increase of 580 of these units between 1990 and 2015, 82% of the total 705 units added to the housing stock during that period according to census figures. The 4,187 figure for

single-family detached homes in 2015 is higher however than the Orleans Assessor's total for single-family homes of 3,809.

The data further demonstrates that there were losses in attached single-family units, primarily townhouses, and gains in multi-unit structures. Census data also suggests reductions in mobile homes and other nontraditional housing types (boats, RV, vans, etc.) from 103 in 1990 to zero by 2015. Assessor's data confirms that there are no mobile homes remaining in Orleans. Assessor's records also indicate that there are 48 two-family properties, representing a total of 96 units, which is considerably less than the 198 units indicated in the 2015 census estimates and much lower than the 2010 census figure of 388 such units.

**Table V-6: Units in Structure, 1990 to 2015**

Type of Structure	1990		2000		2010		2015	
	#	%	#	%	#	%	#	%
1 Unit Detached	3,607	78.5	4,155	81.5	3,909	75.8	4,187	79.0
1 Unit Attached	146	3.2	141	2.8	42	0.8	63	1.2
2 Units	204	4.4	176	3.5	388	7.5	198	3.7
3 or 4 Units	151	3.3	153	3.0	267	5.2	387	7.3
5 to 9 Units	85	1.8	62	1.2	169	3.3	110	2.1
10 or More Units	297	6.5	404	7.9	383	7.4	353	6.7
Mobile Homes	2	0.04	5	0.1	0	0.0	0	0.0
Other	101	2.2	0	0.0	0	0.0	0	0.0
Total	4,593	100.0	5,096	100.0	5,158	100.0	5,298	100.0

Sources: U.S. Census Bureau, 1990, 2000, and American Community Survey 5-Year Estimates, 2006-2010 and 2011-2015

Table V-7 examines units by type of structure for renters versus homeowners. About one-quarter of all rental units were in single-family detached units, likely indistinguishable from owner-occupied ones. The remaining portion of rental units were dispersed among other building types including about half in smaller multi-family dwellings of two to four units and 22% in larger multi-family buildings of ten units or more. Not surprisingly, almost all of the owner-occupied units were in single-family units with some owner-occupancy in smaller multi-family dwellings of three or four units and larger properties of more than ten units.

**Table V-7: Tenure by Units in Structure, 2015**

Type of Structure	Owner-occupied Units		Renter-occupied Units	
	#	%	#	%
1 Unit Detached	1,973	87.3	151	24.3
1 Unit Attached	56	2.5	7	1.1
2 Units	10	0.4	143	23.0
3 or 4 Units	110	4.9	158	25.4
5 to 9 Units	9	0.4	24	3.9
10 or More Units	102	4.5	138	22.2
Total	2,260	100.0	621	100.0

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2011-2015

- *Moderately-sized housing stock on average:* The median number of rooms per housing unit was 6.0 in both the 2010 and 2015 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 518 units (9.8%) to nine rooms or more in 602 dwellings (11.4%), representing a relatively small portion of very large residential units, higher than 8.3% for the county but comparable to 11.5% statewide.

### C. Housing Market Conditions - Very little affordability remaining in the private housing stock with the exception of condos

#### Ownership

Census data also provides information on housing values as summarized in Table V-8. *In 2000 there were 540 units or one-quarter of the owner-occupied, year-round housing stock, valued below \$200,000. This relatively affordable housing dwindled to 142 units or 6.3% as of 2015.* While approximately 56% of this housing was valued between \$200,000 and \$500,000 in 2000, as of 2015 the percentage had dropped to about 34% of all units. Those higher-end properties of \$500,000 or more involved 18.2% of the housing stock in 2000 but as of 2015 comprised 60% of all owner-occupied, year-round units. The increased value of Orleans’s housing stock is also reflected in median values that doubled between 2000 and 2015, from \$300,700 to \$602,100 according to census figures, much higher than the rate of inflation during this period of 37.8%.

More updated and historic market data is tracked by The Warren Group from Multiple Listing Service information based on actual sales. This market information from 2000 through November 2016 is summarized in Table V-9, demonstrating some market instability but also rebounding values after the recession.

**Table V-8: Housing Values of Owner-occupied Properties  
2000, 2010 and 2015**

Value	1990		2000		2010		2015	
	#	%	#	%	#	%	#	%
Less than \$50,000	4	0.2	0	0.0	0	0.0	7	0.3
\$50,000 to \$99,000	59	3.6	30	1.4	19	0.8	0	0.0
\$100,000 to \$149,000	293	17.6	192	9.0	16	0.7	18	0.8
\$150,000 to \$199,000	367	22.1	318	14.9	32	1.4	124	5.5
\$200,000 to \$299,999	487	29.3	525	24.6	169	7.5	169	7.5
\$300,000 to \$499,999	302	18.2	682	31.9	577	25.7	591	26.2
\$500,000 to \$999,999	150	9.0	314	14.7	955	42.6	929	41.1
\$1 million or more			75	3.5	476	21.2	422	18.7
Total	1,662	100.0	2,136	100.0	2,244	100.0	2,260	100.0
Median	\$219,000		\$300,700		\$633,200		\$602,100	

Source: U.S. Census Bureau, 1990 and 2000 Summary File 3 and American Community Survey 5-Year Estimates, 2006-2010 and 2011-2015.

The single-family home market was at its peak in 2005 when the median house price was \$697,000. Home values declined to \$525,000 in 2009, soon after the “bursting of the housing bubble”, and have fluctuated somewhat since then to a median of \$675,000 as of the end of 2015, and then down to \$575,000 by November 2016.

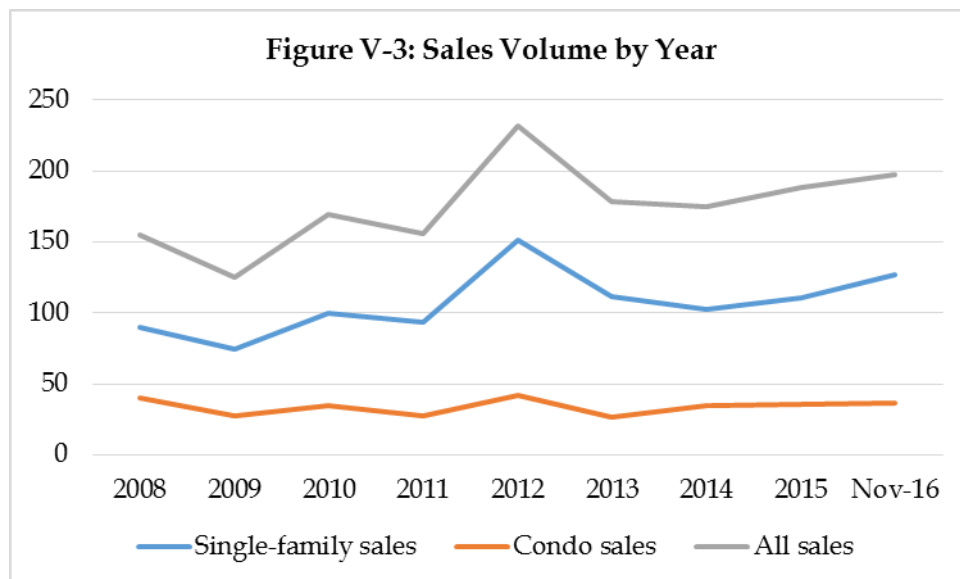
The condo market has experienced even more volatility with a high median price of \$319,715 in 2005, down to \$232,500 by 2008, rebounding to \$253,800 by 2013 and fluctuating considerably after that to \$259,000 by November 2016.

**Table V-9: Median Sales Prices  
2000-November 2016**

Year	Months	Single-family Values	# Single-Family Sales	Condo Values	# Condo Sales
2016	Jan - Nov	\$575,000	127	\$259,000	37
2015	Jan - Dec	675,000	111	272,563	36
2014	Jan - Dec	640,000	103	189,000	35
2013	Jan - Dec	595,000	112	253,800	27
2012	Jan - Dec	522,938	151	229,750	42
2011	Jan - Dec	543,750	94	221,250	28
2010	Jan - Dec	560,000	100	225,000	35
2009	Jan - Dec	525,000	75	246,750	28
2008	Jan - Dec	537,050	90	232,500	40
2007	Jan - Dec	600,000	103	262,500	37
2006	Jan - Dec	647,500	103	270,000	54
2005	Jan - Dec	697,000	120	319,715	92
2004	Jan - Dec	628,000	122	261,950	56
2003	Jan - Dec	515,000	113	219,250	44
2002	Jan - Dec	423,750	114	167,000	56
2001	Jan - Dec	365,000	91	139,000	39
2000	Jan - Dec	345,000	123	126,000	63

Source: The Warren Group, January 9, 2017

The volume of sales - including single-family homes, condos and all sales - by year since 2008 is presented in Figure V-3, clearly showing the fluctuations in the housing market with the highest volume in 2012.



A comparison of median values for Orleans and neighboring communities, as well as the Cape and state as a whole, is presented in Table V-10. This table includes the median single-family house price at pre-recession levels in 2006, post-recession levels in 2009, and as of November 2016. The table also shows the percentage changes between these periods, demonstrating where prices have been the most volatile and which communities have best recovered from the recession. This data is also visually presented in Figure V-4 for the 2006 and 2016 timeframes. This analysis indicates the following market trends:

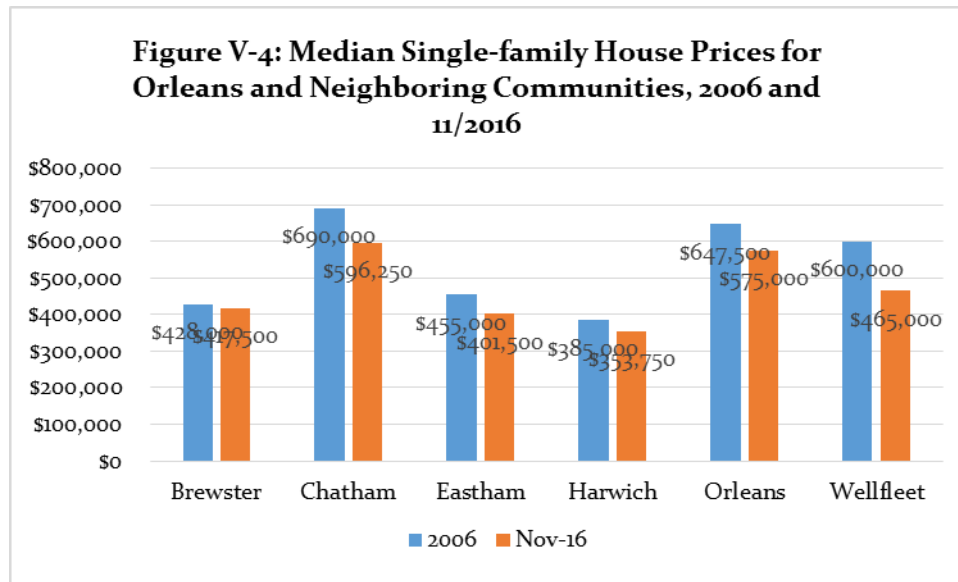
- While the median values of all neighboring communities fell between 2006 and 2009, the medians rebounded somewhat after that with the exception of Wellfleet.
- None of the communities' 2016 median prices have surpassed pre-recession levels with the exception of Provincetown which is a clear outlier with a median house value of \$1,110,000, up from \$813,750 in October 2016. Values in the other communities ranged from the lowest percentage change between 2006 and 2016 of -3.0% in Brewster to a high of -22.5% in Wellfleet and with Orleans at -11.2%. This is not the case in other parts of the state, particularly those in the Metro West area of Greater Boston, where median prices surpassed pre-recession ones several years ago. This is also reflected in the relatively small but positive percentage change between 2006 and 2016 of 2.9% for the state.
- The median sales values in Orleans have been at the higher end of the range, at \$575,000 as of November 2016, between a low of \$281,500 in Yarmouth and a high of \$623,000 for Truro besides the \$1.1 million median in Provincetown.

**Table V-10: Median Single-family House Price for Orleans and Neighboring Communities as of 2006, 2009, and November 2016**

Place	Median Single-family House Price			% Change 2006 to 2009	% Change 2009 to 11/2016	% Change 2006 to 11/2016
	12/2006	12/2009	11/2016			
Barnstable	\$476,500	\$405,000	\$417,500	-15.0%	3.1%	-12.4%
Brewster	\$428,000	\$364,000	\$415,000	-15.0%	14.0%	-3.0%
Chatham	\$690,000	\$511,250	\$596,250	-29.3%	16.6%	-13.6%
Dennis	\$350,000	\$288,700	\$330,000	-17.5%	14.3%	-5.7%
Eastham	\$455,000	\$385,000	\$401,500	-15.4%	4.3%	-11.8%
Harwich	\$385,000	\$324,400	\$353,750	-15.7%	9.0%	-8.1%
Orleans	\$647,500	\$525,000	\$575,000	-18.9%	9.5%	-11.2%
Provincetown	\$727,000	\$600,000	\$1,110,000	-18.9%	85.0%	52.7%
Truro	\$717,000	\$517,750	\$623,000	-27.8%	20.3%	-13.1%
Wellfleet	\$600,000	\$482,950	\$465,000	-19.5%	-3.7%	-22.5%
Yarmouth	\$315,000	\$256,250	\$281,500	-18.6%	9.8%	-10.6%
County	\$387,000	\$315,000	\$357,500	-18.8%	13.5%	-7.6%
State	\$345,000	\$285,000	\$346,000	-17.4%	21.4%	2.9%

Source: The Warren Group, Banker & Tradesman, January 9, 2017

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



Another analysis of housing market data is presented in Table V-11, which breaks down sales data from the Multiple Listing Service for single-family homes and condominiums for 2016. The distribution of these sales prices is visually presented in Figure V-5.

This data indicates that about 35% of Orleans’s housing stock sold below \$400,000 during this period with 20.6% of all sales in the more affordable range of less than \$300,000. Only four single-family homes sold for less than \$200,000 and were likely to be small and in poor condition, perhaps not winterized. There were 14 condos that sold for less than \$200,000, comprising about 37% of all condo sales in 2016. **These units that sold for less than \$200,000 would potentially be affordable to low- and moderate-income households and the median price for condos of \$233,000 demonstrates the relative affordability of this type of housing in the community.**

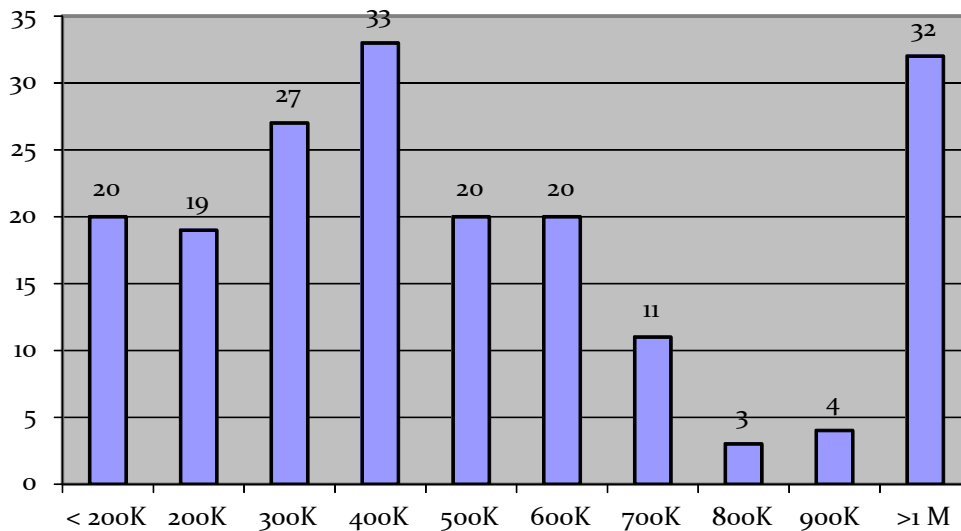
**Table V-11: Single-family House and Condo Sales, 2016**

Price Range	Single-families		Condos		Total	
	#	%	#	%	#	%
Less than \$200,000	6	4.0	14	36.8	20	10.6
\$200,000-299,999	8	5.3	11	29.0	19	10.0
\$300,000-399,999	22	14.6	5	13.2	27	14.3
\$400,000-499,999	28	18.5	5	13.2	33	20.1
\$500,000-599,999	19	12.6	1	2.6	20	10.6
\$600,000-699,999	18	11.9	2	5.3	20	10.6
\$700,000-799,999	11	7.3	0	0.0	11	5.8
\$800,000-899,999	3	2.0	0	0.0	3	1.6
\$900,000-999,999	4	2.6	0	0.0	4	2.1
Over \$1 million	32	21.2	0	0.0	32	16.9
Total	151	100.0	38	100.0	189	100.0
Median	\$563,000		\$233,000		--	

Source: The Warren Group, *Banker & Tradesman*, January 18, 2017.

Approximately 40% of sales ranged from \$400,000 to \$700,000 with a median sales price of \$563,000 for single-family homes. Another 26% of sales were in the high-end market selling for more than \$700,000 that included 32 sales of more than \$1 million, most with waterfront views and/or accessibility. The highest priced sale was \$4,500,000! As shown in Figure V-5, **the highest numbers of sales occurred in the \$400,000 to \$500,000 price range and above \$1 million.**

**Figure V-5: Sales Distribution for Orleans Single-family Homes and Condos, 2016**



Information from the Town Assessor on the assessed values of residential property in Orleans is presented in Tables V-12 and V-13 for Fiscal Year 2017.<sup>10</sup> Table V-12 and Figure V-6 present the range of values for single-family homes and condominiums and confirms that **there is little remaining affordability in Orleans' single-family inventory but considerable affordability in the condominium market with 3.6% and 65.4% of units valued below \$300,000, respectively.** Condominiums in fact are a significant part of Orleans's housing stock, totaling 734 units, and the most affordable component of the community's private housing. Figure V-6 clearly shows the aggregation of condos with assessments of less than \$400,000.

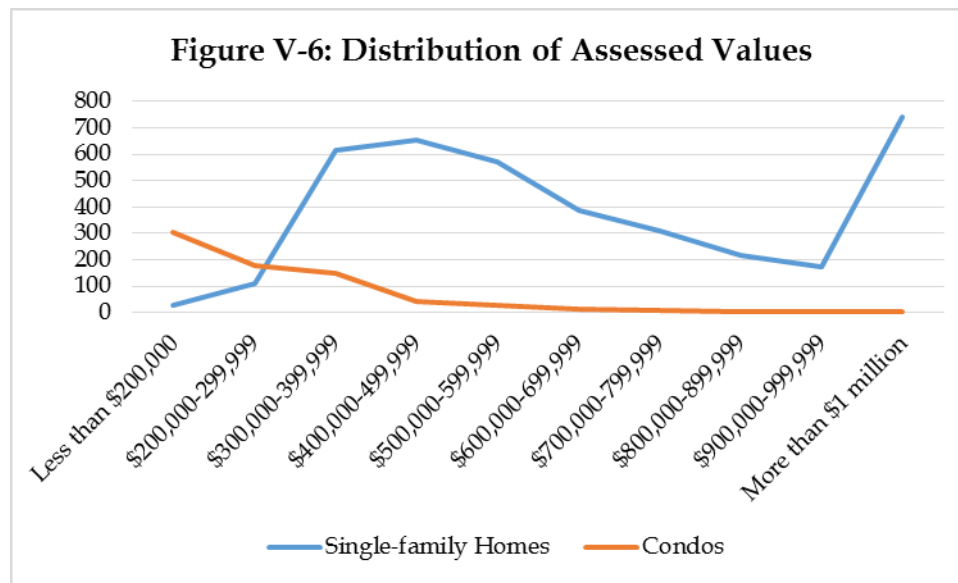
About one-third of the *single-family homes*, or 1,269 units, were valued in the \$300,000 to \$400,000 range, still including some smaller homes in the more moderately priced range. On the other hand, 705 homes or 18.5% were assessed between \$700,000 and \$1 million and another 741 homes were valued at more than \$1 million, indicating that Orleans has a significant high-end luxury market. This market is visually clear in Figure V-6, which shows declining numbers of units valued at less than \$500,000 and then a pronounced uptick in properties assessed at more than \$1 million. The median assessed single-family home was \$587,000.

<sup>10</sup> It should be noted that assessments typically lag behind market values, particularly in a rising housing market.

**Table V-12: Assessed Values of Single-family Homes and Condos**

Assessment	Single-family Dwellings		Condos		Total Properties	
	#	%	#	%	#	%
0-199,999	26	0.7	303	41.3	329	7.2
200,000-299,999	112	2.9	177	24.1	289	6.4
300,000-399,999	615	16.2	149	20.3	764	16.8
400,000-499,999	654	17.2	41	5.6	695	15.3
500,000-599,999	569	14.9	29	4.0	598	13.2
600,000-699,999	387	10.2	15	2.0	402	8.8
700,000-799,999	310	8.1	7	1.0	317	7.0
800,000-899,999	219	5.8	4	0.5	223	4.9
900,000-999,999	176	4.6	5	0.7	181	4.0
Over \$1 million	741	19.4	4	0.5	745	16.4
Total	3,809	100.0	734	100.0	4,543	100.0
Median Value	\$587,000		\$215,700		--	

Source: Orleans Town Assessor, Fiscal Year 2017.



Assessor’s data in Table V-13 indicates that there are 270 *small multi-family properties* including 48 two-family properties (96 units), only 5 three-family dwellings (15 units) as well as 217 properties with more than one house on the lot. Once again, very few of these properties were valued affordably with only 22 properties assessed at less than \$400,000. Of particular note are the multiple houses on a single lot with 42% valued beyond \$1 million.

In regard to *mixed-use properties*, there were 79 such properties with values ranging from \$302,100 to \$1,268,100 and a median assessed value of \$377,500.

**Table V-13: Assessed Values of Small Multi-family Properties**

Assessment	Two-family Dwellings		Three-family Dwellings		Multiple Homes on One Lot		Total	
	#	%	#	%	#	%	#	%
0-199,999	0	0.0	0	0.0	0	0.0	0	0.0
200,000-299,999	1	2.1	1	20.0	0	0.0	2	0.7
300,000-399,999	8	16.7	1	20.0	11	5.1	20	7.4
400,000-499,999	17	35.4	2	40.0	20	9.2	39	14.4
500,000-599,999	9	18.8	0	0.0	24	11.1	33	12.2
600,000-699,999	3	6.2	0	0.0	19	8.8	22	8.2
700,000-799,999	5	10.4	1	20.0	16	7.4	22	8.2
800,000-899,999	5	10.4	0	0.0	24	11.1	29	10.7
900,000-999,999	0	0.0	0	0.0	11	5.1	11	4.1
Over \$1 million	0	0.0	0	0.0	92	42.4	92	34.1
<b>Total</b>	<b>48</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>217</b>	<b>100.0</b>	<b>270</b>	<b>100.0</b>
Median Value	\$491,900		\$465,100		\$866,400		--	

Source: Orleans Town Assessor, Fiscal Year 2017.

**Rentals**

Table V-14 summarizes census data for rental unit costs from 1990 to 2015. Median rents doubled between 1990 and 2015, significantly more than the rate of inflation of 81%. Nevertheless, these median rents are relatively low. For example, Orleans’ 2000 median of \$548 was considerably lower than gross rent of \$723 for the county, and its 2015 median of \$925 was well below the Cape-wide rent of \$1,104. Some explanation for these low rents is that about **45% of Orleans’ rentals are subsidized**, which skew figures considerably.

**Table V-14: Rental Costs, 1990-2015**

Rent	1990		2000		2010		2015	
	#	%	#	%	#	%	#	%
Under \$200	143	17.1	112	15.3	0	0.0	151	24.3
200-299	66	7.9	76	10.4	109	13.2		
300-499	209	25.0	74	10.1	123	14.9		
500-749	295	35.3	230	31.4	145	17.6	187	30.1
750-999	42	5.0	109	14.9	175	21.2	220	35.4
1,000-1,499	6	0.7	24	3.3	148	18.0		
1,500 +			0	0.0	78	9.5		
No cash rent	74	8.8	107	14.6	46	5.6	39	6.3
<b>Total</b>	<b>836</b>	<b>100.0</b>	<b>732</b>	<b>100.0</b>	<b>824</b>	<b>100.0</b>	<b>621</b>	<b>100.0</b>
Median rent	\$457		\$548		\$768		\$923	

Source: U.S. Census Bureau, 1990 and 2000 and American Community Survey 5-Year Estimates for 2006-2010 and 2011-2015.

\* Percentage of total housing units

Actual market rents are much higher. While there are very few listings of market rentals, examples of such listings in early 2017 included:

- 1-bedroom, 1 bath condo at Old Colony Way with 750 square feet of \$1,450.
- 2-bedroom, 1 bath house with 1,200 square feet for rent during the off season only of \$1,600.
- 2-bedroom, 1 bath unit on the second floor of a house with 1,000 square feet for \$1,200.
- 3-bedroom, 1 bath second-floor apartment in a five-unit building with 1,044 square feet for \$1,450.

Real estate agents confirm that typically they see very few year-round or winter rentals. The rental market in Orleans is complicated by decreasing numbers of these units in the context of seasonal shifts. It can make economic sense for property owners to only rent their units in the summer season when rent levels are very high and can realize a substantial profit without the wear and tear associated with a winter rental. Given the limited supply of year-round rentals, housing costs are high and it is difficult to find a two-bedroom year-round market rental for less than \$1,200.

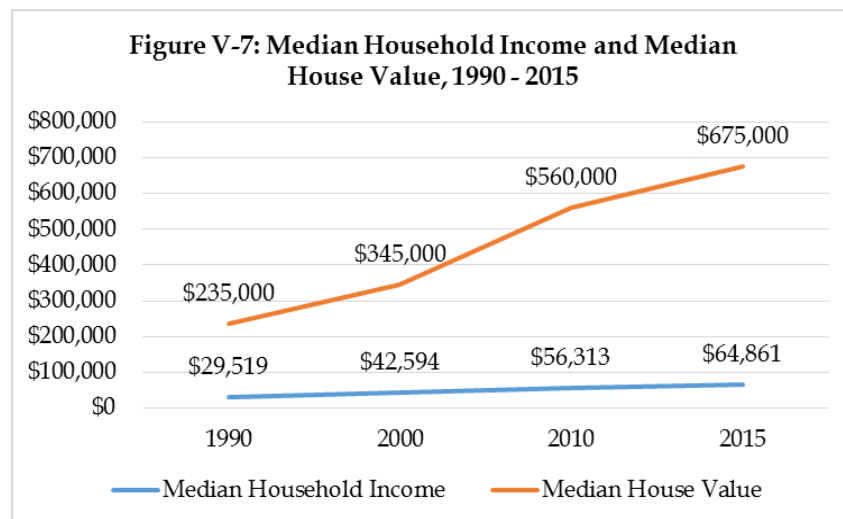
Summer rentals, like most of this part of the Cape, continue to be very pricey, especially near the water. For example, summer rentals typically range for about \$1,000 per week for a small two-bedroom bungalow away from the water to \$15,000 to \$20,000 per week for homes on the water depending on size and amenities. Unlike many communities on the Cape, Orleans does not have a significant supply of cottage communities that are clustered near the water, some of which have even been converted to condos and rented out during the summer. Almost all of Orleans’ seasonal rentals are single-family homes.

#### D. Affordability Analysis

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

##### *Affordability Gaps - Homeownership*

A traditional rough rule of thumb is that housing is affordable if it costs no more than 2.5 times the buyer’s household income. By this measure, the median income household earning \$64,861 in Orleans could afford a house of approximately \$162,152, 28% the median house price of



\$575,000 as of November 2016 according to The Warren Group that tracks all sales. This implies that the household in the middle of the town’s income range faced an “affordability gap” of \$412,848. This gap would be \$512,848 if looking at the 2015 median sales price of \$675,000.

Housing prices have in fact risen faster than incomes, particularly after 2000 and despite the recession,

making housing less affordable as demonstrated in Figure V-7. As time went by, the gap between median household income and the median single-family house price widened. While incomes increased by 120% between 1990 and 2015, the median single-family house price rose by 187% based on The Warren Group data. In 1990 the median income was 12.6% of the median house price, down to 9.6% as of 2015. *Moreover, the gap between income and house value was \$205,481 in 1990 but increased to \$610,139 in 2015.*

Another way of calculating the affordability gap is to estimate the difference between the median priced house and what a median income earning household can afford to pay based on spending no more than 30% of income on housing costs.<sup>11</sup> To afford the median sales price of a single-family home of \$575,000, based on The Warren Group's *Banker & Tradesman* data as of November 2016, a household would have to earn an estimated \$122,400 with 80% financing.<sup>12</sup> This income is almost double the median household income for the town per 2015 census estimates of \$64,861 and consequently there is a considerable affordability gap. This financing would also require the purchaser to come up with at least \$120,000 in upfront cash, a substantial challenge for a first-time homebuyer!

The median income earning household could likely afford a single-family home of about \$265,000 based on 95% financing. *The affordability gap is then about \$310,000 - the difference between the price of the median priced single-family home (\$575,000) and what a median income household can afford (\$265,000).*<sup>13</sup> This assumes that the purchaser could qualify for a subsidized mortgage that requires much lower down payments and no Private Mortgage Insurance (PMI). 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 \$305,000 and thus the affordability gap would decrease to \$270,000. The \$65,000 in down payment and closing costs would effectively widen this affordability gap however.

**There is very little affordability remaining in Orleans' housing market and even what could be considered a "starter home" of \$295,000 requires an income of about \$72,000. There are only an estimated 125 single-family homes available to those earning at or below this income.**

*For those earning at 80% of area median income limit (\$61,150 for a family of three), this gap is \$325,000, the difference between the maximum they could afford of approximately \$250,000 and the median single-family house price of \$575,000. These figures are once again based on 95% financing, assuming that the purchasers could qualify for homebuyer programs such as the state's One Mortgage Program or MassHousing's mortgage offerings for example. It should also be noted that this price is based on the 80% of area median income (AMI) limit for Barnstable County, and*

<sup>11</sup> Based on the 2015 census estimate of \$64,861 for median household income for Orleans.

<sup>12</sup> Figures based on 80% financing, interest of 5.0%, 30-year term, annual property tax rate of \$6.33 per thousand, \$250 in monthly condo fees, and insurance costs of \$4 per \$1,000 for condominiums and \$6 per thousand for single-family homes. The calculations are also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. It also assumes that the purchaser would be eligible for a subsidized mortgage program such as the ONE Mortgage Program or a MassHousing mortgage that would not require Private Mortgage Insurance.

<sup>13</sup> Ibid.

purchase prices for deed-restricted units are calculated for a household earning at 70% AMI to allow for some marketing window in addition to other prescribed requirements.

There are also significant affordability gaps for condos as the median condo price of \$259,000, as of November 2016 from The Warren Group’s Banker & Tradesman, would require an income of about \$71,750, which is more than Orleans’ median household income of \$64,861 and the HUD area median income for Barnstable County of \$61,150 for a household of three.<sup>14</sup> The gap would be \$29,000, the difference between the median condo price (\$259,000) and what a median income earning household could likely afford (\$230,000). The affordability gap for those households earning at the 80% of area median income limit (\$61,150 for a household of three) increases to an estimated \$44,500 or the difference between the median condo price (\$259,000) and what a household earning at \$61,150 could probably afford (\$214,500).

Table V-15 provides a breakdown of the number of units existing within various affordability ranges and demonstrates how little affordability exists within the community’s housing stock.

**Table V-15: Distribution of Single-family Home and Condo Values by Income Range**

Price Range Single-family/ Condo*	Income Range (based on HUD Area Median Income (AMI) Limits	Single-family Homes Available in Price Range		Condominiums Available in Price Range	
		#	%	#	%
\$265,000/\$230,000	At Town’s median Income (\$64,861)**	67	1.8	409	55.7
\$250,000/\$214,500	At 80% AMI (\$61,150)**	47	1.2	338	46.0
\$250,001-295,000/ \$214,501-\$261,000	80% - 100% AMI** (\$61,150 - \$72,270) ***	78	2.0	117	15.9
\$295,001-407,500/ \$261,001-\$372,000	100% - 120% AMI (\$72,271 - \$86,725)^	695	18.2	144	19.6
More than \$407,500/more than \$372,000	More than 120% AMI (More than \$86,725)^	2,989	78.5	135	18.4
<b>Total</b>		<b>3,809</b>	<b>100.0</b>	<b>734</b>	<b>100.0</b>

Source: Town Assessor’s Database for Fiscal Year 2017. Please note that as a standard practice, assessed value is assumed to be at least 93% below actual value or potential sale price with some assessments even lower. Figures based on a three-person household.

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

\*\* Based on 95% financing given potential eligibility for subsidized mortgage programs such as the ONE Mortgage Program and MassHousing offerings. All other income ranges assume 80% financing. \*\*\* Based on Community Preservation Act income limits for a household of 3.

^ Based on 80% financing.

<sup>14</sup> Figures based on 95% financing, interest of 5.0%, 30-year term, annual property tax rate of \$6.33 per thousand, \$250 monthly condo fee, insurance costs of \$4 per \$1,000 for condominiums, and the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. It is also assumes that the purchaser would be eligible for a subsidized mortgage program such as the ONE Mortgage Program on a MassHousing mortgage that would not require private mortgage insurance.

**About 72% of condos were potentially affordable to those earning at or below 100% AMI, 46% below 80% AMI, which demonstrates considerable affordability in this segment of Orleans' housing market.**

According to Assessor's data, only 67 homes or 1.8% of all *single-family homes* were affordable to households earning below the town's median income (\$64,861) based on 2015 census estimates. Using percentages of area median income for Barnstable County, only 47 or 1.2% were likely affordable to those earning at or below 80% of area median income (\$61,150 for a household of three) in 2016. Another 78 units or 2.0% of all single-family homes were likely affordable to

those earning between 80% and 100% of area median income (\$72,270). It should also be noted that many of these units were probably small and in poor condition.

*Condominiums* are valued much more affordably with 490 units or almost 56% of condos likely affordable to households earning at or below the Orleans \$64,861 median household income using the 2015 census estimate. Those units affordable to those earning at or below 80% of area median income, based on a household size of three, include 338 units or 46% of all condos. Another 117 condos or about 16% were also assessed within a relatively affordable range, likely affordable to those earning between 80% and 100% of area median income. Some condos, however, are not available on a year-round basis as they involved the conversion of small cottages to ownership that are used seasonally from about April through October.

It should also be noted that Assessor's data indicated that Orleans had 270 small multi-family dwellings including 48 two-family properties (96 units), 5 three-family dwellings (15 units) as well as 217 properties with more than one house on the lot. Such housing is frequently more affordable as it often generates rental income. For example, the median valued two-family home in Orleans, based on Assessor's data, was \$491,900. This price while high, if owner-occupied with one rental unit would be affordable to a purchaser earning approximately \$72,900 based on 95% financing and \$59,400 with 80% financing (conservatively assuming rental income of \$1,000 of which 75% or \$750 is likely to be included in mortgage underwriting computations as well as 95% financing). This is low in comparison to a condo at the same price that would require incomes of about \$110,000 and \$96,600 for 95% and 80% financing, respectively, given the additional computation of the condo fee (assuming \$250) and lack of rental income.

### ***Affordability Gaps - Rentals***

In regard to rentals, a low-priced market rental of \$1,200 for a two-bedroom unit would require an income of about \$48,000 without consideration for utilities that would boost the required income closer to \$56,000 (assuming \$200 in average utility bills and not paying more than 30% of income on housing costs). The median income earning renter (\$19,858) could afford a rent of only about \$696 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 often require first and last month's rent and a security deposit on monthly rentals, also creating substantial up-front cash requirements for renters.

### **Cost Burdens**

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

Based on 2015 census estimates, 125 homeowners in Orleans were spending between 30% and 34% of their income on housing and another 760 were spending more than 35% of their income on housing expenses, totaling 885 or 39% of all year-round owner households.

In regard to renters, 130 renters were spending between 30% and 34% of their income on housing and another 336 were allocating 35% or more of their income for housing for a total of 466 renter households or 75% of all renters.

*This census data suggests that 1,351 households or 47% of all Orleans' year-round households were living in housing that was by common definition unaffordable.*

HUD provides additional data on housing affordability problems through its CHAS report that identifies cost burdens by household type and whether they are renters or owners, offering a breakdown of households within specific income categories as summarized in Table V-16. For example, the first cell indicates that of the 100 elderly renters earning at or below 30% of area income, 15 were spending between 30% and 50% of their income on housing costs with another 65 spending more than half of their income on housing.

This report, based on 2013 census data for Orleans (the latest report available), indicates that of the 2,774 year-round households included in this analysis, 1,171 or 42% were reported with cost burdens as they were paying more than 30% of their income on housing costs. Moreover, of these households, 587 or 21% of all households were spending more than 50% of their income on housing, referred to as being severely cost burdened.

**494 households or 43% of households earning at or below 80% of area median income were spending more than half of their income on housing costs and thus were experiencing severe cost burdens.**

*There were 1,150 households, or 41% of all households, who were earning at or below 80% of median income for the Barnstable County area. Of these, 803 households or about 70% were experiencing cost burdens.*

*It is particularly notable, that 368 households earning more than 80% of area median income, or 13% of all households, were also overspending. Consequently, cost burdens are spread along a wide range of incomes.*

**Table V-16: Cost Burdens by Tenure, Income and Type of Household, 2013**

Type of Household	Households Earning < 30% MFI/ # with cost burdens**	Households Earning > 30% to <50% MFI/ # with cost burdens**	Households Earning > 50% to < 80% MFI/ # with cost burdens**	Households Earning > 80% and < 100% MFI /# with cost burdens**	Households Earning > 100% MFI/ # with cost burdens**	Total
Elderly Renters	100/15-65	50/0-0	65/25-4	0/0-0	15/0-0	230/40-69
Small Family Renters	0/0-0	60/45-0	30/30-0	10/0-0	4/0-0	104/75-0
Large Family Renters	0/0-0	0/0-0	0/0-0	0/0-0	0/0-0	0/0-0
Other Renters	45/0-35	0/0-0	65/55-0	30/0-0	15/0-0	155/55-35
<b>Total Renters</b>	<b>145/15-100</b>	<b>110/45-0</b>	<b>160/110-4</b>	<b>40/0-0</b>	<b>34/0-0</b>	<b>489/170-104</b>
Elderly Owners	80/30-50	180/50-80	200/15-95	110/40-35	770/130-4	1,340/265-264
Small Family Owners	10/0-10	75/4-70	80/10-50	25/10-0	495/30-5-	685/54-180
Large Family Owners	0/0-0	0/0-0	0/0-0	10/10-0	30/0-0	40/10-0
Other Owners	35/10-25	10/0-10	65/20-0	15/15-0	95/40-4	220/85-39
<b>Total Owners</b>	<b>125/40-85</b>	<b>265/54-160</b>	<b>345/45-145</b>	<b>160/75-35</b>	<b>1,390/200-58</b>	<b>2,285/414-483</b>
<b>Total</b>	<b>270/55-185</b>	<b>375/99-160</b>	<b>505/155-149</b>	<b>200/75-35</b>	<b>1,424/200-58</b>	<b>2,774/584-587</b>

Source: U.S. Department of Housing and Urban Development (HUD), SO200/75-35CDS CHAS Data, and American Community Survey, 2013. \*\*First number is total number of households in each category/second is the number of households paying between 30% and 50% of their income on housing (with cost burdens) – and third number includes those that are paying more than half of their income on housing expenses (with severe cost burdens). Small families have four (4) or fewer family members while larger families include five (5) or more members. Elderly are 62 years of age or older. “Other” renters or owners are non-elderly and non-family households. Median Family Income (MFI) in this analysis is the equivalent of AMI.

More specific findings from this report include the following:

*Renters*

- There were 489 year-round renters included in this report of whom 415 or 85% had incomes at or below 80% of median for Barnstable County.<sup>15</sup> Of these, 274 or 56% were spending too much on their housing including 104 or 21% with severe cost burdens. Those 215 renter households who were not overspending were likely living in subsidized housing but with 257 subsidized rentals, it appears that some living in such housing were also overspending.
- Of the 230 elderly renters 62 years of age or older, 109 or 47% were overspending including 69 or 30% spending at least half of their income on housing costs. A total of 100 or 43% had incomes at or below 30% of median with 80 who were overspending and should be targets of additional subsidized housing. It is likely that the 106 elderly renters earning below 80% of median and who were not cost burdened were potentially living in subsidized senior housing although 227 such units exist and there were 109 seniors in this age category who were overspending.

<sup>15</sup> The 489 total renter household figure in this analysis is significantly less than the total number of year-round rental units included in the 2015 census estimates of 621.

- Of the 90 small families with incomes equal to or less than 80% of median, 75 or 83% were experiencing cost burdens, none with severe cost burdens.
- *There were no large families (5 members or more) that were renting in Orleans.* Large families are likely to encounter difficulty finding larger units to rent in the community and rents for homes are steep.
- There were also a significant number of non-family and non-elderly households, largely single individuals, who were overspending including 90 of the 110 such households earning at or below 80% of median. Of particular concern are the 35 such households earning at or below 30% AMI with severe cost burdens, who may likely be relying on Social Security Disability Income.

#### *Owners*

- There were 2,285 year-round homeowner households<sup>16</sup> identified in this report of which 897 or 39% were experiencing cost burdens including 483 or 21% with severe cost burdens.
- Of the 1,725 or 34% of owners earning at or below 80% of median income for the area, 1,174 or 68% were overspending and 815 or 47% were spending more than half of their income on housing costs.
- There were also 735 owner household who were earning at or below 80% of area median that included 529 or 72% who were cost burdened.
- Even households earning above 80% AMI were overspending, including 368 such households or 24% of all owners earning above this level.
- *Almost 60% of Orleans's homeowners are 62 years of age or older.* Of these elderly households, 460 or 34% were earning at or below 80% of median income that included 324 with cost burdens and 225 with severe cost burdens.
- Families also had considerable cost burdens. Of the 685 small families (four or fewer household members) who owned homes, 234 or 34% were overspending on their housing including 180 or 26% with severe cost burdens. A total of 144 or 87% of those small families earning at or below 80% were overspending, 130 or 79% with severe cost burdens.
- There were only 40 large families (five or more household members) who owned their homes, none were earning at or below 80% of area median income.
- There were 485 non-family, non-elderly homeowners, mostly single individuals, of which 234 or 48% were experiencing cost burdens. Of these, 205 or 42% were earning at or below 80% of area median with 109 experiencing cost burdens and 105 with severe cost burdens

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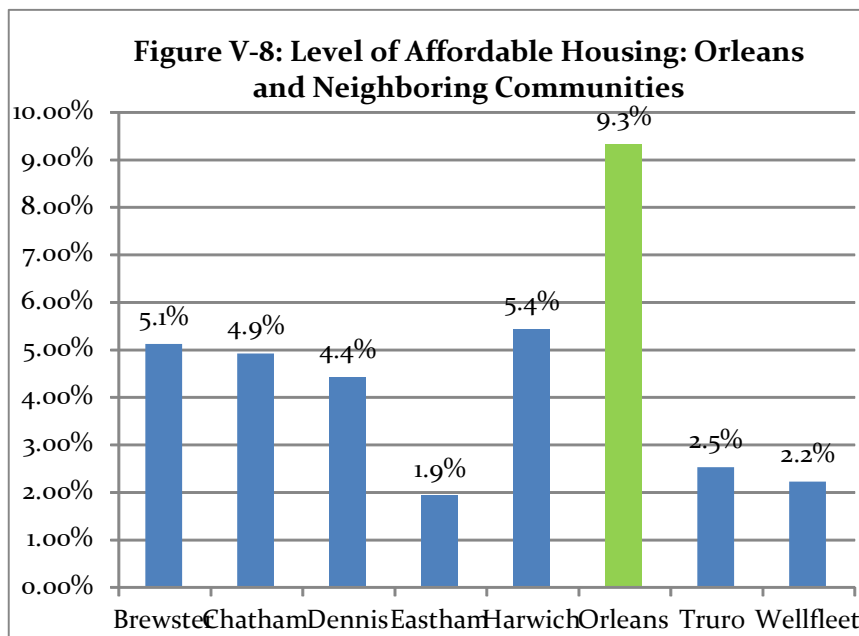
<sup>16</sup> This figure is very close to the 2,260 total year-round homeowners included in the 2015 census estimates.

### E. Subsidized Housing Inventory (SHI)

As of August 17, 2016, the state listed 307 affordable housing units in Orleans’ state-approved Subsidized Housing Inventory (SHI), representing 9.33% of the total year-round housing stock of 3,290 units. The Town is close to surpassing the 10% state affordability threshold with a gap of 22 more affordable units. Because the number of year-round units is based on the decennial census figure, it will change when the 2020 census figures are released and thus the 10% state threshold is a moving target.

Buildout projections that were prepared by the Town in 2003 suggest that, based on existing zoning, the Town might accommodate an additional 1,562 units over and above the 2000 census total of 5,108 units for a total of 6,670. The 2015 census estimates indicate 5,298 units which still leaves a gap of 1,372 units to reach buildout and SHI units of 667 or more than double the current SHI inventory. It should be noted that all units in Chapter 40B rental units can be counted as part of the SHI while only the actual affordable units can be counted in ownership developments.

Most communities in the state are confronting challenges in boosting their supply of affordable housing. All of Orleans’s neighbors have affordable housing levels well below the 10% state target, as visually presented in Figure V-8, and Orleans is well ahead of the pack.



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

these 2016 levels, adjusted by household size, and Section II.B for more details).

#### Current Inventory

As noted above, Orleans had 307 units in its Subsidized Housing Inventory (as of August 17, 2016), 257 (84.8%) of which are rental, 37 (12.2%) that involve new homeownership units, and the remaining 9 (3.0%) through a Housing Rehab Loan Program. Almost three-quarters of the units (227 units) are directed to seniors and younger disabled residents. Table V-17 summarizes SHI units that are eligible for counting towards the state’s 10% state affordability goal.

**Table V-17: Orleans' Subsidized Housing Inventory (SHI)**

Project Name	# Affordable Units	Project Type/ Financing	Use of a Comp Permit	Affordability Expiration Date
Tonset Woods I Town Parcel	40	Rental (elderly or disabled)/DHCD	No	Perpetuity
Tonset Woods II Town Parcel	60	Rental (elderly or disabled)/DHCD	No	Perpetuity
181 Main Street	8	Rental (elderly or disabled)/DHCD	Yes	Perpetuity
53 Meetinghouse Rd.	8	Rental (elderly or disabled)/DHCD	Yes	Perpetuity
John Avellar Circle Town Parcel (above) /Oak Ridge	11	Rental (families) /DHCD	Yes	Perpetuity
Bakers Pond Rd./ Opa's Way Former Town Parcel	12	Ownership (families) /DHCD	No	2098
Canal House	9	Rental (special needs/substance abuse)/DHCD, HUD	No	2037
Emmaus House	6	Rental (special needs) /DHCD	No	Perpetuity
Rock Harbor Village	100	Rental (elderly or disabled)/ MassHousing	No	2019/2032
Wise Living in Orleans	11	Ownership (elderly)/ MassHousing	Yes	Perpetuity
DDS Group Homes	13	Rental/DDS	No	NA
DMH Group Homes	6	Rental/DMH	No	NA
Housing Rehab Program	9	Ownership/DHCD	No	11-28-16 through 10-25-19
Finlay Rd. Condos Former Town Parcel	3	Ownership (families)/DHCD	Yes	Perpetuity
Habitat/Nickerson Rd.	1	Ownership/DHCD	No	Perpetuity
John P. Hinckley Affordable Homes Former Town Parcel	4	Ownership/DHCD	Yes	Perpetuity
Habitat/Bevan Way Town supplied CPC \$ to Habitat	6	Ownership/DHCD	Yes	Perpetuity
Total	307	257 (84.8%) rentals including 19 group home units; 37 (12.2%) ownership; 9 (3%) Housing Rehab	51 (16.8%) 40B units	

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



The Orleans Housing Authority (OHA) manages 128 or 42% of SHI units through the following developments:

*Tonset Woods:* 100 state-financed (Chapter 667 Program) one-bedroom units for seniors 60 years of age or older as well as 13.5% of younger disabled individuals (see photo to left).

*John Avellar Circle:* 10 state-financed (Chapter 200 Program) units for

families with a mix of two, three and four-bedroom units as well as a three-bedroom house on Oak Ridge Lane.

- *Windmill Village:* This development includes four one-bedroom units. (This project is not on the SHI, which needs to be discussed with DHCD.)
- *181 Main Street:* An 8-unit group home for adults with mental disabilities with supportive services provided by Cape Abilities. The project was financed by the state through the Chapter 689 Program.
- *53 Meetinghouse Road:* This 8-unit group home was also financed by the state's Chapter 689 Program. It involves a duplex with two four-bedroom apartments and supportive services provided by Community Development Systems.
- *Emmaus House/3 Tonset Road:* Fellowship Health Resources provides services for this special needs facility with six units for adults with mental disabilities. The property is owned by the Federated church of Orleans and managed by the OHA.

Waits for OAH units are long, especially for those without local preference:

- Units for elderly - 135 applicants (11 local applicants) with waits of three to six years
- Units for non-elderly disabled residents - 63 applicants (three local applicants) with waits of at least seven years
- Family units rarely turnover
- Two-bedroom units - 216 applicants (24 local)
- Three-bedroom units - 28 applicants (none local)
- Four-bedroom units - 9 applicants (1 local)

Another 179 units were developed privately by for profit or non-profit developers including:

- Group homes for special needs populations, 13 developed by the state’s Department of Developmental Disabilities (DDS) and 6 by the Department of Mental Health (DMH).
- Nine remaining units are still on the SHI as a result of participation in a Housing Rehabilitation Loan Program that was administered by the Lower Cape Cod Community Development Corporation (LCCDC) at the time (renamed the Community Development Partnership) with Community Development Block Grant (CDBG) funding. The rehab loans had 15-year deed restrictions and will be removed from the SHI as the deed restrictions expire, the last one in October of 2019.
- Rock Harbor Village includes 100 rental units (80 one-bedroom units and 20 with two-bedrooms) for seniors and younger disabled residents. *While the SHI indicates that affordability restrictions are due to expire in 2019, the new expiration date is June 2032 given an extension of the Section 8 Project-based vouchers.* The project was also financed with Low Income Housing Tax Credits among other subsidies and is managed by the non-profit organization Preservation of Affordable Housing (POAH).
- Canal House provides nine single-occupancy units of transitional housing for those recovering from substance abuse problems. It is owned by the Community Development Partnership and was subsidized through Section 8 funding as well as state and county HOME funds.
- The Wise Living in Orleans development, also known as Orleans Place, is a 41-unit condominium retirement community that includes 11 affordable units.
- There are two Habitat for Humanity projects, one home on Nickerson Road and six units on Bevan Way.
- There are also two small condominium developments that were developed through the comprehensive permit process that include three condos on Finlay Road and another four on Route 6A.

The Housing Assistance Corporation (HAC) manages state rental vouchers including ten for Orleans. A major problem has been the lack of rental units available with some voucher holders searching for units for well over three months.

#### *Pipeline Projects or Potential Opportunities*

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

- *Cape Cod Village, Inc.:* The construction of four single-family homes, with 15 total bedrooms, has been approved as a Comprehensive Permit to provide special needs housing for adults with autism. These units will increase Orleans’ level of affordability to 9.82%. Construction start is scheduled for fall of 2017.
- Homeless Prevention Council received \$110,000 in May 2017 to construct an affordable 1-bedroom unit in its office facility on Old Tote Road with previous SPA support of \$5,600.

## F. Priority Housing Needs

As the affordability analysis indicates in Section V.D 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 Study, the following priority housing needs have been identified:

### 1. *Rental Housing Need -- Goal of 85% of all affordable units produced*

Both rental and ownership housing are needed to encourage a mix of housing types in response to diverse populations and household needs. There is, however, a more compelling case for rental units based on the following important 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.
- Promote greater housing diversity as recent development has exclusively involved single-family homes that are primarily directed to those who can afford market prices, retirees and second home owners in particular. More housing options are necessary to meet the needs of local workers who are priced out of the housing market, people who grew up in Orleans and want to raise their own families locally, and empty nesters, for example.
- Invest local subsidy funds, such as CPA funding, in support of greater numbers of households/occupants over time as rentals turnover more regularly than ownership units.
- Provide more appropriately sized units for increasing numbers of small households.
- Provide opportunities for some seniors who are "overhoused" and spending far too much on their housing to relocate to more affordable and less isolated settings, opening up their homes to families requiring more space.
- Make up for some of the loss of rental units over the past several decades.
- Leverage other funds, as state and federal resources are almost exclusively directed to rental housing development, family rentals in particular.
- Enhance the ability to qualify occupants for housing subsidies as state requirements for including units on the SHI make it very difficult for long-term homeowners to be eligible for subsidized housing.
- Provide opportunities for mixed-income housing where several different income tiers can be accommodated within the same project.

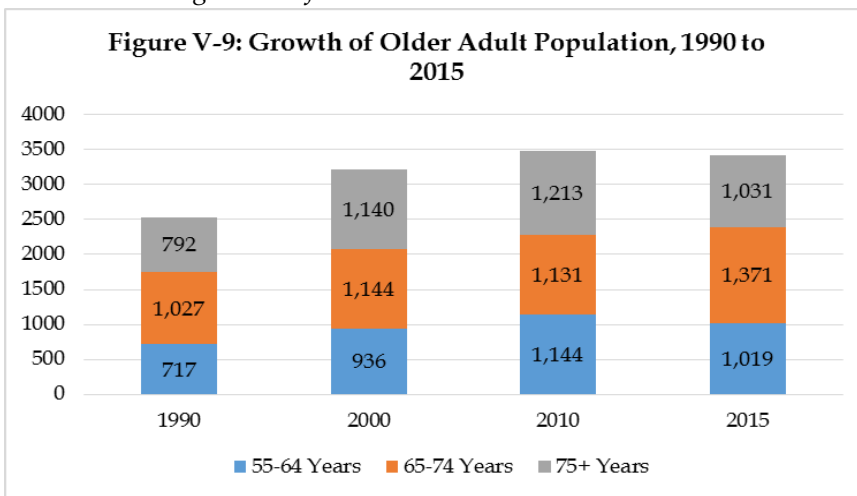
### *Indicators of Need for Rental Housing*

As detailed throughout this Housing Study, the following issues related to limited income, high cost burdens, low vacancy rates, loss of rental units, etc. suggest a pressing need for more subsidized rental housing:

- *Limited incomes* - About one-fifth of all households earned less than \$25,000, including 54% of all renters. These households can afford no more than about \$500 per month, including utility costs, making it extremely difficult if not impossible to find affordable market rentals without spending too much on housing.

- *Declining supply of rentals* – There rental housing stock declined by 220 units or by 26% between 1990 and 2015.
- *High cost burdens* – Orleans’ renters are in fact spending too much for their housing with about two-thirds of all renter households earning at or below 80% AMI overspending including 104 or one-quarter who were spending more than 50% of their income on housing costs (with severe cost burdens).
- *High rents* – Two-bedroom, year-round rental units, while limited, have rents of at least \$1,200 that require an income of approximately \$56,000, assuming \$200 per month in utility bills and housing expenses of no more than 30% of the household’s income. Almost all renters could not afford this rent.
- *High up-front cash requirements* - Many apartments require first and last month’s rent plus a security deposit. For a \$1,200 apartment, that totals as much as \$3,600, an amount that many prospective tenants do not have available.
- *Deficit of affordable rents* - Calculations in Table V-18 estimate that there is a shortage of 274 rental units based on the numbers of those who are spending too much for their housing.
- *Low vacancy rates* - The 2015 census estimates suggest a 3% vacancy rate for rental units, reflecting extremely tight market conditions.

*Rental Housing Needs of Seniors*



Rental housing needs of seniors are growing as this population continues to become a larger segment of Orleans’ population and cost burdens remain significant as noted below. Clearly housing alternatives to accommodate this increasing population of seniors – such as more handicapped

**Seniors who rely primarily on Social Security are likely to have monthly incomes that fall below market rent levels as well as assisted rents targeted to households earning at 80% AMI. Deeper subsidies are required for these households.**

accessibility, housing with supportive services, and units without substantial maintenance demands – should be considered in housing planning efforts.

- *Recent population growth:* As shown in Figure V-9, the number of those 60 years of age and older has grown considerably over recent decades.

This data is based on federal census data while Town records suggest even higher numbers of seniors over the age of 65 at 2,684 residents and 43% of all residents compared to 41% age 65 and older from federal census estimates.

- *High projected growth* - The Metropolitan Area Planning Council (MAPC) projects that those over 65 will increase from 40% of all residents in 2010 to 55% by 2030.
- *High cost burdens* - Of the 675 older adults age 62 or over who were earning at or below 80% AMI, 429 or 64% had cost burdens and 294 or 44% had severe cost burdens.
- *Insufficient income* - Most seniors earning fixed incomes and relying substantially on Social Security find that their income may not be sufficient to afford their current housing and other expenses, particularly when they lose their spouse.
- *Long waits for subsidized housing* - The Orleans Housing Authority has a waitlist of 135 elderly applicants (11 local residents) for senior housing with waits between three and six years.
- *Lack of unit accessibility* - The lack of universal design standards over the years has resulted in a situation where about half of subsidized senior housing is located on the second story of structures without elevators.
- *Lack of service workers* - While employers are encountering significant challenges in filling jobs, this problem is becoming particularly acute for the home care industry on the Lower Cape where workers cannot afford to live nearby.

#### *Rental Housing Needs of Families*

There are many low- and moderate-income households in Orleans who are struggling to pay their bills, housing expenses chief among them. Given an impending crisis, a family may become at risk of homelessness, some forced to double-up with friends or family and/or live in substandard conditions while waiting for subsidized housing or a Section 8 Housing Choice Voucher. Others may find themselves among those in emergency shelters.

- *High cost burdens* - Families who rent were also confronting problems affording housing with 90 small family renters (2 to 4 members) earning at or below 80% AMI that included 75 or 83% who were spending too much on their housing, also including 30 or one-third with severe cost burdens. While there were no large family households (5 or more members) renting in Orleans, this may be due to a lack of larger units or homes that are affordable to them.
- *Fewer subsidized housing opportunities and long waits* - The Orleans Housing Authority (OHA) has fewer subsidized housing units available for families, representing only 11 units or 8% of its housing inventory. These family units rarely turnover. Additionally, those families looking for a Section 8 Housing Choice Voucher or Massachusetts Rental Voucher Program subsidy (MRVP) need to apply to the MassNAHRO Centralized Wait List that includes 145,000 applicants (typically families) from 99 participating housing

authorities or the list maintained by DHCD that the Housing Assistance Corporation (HAC) uses when the vouchers they administer turnover with waits of about seven years.

- *Female-headed households* – There were 109 female-headed households with children according to 2015 census estimates, which are typically among the most financially at risk households in any community, often requiring support services (job skills, child care, etc.) in addition to affordable housing to become stabilized.

#### *Rental Housing Needs of Non-elderly Individuals*

There are also considerable numbers of lower income non-elderly, non-family households in Orleans, mostly single individuals, experiencing cost burdens and long waits for subsidized housing that make finding appropriate affordable housing a challenge. Some of these individuals have disabilities that further complicate their housing problems as those with disabilities, many reliant on Social Security, tend to be among the most financially vulnerable residents in a community. It is no wonder that some find themselves homeless living on the streets or in shelters.

- *High cost burdens* - 70% of the 220 such households earning at or below 80% AMI experienced cost burdens including 70 or almost one-third who were paying more than half of their income on housing.
- *Long waits for subsidized housing* - 13.5% of OHA's units in elderly developments are targeted to younger individuals who are disabled with about 63 applicants on the waitlist (including three local residents) and average waits of seven years or more.

#### *Rental Housing Needs of Seasonal Workers*

Orleans' economic base is greatly reliant on a summer workforce to serve the influx of visitors and summer residents. Finding this help is reliant on the ability to provide housing for this lower wage workforce, which businesses have found challenging. Zoning changes to allow properly supervised, dormitory-style housing could help alleviate some of these problems.

#### *Rental Housing Needs of the Homeless or Those at Risk of Homelessness*

Given the high costs of housing, homelessness is a threat to both individuals and families. Rising costs and a reduced supply of rental housing are not only pushing low-income wage earners and those with disabilities out of the community but potentially creating a crisis for those who lose their homes. This problem is particularly acute during the summer months when some are forced to double-up with friends and family or even camp while their winter rental is occupied by other during the summer season. Continued efforts by the Town, Homeless Prevention Council of Lower Cape Cod, Interfaith Counsel for the Homeless, the Lower Cape Outreach Council, and the private sector will be required to continue to explore opportunities for addressing the needs of this vulnerable population.

- *Increasing numbers of homeless* – The HUD annual Point-in-Time count of the homeless which took place on January 27, 2016, indicated that there were 394 homeless persons living on the Cape and Martha's Vineyard, up from 356 in 2015. Of these, there were 54 unsheltered adults on Cape Cod.

The analysis included in Table V-18 projects a shortage of 274 rental units for low- and moderate-income renters. This data, however, was based only on existing renters in 2013 and does not reflect pent-up regional need for additional rental opportunities, particularly in the context of an increasingly costly housing market. If Orleans wants to attract more young adults and families, it will have to make sure that it provides additional affordable rental opportunities to enable them to live in town as the current subsidized rental stock is inadequate to meet these needs.

**Table V-18: Rental Unit Gap Analysis**

Income Group	Income Range*	Affordable Rent**	# Renter Households	# Existing Affordable Units***	Deficit/Surplus
Less than 30% of AMI	\$20,400 and less	Less than \$310	145	30	-115
Between 30% and 50% of AMI	\$20,401 to \$34,000	\$310 to \$650	110	65	-45
Between 50% and 80% of AMI	\$34,401 to \$54,350	\$651 to \$1,159	160	46	-114
<b>Total</b>			415	141	-274

Source: 2013 HUD SOCDs CHAS Data

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

\*\* Includes an average monthly utility cost of \$200 and renters not spending more than 30% of their income on housing costs. \*\*\* Assumes those renters that are not cost burdened.

A further analysis of the rental needs of different types of households is included in Table V-19. This table indicates that in 2013 there were 568 renter households spending too much of their income on their existing housing. Reviewing the proportionate need of seniors, families, and single individuals, seniors comprise about 40% of those with cost burdens, families make-up about 27%, and non-elderly individuals about 33%.

**Table V-19: Cost Burdens by Type of Renter Household**

Income	Elderly	Small Families	Large Families	Other Renters	Total
< 30% AMI	80	0	0	35	115
30-50% AMI	0	45	0	0	45
50-80% AMI	29	30	0	55	114
> 80% AMI	0	0	0	0	0
<b>Total</b>	109	75	0	90	274

Source: 2013 HUD SOCDs CHAS Data

This Housing Study recommends that rental housing be distributed as follows in Table V-20 largely based on the deficit in Table V-18, the distribution indicated in Table V-19, and the relative lack of subsidized family housing in the community within a context of an eroding population of younger individuals and families. This distribution is also based on the production of 100 affordable units over the next ten years, 85% of which would be targeted as rentals in line with the existing level of rental housing in the SHI.

**Table V-20: Projected Distribution of Rental Units, 2017 to 2027**

Target Renter Households	Target Unit Size	Proportion of Need	# Affordable Rental Units
Seniors/Individuals	One bedroom	50%	42
Small Families	Two bedrooms	40%	35
Large Families	Three+ bedrooms	10% <sup>17</sup>	8
Total		100%	85

Source: 2013 HUD SOCDs CHAS Data

## 2. *Homeownership Need - Goal of 15% of all affordable units produced*

Efforts to provide starter homes for first-time homebuyers and better housing alternatives to empty nesters should be promoted to address several objectives including:

- Provide opportunities for families who want to invest in Orleans but are shut-out of the current housing market;
- Lend additional stability to neighborhoods as homeowners tend to become more rooted and invested in the community;
- Enable children who were raised in the community to return to raise their own families locally;
- Provide housing options for municipal employees;
- Provide smaller homes for increasingly smaller families; and
- Offer more affordable housing alternatives to empty nesters who want to downsize, thus opening their existing homes to families.

Small clustered cottage-style housing in pocket neighborhoods could be pursued as well as other infill development, mixed-uses that include mixed-income condo development, and the redevelopment/reuse of previously nonresidential properties offer good options for increasing affordable homeownership opportunities in Orleans.

### *Indicators of Need:*

The high cost of housing is shutting many residents out of the private housing market. For example, the median single-family house price was \$575,000 as November 2016. High upfront costs also challenge first-time purchasers. More affordable options are necessary that can support a range of incomes based on the indicators of need below.

- *Few subsidized ownership units* - Only 37 units in the town's SHI involve ownership as of August 2016.
- *High affordability gaps for single-family home* - The affordability gap for those earning 80% AMI is about \$325,000.

<sup>17</sup> 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.).

- *Existing challenges for condos* - The affordability gap for condos is smaller at about \$44,500 for households earning at or below 80% AMI. Nevertheless, while condos present a more affordable alternative for new homeownership, obtaining financing since the recession has become challenging for condominiums in particular and monthly fees raise housing expenses, limiting the amount that can be borrowed. Moreover, some of the more affordable condos in the private market are likely too small to accommodate families and likely require improvements.
- *High cost burdens* - As presented in Table V-16, there remains a need for more affordable homeownership opportunities in Orleans as of the 735 owner households who were estimated to have earned at or below 80% AMI, only 206 were not overspending on their housing resulting in a deficit of 529 affordable ownership units for those in this income range.

While the Town should focus on those more financially vulnerable residents earning below 80% AMI, it is worth noting that when looking at cost burdens (spending more than 30% of income on housing) there are deficits in the higher income categories as well as noted earlier.

- *Maintain population diversity and attract young families* - Younger adults in the family formation stage of their lives, the 25 to 34-age category, decreased by 62% to 4.3% of the population in 2015. Without equity from another house or subsidized starter homes, many young families are virtually shut out of the homeownership market.
- *Financing challenges* - Without a subsidized mortgage, households have to come up with a substantial amount of cash, now more typically a down payment of 20%, thus blocking many who seek to own a home. Credit problems also pose substantial barriers to homeownership.

Prior generations have had the advantage of GI loans and other favorable mortgage lending options with reasonable down payments. Also, in prior years the median home price to income ratio was much lower than it is today (see Figure V-7), making homeownership more accessible. The ability to obtain financing is more challenging for today's first-time homebuyers without subsidized ownership. State-supported mortgage programs, such as the ONE Mortgage Program, can offer important financial assistance to first-time purchasers.

- *Very low vacancy rates* - The 2015 vacancy rate for homeownership units was 3.4%, reflecting tight market conditions.

Table V-21 is based on the HUD CHAS report summarized in Table V-16, comparing numbers of households earning within income categories to units that are affordable to them. These calculations suggest that there is almost a 900-unit deficit in homeownership units, including 529 units for those earning below 80% AMI.

**Table V-21: Homeownership Affordability Analysis I**

		Affordable Sales		# Existing	
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Income Group	Income Range*	Prices for Single-family/Condo <sup>18</sup>	# Households**	Affordable Units**	Deficit or Surplus
Less than 80% AMI	Less than \$61,150	Less than \$250,000/214,500	735	206	-529
Between 80% and 100% AMI	\$61,150 to \$72,270	\$250,001 to \$295,000/\$214,500 to \$261,000	160	50	-110
Above 100% AMI	Above \$72,270	Above \$295,000/\$261,000	1,390	1,132	-258
Total			2,285	1,388	-897

Sources: Orleans Assessor's Office

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

\*\* Based on 2013 HUD SOCDs CHAS data

As noted earlier, only those units that are occupied by those earning at or below 80% of area median income can be counted as part of the Subsidized Housing Inventory, however once Orleans surpasses the 10% state affordability threshold, it will have more flexibility regarding program requirements.

Table V-22 examines affordability gaps by looking at the number of households within the lower income ranges and comparing how many units might be affordable to them based on estimated sales prices and extrapolating 2015 census estimates for the values of owner-occupied, year-round units. In this case the deficit decreases to an estimated 585 combined single-family homes and condo units for those earning at or below 100% AMI.

**It should be noted that it is difficult for existing homeowners to qualify for new affordable housing opportunities as there are limits on financial assets and current ownership in state requirements.** For example, state requirements regarding assets limit qualifying purchasers of age-restricted housing to no more than \$200,000 in net equity from a previous house owned within the last three years and an additional \$75,000 in financial assets. This puts many seniors out of the running for affordable housing that can be counted as part of the Subsidized Housing Inventory, particularly in communities with high property values where long-term owners are likely to have earned substantial amounts of equity in their homes. Nevertheless, such housing does serve an important need for local seniors who want to afford to live independently in Orleans but in less isolated settings that better meet their current lifestyles and without the hassles of home maintenance.

**Table V-22: Homeownership Affordability Analysis II**

Income Group	Income Range*	Affordable Sales Prices for Single-family/Condo <sup>19</sup>	# Households**	# Existing Affordable Units***	Deficit or Surplus
Less than	Less than	Less than	735	233	-502

<sup>18</sup> Figures based on 95% financing, interest of 5.0%, 30-year term, annual property tax rate of \$6.33 per thousand, insurance costs of \$6 per \$1,000 for single-family homes and \$4 per thousand for condos, estimated monthly condo fees of \$250, and a household paying 30% of income on housing costs. The analysis also assumes that purchasers within these income limits can qualify for a subsidized mortgage program such as the ONE Mortgage Program or MassHousing offerings.

<sup>19</sup> Ibid.

80% AMI	\$61,150	\$250,000/\$214,500			
Between 80% and 100% AMI	\$61,150 to \$72,270	\$250,001 to \$295,000/\$214,500 to \$261,000	160	77	-83
Above 100% AMI	Above \$72,270	Above \$295,000/\$261,000	1,390	1,950	+560
Total			2,285	2,260	--

Sources: Orleans Assessor’s Office and 2013 HUD SOCDs CHAS data

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

\*\* Based on 2013 HUD SOCDs CHAS data

\*\*\* Based on 2015 Census Estimates of the Values of Owner-occupied Properties (Table V-8)

**3. Integrate handicapped accessibility and supportive services into new development - Goal of 20% of all units produced for seniors and persons with disabilities and 10% for families**  
 Handicapped accessibility and supportive services (such as those offered by the Council on Aging or through assisted living options as well as transportation, home maintenance and other service-related programs) should be integrated into new housing production efforts.

*Indicators of Need:*

- *Significant local population with disabilities* - Of all Orleans residents in 2015, 830 or 14.3% claimed a disability, higher than the county and state levels at about 11% and 13%, respectively, and representing significant special needs within the community. The percentage of seniors with disabilities increased to 23% of all those 65 years of age or older.
- *Long waits for subsidized units reserved for the disabled* - As noted earlier, there are waits of up to seven years for those who apply for Orleans Housing Authority units that are reserved for people with disabilities, younger than age 60, in elderly developments.
- *Growing senior population* - As the number of seniors continues to increase with the aging of the baby boomers, growing numbers of residents will need better access to housing that includes on-site supportive services and/or handicapped accessibility.

Given the high number of senior citizens, efforts should continue to be made to make affordable home care services available in the community in addition to more diverse and affordable housing opportunities. *The need for combined shelter and services runs across all income levels and will continue to require coordinated approaches between services providers and developers.*

- *High costs of housing has a profound effect on those with disabilities* - Those with disabilities who are unable to work full-time or are reliant on Social Security Disability Income have some of the greatest challenges in finding stable, decent and affordable housing that meets their special needs. While Orleans has a number of group homes for special needs populations, more such housing is likely needed as some of the lower income non-elderly, non-family households included in the figures summarized Table V-16 with severe cost burdens likely include those with disabilities.

**4. Housing Condition Need - Goal of half of all homeownership units**

*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:*

- *Significant older housing stock:* About 56% of Orleans’s housing stock was built prior to 1980, and houses in this age category are more likely to have traces of lead-based paint, posing safety hazards to children, as well as problems concerning aging system and structural conditions.
- *Unit accessibility problems:* There are a very limited number of handicapped accessible units in the town’s Subsidized Housing Inventory and about half of the units in subsidized elderly housing are on the second floor with no elevator access. Additionally, a relatively large number of people with disabilities would benefit from resources that will allow some modifications of existing conditions to promote accessibility and visitability.

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

Table V-23 provides a summary of unmet housing needs according to income level and type of household, looking at households that are paying too much of their income on housing costs. While there are more owner-occupied units than rentals in Orleans with rentals comprising 21.6% of the year-round housing stock, the percentage of unmet housing needs of rentals is about 23% of the total deficit of 1,171 units. If focusing solely on the needs of those earning at or below 80% AMI however, the proportion of unmet rental housing need increases to 34% of the total deficit of 803 units. It is important to reiterate that 45% of Orleans’ rental housing is subsidized although with 257 subsidized rentals and 141 affordable rentals based on the HUD CHAS report, there are still those living in subsidized housing that are paying more than 30% of their income on housing costs.

Table V-23 also provides numbers on the unmet housing needs of seniors, families and non-elderly single individuals.

In regards to *seniors*, 109 renter households earning less than 80% AMI were overspending and therefore had unmet housing needs, representing 47% of all such households. The unmet housing needs of elderly owners is much higher with 320 households or 24% of all such households overspending. While it is challenging to qualify homeowners for assisted housing, there are other actions that the Town can take to reduce the cost burdens of these residents.

In regard to *families* in this income range, there were 75 renter households with unmet housing needs as opposed to 144 owners representing 83% and 87%, respectively of such households earning at or below 80% AMI.

Additionally, there were 110 non-elderly and non-family (mostly single individuals) renter households as well as owner households and of these 90 renters or 82% and 65 owners or 59% were experiencing cost burdens.

**Table V-23: Summary Housing Needs**

<b>Population in Need</b>	<b>All Units</b>	<b>Housing Available and Affordable</b>	<b>Unmet Need*</b>
<b>Renters</b>			
Extremely Low Income (Within 30% AMI)	145	30	-115
Very Low Income (30% to 50% AMI)	110	65	-45
Low to Moderate Income (50% to 80% AMI)	160	46	-114
Subtotal	405	141	-274
80% to 100% AMI	40	40	0
Above 100% AMI	34	34	0
<b>Total</b>	<b>479</b>	<b>215</b>	<b>-274</b>
<b>Homeowners</b>			
Low to Moderate Income (at or below 80% AMI)	735	206	-529
80% to 100% AMI	160	50	-110
Above 100% AMI	1,390	1,132	-258
<b>Total</b>	<b>2,285</b>	<b>1,388</b>	<b>-897</b>
<b>Target Population in Need</b>	<b>All Units Occupied By Those Earning &lt; 80% AMI</b>	<b>Housing Available That is Affordable to Those Earning &lt; 80% AMI</b>	<b>All Those with Cost Burdens/Units Occupied by Those Earning &lt; 80% AMI</b>
Seniors (62 and over)	215 Renters 460 Owners	106 Renters 140 Owners	109 Renters 320 Owners
Families	90 Renters 165 Owners	15 Renters 21 Owners	75 Renters 144 Owners
Non-elderly Individuals	110 Renters 110 Owners	20 Renters 45 Owners	90 Renters 65 Owners

Source: U.S. Department of Housing and Urban Development (HUD), SOCDs CHAS Data, 2013.

\*Includes all those spending too much on their housing per Table V-16.

Table V-24 presents targeted affordable housing development goals based on priority housing needs over the next ten years.

**Table V-24: Summary of Priority Housing Needs and Targeted Development Goals**

<b>Rental Units</b>	<b>Seniors + Single Persons/ One Bedroom Units @ 50%</b>	<b>Small Families/2 Bedrooms @ 40%</b>	<b>Large Families/3+ Bedrooms @ 10%</b>	<b>Total/10-Year Goals</b>
Rental @ 85%	42	35	8	85
<b>Ownership Units</b>	<b>Seniors + Single Persons/ One Bedroom Units @ 25%</b>	<b>Small Families/2 Bedrooms @ 25%</b>	<b>Large Families/3+ Bedrooms @ 50%</b>	<b>Total/10-Year Goals</b>
Ownership @ 15%	4	4	7	15
<b>Total</b>	<b>46</b>	<b>39</b>	<b>15</b>	<b>100</b>

Special Needs* (a % of total units)	(10)	(4)	(2)	(16)
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Source: 2013 HUD SOCDs CHAS and Karen Sunnarborg Consulting

\* Represents 10% of all units created in family housing and 20% in senior and single-person housing. For example, of the total 46 projected total one-bedroom units produced, largely directed to seniors or those with disabilities, 20% or ten would involve handicapped accessibility and/or supportive services.

**There is a need to provide support to all these types of households along a wide range of incomes. Everyone should have a right to safe and affordable housing which is so fundamental to stabilizing both individuals and families who may be living in substandard conditions and/or spending far too much for their housing. The whole community benefits when all residents have a decent and affordable place to call home. This is particularly important in a community like Orleans that relies so greatly on lower-paid service workers to support the local economy.**

## **VI. CHALLENGES TO MEETING HOUSING NEEDS**

The Town of Orleans is committed to encouraging sustainable growth and development, including the production and preservation of affordable housing. It is also cognizant of the importance of promoting such growth within the context of preserving natural resources, economic health, and quality of life. It will continue to be a great challenge for the community to create enough housing choices to address the wide range of housing needs in light of the following constraints:

### **A. Environmental Constraints**

Orleans' 45 miles of coastline also includes 1,377 acres of salt marsh that with winding river channels and keyhole harbors attract thousands of visitors annually. These highly valued natural amenities provide opportunities for a wide range of recreational activities and important habitats that need to be protected to the greatest extent possible. The Town consequently embarked on an aggressive land acquisition effort and now has 2,522 acres of protected parkland or conservation land that represents 17% of the community's total land area.

Some of the natural assets that are of particular concern and/or a constraint to development include:

- The protection of the public water supply from the effects of development is a regional concern and of the utmost importance. Orleans, along with Yarmouth, Harwich, Dennis and Chatham, obtains its drinking water from a sole-source aquifer, the Monomoy Lens. Moreover, the Town's substantial number of ponds depend on the fluctuation in the aquifer's water table for their own surface levels.
- The Town includes four groundwater basins including the Nauset Estuary, Pleasant Bay Estuary, Cape Cod Bay and the Atlantic Ocean; the first three of which have been the subject of significant planning to address excessive inflows of nutrients from watershed sources into marine waters.
- Somewhat more than half of the Pleasant Bay Area of Critical Environmental Concern (ACECs)<sup>20</sup> and a third of its watershed land area is located in Orleans. This area includes five freshwater ponds, including two Great Ponds, which are hydrologically connected to the Bay system.
- The Town's freshwater resources include 63 ponds and lakes totaling 220 acres.
- Orleans has 151 acres of freshwater wetlands, 15 cranberry bogs, and 994 acres of saltwater wetlands.
- About 900 acres of Orleans is located in the Cape Cod National Seashore.
- The Town has two public beaches including Nauset Beach on the Ocean and Skaket on Cape Cod Bay.
- The Town's diverse marine habitats continue to place it among the highest ranking shellfisheries on the Cape. It also is known for its bluefish and striped bass fishing along Nauset Beach and more remote areas along the barrier beach.

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<sup>20</sup> Areas of Critical Environmental Concern (ACECs) as those that are specially recognized because of their uniqueness, significance and quality of their natural and cultural resources. These areas are nominated by the locality and reviewed and designated by the state's Secretary of Energy and Environmental Affairs. Designation as an ACEC creates a framework of local and regional stewardship.

- The Outer Beach is limited to off road vehicles to protect nesting piping plover and rare species of terns.
- Flooding events from storms continue to be a local challenge both along the coast and inland river areas. The Federal Emergency Management Agency (FEMA) recently adjusted the Flood Insurance Rate Maps (FIRMS), which has had implications on insurance costs for many property owners.

***Mitigation Measures:***

The Town continues to be involved in efforts to preserve its natural amenities. In addition to acquiring open space the Town is also promoting “smart growth” development through special zoning including the establishment of a Conservancy District, Shoreline District, Floodplain District, Groundwater Protection Districts, and Seashore Conservancy District for example to protect property as well as vegetation, fish and wildlife in particular floodprone areas and more recently to promote mixed-use development in the Village Center. It has also devoted significant resources in town-wide watershed planning. The Town is also participating in the Pleasant Bay Alliance to better understand the implications of the effects of rises in sea level on Nauset Beach and the inland shoreline of Pleasant Bay. Stormwater pollution has been addressed through an inventory of discharges and upgrades in local systems.

**B. Regulatory Constraints**

As is the case in most communities, a zoning by-law or ordinance is enacted to control the use of land including the patterns of housing development. The Town is divided into a number of different Zoning Districts<sup>21</sup>, each with its own requirements, but about 90% of the community’s upland is zoned single-family residential. This Residence District requires a minimum of 40,000 square feet of land area per buildable lot, 150 feet of frontage and a lot coverage of 15%. This large-lot zoning has created a suburban pattern of development in most areas of town although the presence of wetlands and preserved open space provides unspoiled natural areas throughout the community. A business corridor extends along Route 6A, with some areas being rezoned from General Business to Limited Business to limit commercial sprawl. There is also a 100-acre Industrial District.

Because affordable housing typically relies on economies of scale that comes with greater density, this zoning makes it extremely challenging to build such housing without waivers of existing requirements through the Chapter 40B process or other special local zoning provision including:

- *Apartment Development* – The Town recently adopted new zoning at its May 2017 Town Meeting that amended the Apartment Development bylaw<sup>22</sup> to better promote affordable housing and mixed-use development. For example, any apartment development with ten or more dwelling units must provide at least one affordable unit with affordability extending to a minimum of 30 years for those earning 80% or less of the area median income in the Town’s business districts (Rural Business District, Limited Business District, General Business District and Village Center District). Projects that support community goals in that they include one-bedroom units,

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<sup>21</sup> Orleans Zoning By-law, Section 164-5, Districts Enumerated.

<sup>22</sup> Orleans Zoning By-law, Section 164-31.

affordable units, or preserve 1,500 square feet of a “significant building” each can receive an additional bonus unit up to a total project density of 14 units per acre of continuous upland in the Village Center District and up to 12 units in the General Business and Limited Business Districts. No minimum lot size is required in the Village Center District with frontage on Main Street. There is a 15-unit maximum number of units per structure, however up to 20 units in a structure can be allowed by Special Permit in the Village Center District by the Zoning Board of Appeals.

- *Residential Affordable Housing District (RAH)*<sup>23</sup> – The Residential Affordable Housing District (RAH) is an Overlay District that was mapped in 1998 that allowed single-family development under less stringent provisions including a minimum lot size of 17,000 square feet (or 10,000 square feet with Planning Board approval under the Open Space Residential Development bylaw) and front, rear and side setbacks of 20 feet.<sup>24</sup> No more than 12 lots can be created through this bylaw. This bylaw was used to permit the 12-unit Opa’s Way affordable housing subdivision off Bakers Pond Road.

While the following provisions do not promote affordable housing that can be included on the SHI, they nevertheless encourage smart growth development and greater diversity of housing types:

- *Accessory Units*<sup>25</sup> -- Accessory dwelling units<sup>26</sup> of no more than 800 square feet in size are allowed by-right in owner-occupied properties. These units cannot increase the lot coverage by more than 2%. Recent activity has been about three to five units per year. In 2016, the Town allowed units to be detached from the primary dwelling.
- *Congregate Housing*<sup>27</sup> -- Congregate housing<sup>28</sup>, involving some shared space with up to six unrelated occupants, is allowed. The lot area must match that of surrounding properties (located within 500 feet of the property) and cannot contain more than two units although up to six units are allowed if the proposed gross floor area is not greater than 50% of the largest structure within 500 feet of the premises. Congregate units in the Residence District are limit to one unit unless occupants are 55 years of age or older and then the above restrictions apply. No congregate dwelling can also be located within 1,500 feet of two or more other such residences. The bylaw section has not been used in many years.
- *Open Space Residential Development (OSRD)*<sup>29</sup> – The OSRD bylaw is intended to preserve open space through clustering the housing as opposed to more evenly distributed

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<sup>23</sup> Orleans Zoning By-law, Section 164-19.2.

<sup>24</sup> Minimum setback requirements are typically 25 feet.

<sup>25</sup> Orleans Zoning By-law, Section 164-40.

<sup>26</sup> The Zoning Bylaw defines accessory dwellings as those created within, detached from, or an extension to an existing single-family dwelling.

<sup>27</sup> Orleans Zoning By-law, Section 164-40.

<sup>28</sup> The Zoning Bylaw defines a congregate dwelling as a residence for six or more unrelated persons, singles or couples, with some shared facilities and shared services primarily as a convenience with no licensed care.

<sup>29</sup> Orleans Zoning Bylaw, Section 164-40.1

development in a traditional subdivision. The property must contain a minimum of 120,000 square feet of buildable upland and only single-family detached homes are allowed. These units come with less stringent minimum dimensional requirements however such as 20,000 square feet per lot and frontages of 50 feet (except 150 feet of frontage per lot is required for those fronting a preexisting street). The number of units created cannot exceed that which would be allowed under a conventional subdivision. Importantly, 35% of the buildable upland must be preserved as open space.

**Mitigation Measures:** This Housing Study recommends several additional amendments that will further promote affordable housing, a greater diversity of housing types, and smart growth development including better promoting accessory dwelling units, exploring inclusionary zoning, and possibly allowing dormitory-type housing for seasonal workers under property controls

### **C. Community Infrastructure**

Orleans has no sewer services at this time. Wastewater disposal is largely reliant on septic systems, raising concerns about the impacts of any new development on the environment, water supply and quality in particular. There are also some special treatment facilities but these are limited given the costs involved. The development of business areas, especially the Village Center, has been constrained by Title 5 requirements as has the development of affordable housing which typically relies on some amount of density to be financially feasible.

Town water service extends to about 98% of all buildings in town through 100 miles of water mains. There are seven wells in the water system, withdrawing water from the Monomoy Lens, a shallow sandy sole source aquifer that is critical to the community's water supply.

**Mitigation Measures:** The Town developed a Comprehensive Wastewater Management Plan in 2008 and is undertaking an extensive community process to finalize implementation and funding strategies. The Town also prepared a Water Supply Master Plan in 1996 and is developing another well to meet projected future demand.

### **D. Market Conditions**

As detailed in Section V.C and V.D of this Study, both housing costs and affordability gaps are very high and thus substantial amounts of subsidies are required to make affordable housing financially feasible. These market conditions are summarized below.

#### *Single-family Homes*

The single-family home market was at its peak in 2005 when the median house price was \$697,000. Home values declined to \$525,000 in 2009, soon after the "bursting of the housing bubble", and have fluctuated somewhat since then to a median of \$675,000 as of the end of 2015, and then down to \$575,000 by November 2016. There is in fact very little affordability remaining in Orleans' single-family home market and even what could be considered a "starter home" of \$295,000 requires an income of about \$72,000. There are only an estimated 125 single-family homes available to those earning at or below this income based on assessed values. About one-third of the single-family homes, or 1,269 units, were valued in the \$300,000 to \$400,000 range, still including some smaller homes in the more moderately priced range. On the other hand, 705 homes or 18.5% were assessed between \$700,000 and \$1 million and another

741 homes were valued at more than \$1 million, indicating that Orleans has a significant high-end luxury market.

The median price of \$575,000 suggests an affordability gap of about \$310,000, the difference between this median priced single-family home and what a median income earning household can afford of \$265,000.<sup>30</sup> This assumes that the purchaser could qualify for a subsidized mortgage that requires much lower down payments and no Private Mortgage Insurance (PMI). 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 \$305,000 and thus the affordability gap would decrease to \$270,000. The \$65,000 in down payment and closing costs would effectively widen this affordability gap however, and present a serious financial challenge for many purchasers, first-time homebuyers in particular.

#### *Condominiums*

The condo market has experienced significant price volatility with a high median price of \$319,715 in 2005, down to \$232,500 by 2008, rebounding to \$253,800 by 2013 and fluctuating considerably after that to \$259,000 by November 2016. There is considerable affordability in this market however, with 65.4% of units valued below \$300,000. Condominiums in fact are a significant part of Orleans's housing stock, totaling 734 units, and the most affordable component of the community's private housing. It is important to note however, that some condos may not be winterized and used only on a seasonal basis.

There are also affordability gaps for condos as the median condo price of \$259,000, as of November 2016 would require an income of about \$71,750, which is more than Orleans' median household income of \$64,861 and the HUD area median income for Barnstable County of \$61,150 for a household of three.<sup>31</sup> The gap would be \$29,000, the difference between the median condo price (\$259,000) and what a median income earning household could likely afford (\$230,000).

#### *Rental Housing*

Rents are also high as it is difficult to find a two-bedroom year-round market rental for less than \$1,200. Real estate agents confirm that they typically see very few year-round or winter rentals coming on to the market. The rental market in Orleans is complicated by decreasing numbers of these units in the context of seasonal shifts. It can make economic sense for property owners to only rent their units in the summer season when rent levels are very high and can realize a substantial profit without the wear and tear associated with a winter rental. Many owners of second homes also want to be able to have access to their homes beyond the summer season.

A low-priced market rental of \$1,200 for a two-bedroom unit would require an income of about \$48,000 without consideration for utilities that would boost the required income closer to \$56,000 (assuming \$200 in average utility bills and not paying more than 30% of income on

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<sup>30</sup> Ibid.

<sup>31</sup> Figures based on 95% financing, interest of 5.0%, 30-year term, annual property tax rate of \$6.33 per thousand, \$250 monthly condo fee, insurance costs of \$4 per \$1,000 for condominiums, and the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. It also assumes that the purchaser would be eligible for a subsidized mortgage program such as the ONE Mortgage Program on a MassHousing mortgage that would not require private mortgage insurance.

housing costs). The median income earning renter (\$19,858) could afford a rent of only about \$696 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 often require first and last month's rent and a security deposit on rentals, also creating substantial up-front cash requirements for renters.

Summer rentals, like most of this part of the Cape, continue to be very costly, especially near the water. For example, summer rentals typically range from about \$1,000 per week for a small two-bedroom bungalow away from the water to \$15,000 to \$20,000 per week for homes on the water depending on size and amenities.

#### *Vacant Property and New Construction Costs*

Assessor's data suggests that there are 229 vacant parcels located in residential areas. The median valued vacant parcel had .68 square feet and was assessed at \$319,800. Conservatively assuming \$200 per square foot in total development costs, a 2,000 square foot house would cost about \$400,000 before acquisition costs and about \$720,000 in total costs, significantly higher than the median single-family house price of \$575,000 and well beyond the means of most year-round residents.

**Mitigation Measures:** Given high property costs and resulting affordability gaps, the Town could provide subsidies and leverage additional public and private resources to make units more affordable to households earning a wide range of incomes who are priced out of the private housing market. Section VII of this Study provides strategies for subsidizing these units.

### **E. Available Property**

Housing market issues, in tandem with environmental constraints substantially limit the availability of property to own, rent, or on which to develop, including:

- *Increases in seasonal or occasional units* – The number of seasonal units or second homes increased from 1,596 units in 1990 to 2,153 by 2015. This represents an increase of 557 such units and a growth rate of 35% during this timeframe, higher than the 5.8% growth rate for the year-round occupied housing stock. While such housing bolsters the town's economy, having such a substantial portion of homes unavailable for year-round occupancy further limits the supply of affordable housing for year-round residents.
- *There has been a loss of rental units* – Rental units decreased by 220 units or by 26% during the 1990 to 2015 period to 621 units or 21.6% of all occupied units in 2015. This loss is likely explained by the conversion of rentals to owner-occupancy and/or seasonal or occasional use.
- *Decline in building activity* – Building permit data from 2000 to 2016 indicates that building activity has slowed down in recent years with the average annual number of permits for new residential units between 2011 and 2016 at 19 units which was about half of the number produced between 2000 and 2010 of 38 units. While 65 units in multi-family properties were built during the several years prior to 2006, none have been

constructed since. Additionally, most of the new building activity was for seasonal or second home use. For example, while Orleans' population grew by 11% between 1980 and 2010, housing units increased by 82%.

- *Extremely low vacancy rates* – The homeowner vacancy rate was 3.4% in 2015 and the rental vacancy rate was only 3.0%. As any level below 5% is considered to represent tight market conditions, and these vacancy levels point to limited availability of units at any point in time.
- *Significant teardown activity* – There has been some level of teardown activity where typically smaller older homes are demolished and replaced by somewhat larger and more modern ones. The Building Departments suggests an average estimate of approximately two such teardowns each year. This would imply that net new housing growth is less than what is being reported in the census and building permit data.
- *Development is substantially constrained by environmental considerations* – As noted above in Section VI.A, the combination of a high level of preserved open space and the prevalence of environmentally sensitive areas distributed throughout town, make developable property increasingly more difficult to come by, a situation that is exacerbated by high acquisition costs. Additionally, while some nearby communities have wooded areas of upland that can be more readily developed, this is not the case for Orleans where the coastal shoreline is such a predominant feature of Orleans' landscape.
- *Limited Municipally-owned property* – Many communities have relied on Town-owned property on which to build affordable housing, establishing the terms and conditions for the development through a Request for Proposals and a Regulatory Agreement. The Town of Orleans owns very limited developable property and property costs are so high that tax-foreclosed property is a rarity.

Despite these constraints on available properties for development, buildout projections that were prepared by the Town in 2003 suggest that, based on existing zoning, the Town might accommodate an additional 1,562 units over and above the 2000 census total of 5,108 units for a total of 6,670 units. The 2015 census estimates identify 5,298 units thus still leaving a gap of 1,372 units to reach buildout. These calculations were made over a decade ago however, and should be revisited.

**Mitigation Measures:** Given these limitations, it will be important for the Town to make the best use of existing development opportunities through redevelopment activities, the potential inclusion of special wastewater treatment facilities or even the sewerage of the Village Center to facilitate higher density development, or other rezoning efforts. These measures are further discussed in Section VII. As noted in the Town's draft 2016 Conservation, Recreation and Open Space Plan, "A scarcity of large tracts of vacant land means that Orleans must think small and creatively when it comes to planning."

#### **F. Available Subsidies**

Financial resources to subsidize affordable housing preservation and production as well as rental assistance, have been prone to budget cuts over the years making funding more limited

and extremely competitive. A representative from the Cape's regional housing non-profit housing agency, the Housing Assistance Corporation (HAC), even suggested that while obtaining site control for new projects might have been the major challenge in the past, it is now obtaining the necessary financing.

*Mitigation Measures:* This Housing Study provides guidance on the use of Community Preservation Funds and Housing Trust Fund for affordable housing initiatives that will enable the Town to support the production of new affordable units and leverage other public and private funding sources. Moreover, like other communities on Cape Cod, Orleans has access to federal HOME subsidies administered by the Barnstable County HOME Consortium. This Housing Plan also recommends potential new funding streams that might further support the Town's housing needs.

### **G. Community Perceptions**

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

There is also strong resident acknowledgement that rising housing prices are compromising their sense of community and that more workforce housing is needed. 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. Housing for seasonal workers is also a serious concern of local employers. Residents are increasingly aware that those who provide local services, whether they are municipal workers, a waitress in a nearby restaurant, or the local handyman, need an affordable place to live.

*Mitigation Measures:* Orleans will pursue an ongoing community education 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 VII). It will be important to continue to be sensitive to community concerns and provide opportunities for residents to not only obtain accurate information on housing issues, whether they relate to zoning or new development, but have opportunities for real input.

## VII. HOUSING STRATEGIES TO ADDRESS NEEDS AND GOALS

The strategies outlined below are based on input from a wide variety of sources including interviews with local and regional stakeholders, prior planning efforts, housing needs and targeted housing goals identified in Section V.F, the housing workshop held on April 11, 2017, the outcomes of local housing initiatives, and the experience of other comparable localities in the area and throughout the Commonwealth. A summary of these actions is included in Table I-1 of the Executive Summary.

**In announcing a special state Workforce Housing Fund, Governor Baker announced, “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 state. 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.” May 11, 2016**

It should be noted that a major goal of this Housing Study is to serve the wide range of local needs from those who are experiencing homelessness or at risk to becoming homeless to those who earn too much to typically qualify for housing assistance but are still priced out of the private housing market. Moreover, the Town is close to reaching the state’s 10% affordability threshold under Chapter 40B at 9.3% as of May 2017. Consequently, there are instances where housing initiatives might be promoted to meet needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory (examples potentially include the promotion of accessory apartments and mixed-income housing that includes “community housing” or “workforce housing” units).<sup>32</sup> Community Preservation Funds, for example, are eligible for assisting those earning up to 100% AMI, and the Governor recently announced the allocation of \$100 million towards a special state fund for the creation of workforce housing, increasing rental housing opportunities for households earning 61% to 120% AMI.

The Town will also encourage developers to incorporate certain high performance principles into new housing development including universal design<sup>33</sup> and “visitability” standards,<sup>34</sup>

<sup>32</sup> In this Study “workforce housing” refers to units directed to those earning between 80% and 120% AMI but still priced out of the private housing market in many areas. The term “community housing” may also be used and applies to units directed to those earning between 80% and 100% AMI who are eligible for receiving CPA assistance.

<sup>33</sup> “Universal Design” is the design and composition of an environment so that it can be accessed, understood and used to the greatest extent possible by all people regardless of their age, size, ability or disability.” National Disability Authority, Centre for Excellence in Universal Design.

<sup>34</sup> “Visitability” is the design approach for new homes such that there is sufficient wheelchair access to nonresidents who visit the homes. A social visit requires the ability to also get into the house, pass through interior doorways and get into a bathroom.

particularly given the increasing number of seniors in the community. Development should also incorporate sustainability measures to significantly reduce energy consumption.

Within the context of compliance issues, local needs, existing resources, and housing goals and principles, the following housing strategies are proposed. *It is important to note that these strategies are presented as a package for the Town to prioritize and process, each through the appropriate regulatory channels.*

#### **A. Capacity-building Strategies**

Orleans is a relatively small community and, unlike many cities, does not have substantial annual state or federal funding available to support local housing initiatives on an ongoing basis. Nevertheless, there is some local structure in place to coordinate housing activities that includes the following components:

The Board of Selectmen established the *Orleans Affordable Housing Committee* to promote diverse solutions to the acknowledged shortage of affordable housing. It has served as the primary advocate for new housing initiatives, working closely with the Housing Authority as well as other Town boards and committees on new housing efforts, including this Community Housing Study.

The *Director of Planning and Community Development*, as staff to the Planning Board and Affordable Housing Committee, provides professional support to guide the Town's growth management and development decisions.

The *Orleans Housing Authority (OHA)* was established in 1969 to provide housing for low- and moderate-income families, seniors and those with disabilities. It manages 128 units or 42% of all SHI units that includes 100 units for seniors and younger disabled residents at Tonset Woods, 11 family rental units at John Avellar Circle, and several group homes. The agency also manages units for the Eastham and Wellfleet Housing Authorities.

The Town also has partnered with *regional sponsors of housing* that provide important local support for housing initiatives including the Community Development Partnership (CDP), Habitat for Humanity of Cape Cod, Harwich Ecumenical Council on Housing (HECH), Housing Assistance Corporation (HAC), and Homeless Prevention Council of the Lower Cape among others.

This *Community Housing Study* will also boost the Town's capacity to promote affordable housing as it provides the necessary blueprint for the next ten (10) years, prioritizing affordable housing initiatives based on documented local needs and community input. This Study will also serve as a comprehensive reference on housing issues in Orleans.

The following strategies are proposed to further build local capacity to implement the recommendations included in this Community Housing Study through resources to subsidize implementation and an enhanced structure to effectively coordinate housing activities.

1. *Make community education on housing issues a priority*

*Responsible Parties: Affordable Housing Committee*

*Priority: Short Term*

Because most of the proposed housing strategies in this Housing Study rely on local approvals, including those of Town Meeting, community support for new initiatives has and will continue to be essential. Continued and strategic efforts to inform residents and local leaders on the issue of affordable housing and specific new initiatives builds support by generating a greater understanding of the benefits of affordable housing, reducing misinformation, and dispelling negative stereotypes. These outreach efforts are mutually beneficial as they provide useful information to community residents and important feedback to local leaders on concerns and suggestions.

The presentation of this Housing Study offers an important opportunity to bring attention to the issue of affordable housing, providing information on housing needs, targeted goals and proposed strategies that can help generate community support for affordable housing initiatives. Interviews have been conducted with key housing stakeholders and public meetings have been held with local leaders and residents to get important input into this Housing Study

**Tapping into social media to attract attention to local and regional housing issues and initiatives is another way to disseminate important information to residents, younger residents in particular.**

including a housing workshop on April 11, 2017 (see Appendix 4 for a summary), a publicly-advertised joint meeting of the Planning Board and Affordable Housing Committee on July 25<sup>th</sup>.

Other education opportunities should continue to be pursued including special forums on all new housing initiatives, annual or biannual housing summits, public information on existing programs and services, enhanced

use of public access television, an expanded website, and educational opportunities for board and committee members as well as professional staff.

Of particular importance are upcoming efforts of the Community Development Partnership (CDP) and Housing Assistance Corporation (HAC), with support from the Massachusetts Housing Partnership (MHP), to develop a Cape Community Housing Partnership to promote a better understanding of housing needs and opportunities on a regional basis. The Partnership is undertaking three major initiatives over the next year:

1. A six-part series of workshops as part of what is being called the Cape Housing Institute will be conducted, modeled on the statewide Housing Institute that MHP coordinates annually. These sessions are planned to provide a wide range of information on housing issues, targeted to local leaders and housing stakeholders. They will be held in various subregions of the Cape starting in October 2017.
2. Training for local citizens on how to serve as advocates for affordable housing initiatives will begin in January 2018 to create an informed cadre of residents that can provide useful input and support for affordable housing programs and projects in their communities.

3. A public and social media campaign will be launched to provide information on affordable housing to better educate the public on the needs, benefits, and opportunities for promoting greater housing diversity throughout the region.

2. ***Provide sustainable funding sources and incentives for affordable housing***

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

*Priority:* Short Term

While Orleans is fortunate to have CPA funding and a Housing Trust Fund to support affordable housing, additional resources are needed. The message of community preservation and economic development can be achieved through affordable or mixed-income housing development is a compelling one for those who care about the community.

While it may be recognized that seasonal rentals and second-home owners subsidize the Town's tax bases without utilizing the most costly of services, education, more than 80% of the new housing stock developed between 1990 and 2015 was for seasonal or occasional use, which has pushed housing prices beyond the means of most year-round residents and thus has driven the need for more affordable year-round units. Moreover, given that the Lower Cape communities have some of the lowest property tax rates in the Commonwealth, other opportunities to raise funding from temporary residents and landlords should become priorities. Certainly the implementation of fees or taxes on seasonal rentals will take strong political will. It will also need a few champions to lead the cause.

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

**Wellfleet's Town Meeting recently voted to authorize the Board of Selectmen to file a petition for special legislation that would authorize the Town to impose a 0.5% real estate transfer tax of the purchase price of any real property, exempting the first \$500,000 of the purchase price among several other exemptions.**

- Establishing a *real estate transfer tax* to support affordable housing based on taxing a percentage of the proceeds from sales over a certain amount. For example, Aspen has adopted a 1% real estate transfer tax, and Vermont has a two-tier tax rate for seasonal versus year-round units as summarized below. These fees could be deposited in Orleans' Affordable Housing Trust Fund or in a Housing Bank modeled on

the Cape's Land Bank concept.

**Model: Aspen's Sources of Housing Revenue**

Over the past 30 years, approximately 2,600 employee-housing units have been created in Pitkin County through the Aspen/Pitkin County Housing Authority. A 1% real estate transfer tax (RETT), a portion of the 0.45% housing/day care sales tax, and Pitkin County's housing impact fee have generated approximately \$12.2 million in annual revenue to support this development.

### **Model: Vermont Real Estate Transfer Tax**

Vermont has adopted a 1¼% real estate transfer tax on sales of properties. The first \$100,000 in the sales price is exempted for principal residences with the remaining amount taxed at ½%. If the property has been financed by the State's Housing Agency, the first \$110,000 is exempted from the tax and the remaining amount is taxed at 1¼%. The state has raised approximately \$10 to \$13 million per year, half of which is passed on to the state's housing agency, the Vermont Housing and Conservation Board, to fund its Affordable Housing Trust Fund and the other half supporting the state's regional planning agencies.

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

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

- Modeling a property tax exemption after Provincetown's policy for *exempting landlords from a portion of real estate taxes for units that are rented year-round to eligible tenants* at rents that do not exceed HUD Fair Market Rents (FMRs).

### **Model: Provincetown's Year-round Rental Housing Tax Exemption**

The portion of the property that qualifies under the Program as affordable rental housing is exempt from the property tax. "The amount of the exemption is equal to the tax otherwise due multiplied by the square footage of the units set aside for affordable housing purposes divided by the total square footage of the structure."<sup>35</sup>

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

<sup>35</sup> Town of Provincetown, FY2007 Affordable Housing Property Tax Exemption for Owners of Affordable Year-round Rental Housing, website [www.provincetowngov.org](http://www.provincetowngov.org).

- Exploring a *two-tier tax system* that provides a somewhat lower tax rate for year-round units as opposed to seasonal or occasional ones.
- Collecting *fees when properties turnover on any home over a certain size*, such as 4,000 square feet for example.
- *Allocating a percentage of sewer capacity for affordable/community housing projects* and extending water and sewer infrastructure where possible as was done successfully with the Jenney Way and Morgan Woods projects in Edgartown. Such offsets of infrastructure costs are another way of subsidizing new affordable development.
- Using *regional appropriations of CPA funding* based on the premise that housing that is developed in one community is likely to benefit residents of the other nearby communities as well. Examples of this approach is the development of the Cape Cod Village project in Orleans and Governor Prence development in Eastham as described below.

**Model: Cape Cod Village**

The Cape Cod Village (CCV) project will provide a safe and caring home environment for 15 income-eligible (80% or less of area median income) adults with autism at a site in downtown Orleans. The project includes two duplex homes with four residences on each side as well as a common building where residents can gather with their families and other members of the community for programs, activities and events. The campus-like setting will also include spaces for outdoor activities. The development will be staffed 24 hours a day. This \$5,225,000 development budget included \$950,000 in CPA donations from the following communities:

Orleans	\$450,000
Chatham	\$100,000
Brewster	\$100,000
Wellfleet	\$100,000
Eastham	\$100,000
Truro	\$50,000
Provincetown	\$50,000

**Model: Governor Prence Development**

After unsuccessful discussion with Eastham local officials on a potential rental development through the state’s Local Initiative Program (LIP), often referred to as the “friendly 40B” program, the Stratford Capital Group received state approval to submit a comprehensive permit application to the Eastham Zoning Board of Appeals for the development of 50 rental units in two three-story buildings. Because the development would be permitted through Chapter 40B, all units would count as part of the Subsidized Housing Inventory. The site was a former driving range (T-Time) on Route 6. The Eastham ZBA denied the comprehensive permit, and the developer appealed the decision to the state’s Housing Appeals Committee (HAC). The developer was able to obtain CPA funding commitments from Eastham, Wellfleet, Truro and Orleans in support of the development which will be allocated if the project moves forward from any appeals and mediation process. Orleans’ commitment was significant at \$50,000.

- Providing information to owners on the *potential tax advantages* of donating property or selling property at a discounted price for charitable purposes.
- Requiring a special teardown fee on permitting that involves the demolition of units when they are replaced with much larger homes above a certain size that are likely to exert greater environment impacts on the parcel, nitrogen loading issues in particular.

**3. Consider adopting a Municipal Affordable Housing Trust Fund or Other Similar Fund**  
*Responsible Parties:* Board of Selectmen with support from the Affordable Housing Committee  
*Priority:* Short Term

In order to receive donations and avoid paying taxes, it is useful for each locality to have a dedicated housing fund that offers communities greater ability to support the development of affordable housing, responding expeditiously and effectively to housing opportunities as they arise. Orleans in fact established an Affordable Housing Trust Fund in 2000, initially committing \$100,000. The Fund can be accessed by a vote of the Affordable Housing Committee and the Board of Selectmen. It has been replenished once since its inception and has been used for relatively small tasks in support of affordable housing. Town Meeting in 2009 amended the bylaw to require that expenditures follow an allocation plan submitted by the Affordable Housing Committee.

Since Orleans established its Affordable Housing Trust Fund, the state enacted the Municipal Affordable Housing Trust Fund Act on June 7, 2005, which not only simplified the process of establishing housing funds but also provided such Trusts with greater powers. The law provides guidelines on what trusts can do and allows communities to collect funds for housing, segregate them out of the general budget into an affordable housing trust fund, and use these funds without going back to Town Meeting for approval. It also enables trusts to own and manage real estate, not just receive and disburse funds. The law further requires that local housing trusts be governed by at least a five-member board of trustees. Per statute, the chief elected official must be one of the members of the Trust. While the new trusts must be in compliance with Chapter 30B, the law which governs public procurement as well as public bidding and construction laws, it is likely that most trusts will opt to dispose of property through a sale or long-term lease to a developer so as to clearly differentiate any affordable housing development project from a public construction one.

Orleans should consider the benefits of replacing its Affordable Housing Fund with this state-supported funding mechanism, shaping the composition of the Trust and extent of powers as the Town determines appropriate. For example, the Trust could incorporate all members of the Board of Selectmen, potentially with another two or so at-large members with interest and experience in affordable housing issues, as has been done in Chatham and Brewster. Others have restricted the powers of their Housing Trusts. For example, the Town of Wayland limits the acquisition of property by the Housing Trust to no more than two units without obtaining approval from the Planning Board and Board of Selectmen. Orleans, through a Declaration of Trust, could determine the extent of powers by the Housing Trust and other potential layers of approval for identified activities.

Municipal Affordable Housing Trusts require Town Meeting approval. Here's an example of typical warrant language:

"To see if the Town will vote to authorize the Board of Selectmen to accept the provisions of Massachusetts General Laws Chapter 44, Section 55C, and to establish a trust, to be known as the Orleans Affordable Housing Trust Fund, whose purpose shall be to provide for the continued preservation and creation of affordable housing in the Town of Orleans for the benefit of low- and moderate-income households, substantially in a form which is on file with the Town Clerk and available for inspection."

In this case draft language of a Declaration of Trust would be available for review but not in itself formally approved by Town Meeting.

Some towns have adopted more detailed language regarding the Trust's powers and membership in the warrant article by preparing the warrant article and draft language for an accompanying chapter in the Town's General Bylaws. This bylaw effectively becomes the Declaration of Trust that is subsequently executed by the Board of Selectmen.

The above warrant language offers the Town greater flexibility for establishing and amending the Housing Trust as the Declaration of Trust can be more easily modified by the Trustees as needs arise instead of having to return to Town Meeting to enact changes. For example, the Town of Williamstown chose to pursue Town Meeting approval of their bylaw in 2012, and subsequently returned to Town Meeting in 2015 for revisions. On the other hand, Wenham's Annual Town Meeting approved the above warrant language on May 2, 2009, and the Board of Selectmen subsequently executed the Declaration of Trust on May 27, 2009. They will not have to return to Town Meeting for approval of any amendments.

The following steps would be required to establish a Municipal Affordable Housing Trust Fund under Chapter 44, Section 55C:

- *Certification of Bylaw and Submission to the Attorney General* - If the Town goes through the bylaw approval process at Town Meeting, the Town Clerk will need to certify the bylaw and submit it to the Attorney General within 30 days of the adjournment of the Town Meeting at which the bylaw was adopted.
- *Appoint Trustees* - The Chair of the Board of Selectmen is required to appoint members to the Housing Trust. At least five (5) members must be appointed, including a member of the Board of Selectmen. Once again, the Trust could also incorporate all members of the Board of Selectmen, potentially with another two or so at-large members with interest and experience in affordable housing issues as has been done in Chatham and Brewster for example. The Board of Selectmen can also appoint the Town Manager to the Trust.
- *Prepare a Declaration of Trust* - While not required under the statute, a Declaration of Trust is recommended as it provides a recorded notice of the Trust's establishment and its powers, including the authority to hold and convey real estate if determined to be appropriate. Town Counsel should review the Declaration prior to it being recorded at the Barnstable County Registry of Deeds. If the Town took the route of approving a

bylaw as part of the warrant article at Town Meeting, the bylaw would effectively become the Declaration of Trust.

- *Organize the Trust* - Once established, the Trust should determine its meeting schedule, designate officers, establish an account to hold the funding (separate bank account of municipal account), and review procedures.
- *Secure Staffing* - The Housing Trust would be staffed primarily by the Town Planner until additional professional housing support can be obtained (see strategy VII.A.2).
- *Prepare Housing Guidelines* - The Housing Trust would prepare guidelines regarding the specific terms and conditions for allocating Housing Trust Funds including a summary of eligible activities, funding requirements, selection criteria, etc.
- *Prepare an Action Plan* - The Housing Trust could also prepare an Action Plan to clarify the expected actions of the Trust by the types of projects it has the capacity to undertake and the kinds of projects that will best serve local housing needs. The Plan can also prioritize short and long-term goals and current and projected annual budgets.
- *Capitalize the Housing Trust Fund* - Once operational the Housing Trust will need to explore specific opportunities for capitalizing its Fund.

### **Community Models for Capitalizing the Housing Trust**

Some communities have decided to commit Community Preservation Act (CPA) funding on an annual basis to Housing Trusts without targeting the funding to any specific initiative. For example, the Towns of Grafton and Sudbury have been directing 10% of their annual CPA allocation to their Trust Funds. The Trusts are also encouraged to apply for additional CPA funds for specific projects. Scituate's Town Meeting funded its Housing Trust with \$700,000 of Community Preservation funding from its community housing reserves. The Town of Harwich has committed lease payments from its cell tower as well as sale proceeds of a Town-owned property (fetching more than a million dollars) to its Housing Trust Fund. Towns with inclusionary zoning bylaws that allow cash-in-lieu of actual affordable units, have also used these funds to capitalize their Housing Trusts. Other communities have obtained funding from developers through negotiations on proposed developments and donations of property or funding. Some of the new sources of funding listed in strategy VII.A.3 could also be directed to the Housing Trust Fund.

### **Model: Provincetown's Year-round Rental Housing Trust Fund**

Another approach was recently enacted in Provincetown, where the April 2017 Annual Town Meeting voted to establish a Year-round Rental Housing Trust Fund. While the Town continues to manage its Affordable Housing Trust Fund that was introduced at about the same time and under the same conditions as Orleans' Affordable Housing Trust Fund, this new Fund is completely dedicated to acquiring existing property, condos for example, and converting these units to year-round rentals, targeting occupancy to those earning up to 200% of area median income but still priced out of Provincetown's high-priced housing market. The Trust Fund document contains much of the same language and powers that are part of the Municipal Affordable Housing Trust Fund statute, but still needs state legislative approval. It has been funded with an initial allocation of \$1.5 million.

It is advisable that the Town supplement its formal request to establish a Housing Trust with further information to educate residents and other local leaders on the benefits of the Trust.

Detailed information on forming a Municipal Affordable Housing Trust Fund is included in a guidebook prepared by the Massachusetts Housing Partnership.<sup>36</sup>

#### **4. Fund a Part-time Housing Coordinator**

Responsible Parties: Board of Selectmen with support from the Affordable Housing Committee  
*Priority: Middle Term*

The Town of Orleans has been fortunate to have a capable Housing Authority and regional non-profit organizations to provide important support for local housing initiatives. Nevertheless, DHCD guidelines require that each community have a “local project administrator” who is responsible for monitoring the affordability of SHI units or to designate this task. Most communities designate some staff person or entity to do this work, if applicable, and communities have accomplished this in different ways. For example, Provincetown has hired a full-time Housing Coordinator, and Dennis just hired a part-time Housing Coordinator funded through CPA funds.

The Town should determine how best to ensure that it has adequate oversight to monitor affordability and ensure that all affordable units are counted as part of the SHI and continue to meet all state requirements. For example, the Homeless Prevention Council may likely need guidance and support in insuring that the affordable unit that it is creating meets all state requirements for inclusion in the SHI. Additionally, the Town could use some support in undertaking the following potential activities:

- Staff the Affordable Housing Committee;
- Provide HOME Program related tasks;
- Answer housing inquiries;
- Maintain a list of those to notify when affordable housing opportunities arise;
- Conduct marketing/lottery work;
- Review and submit reports regarding development proposals;
- Review affordable housing development documents;
- Coordinate new or modified zoning related to affordable housing, working with the Director of Planning and Community Development;
- Help coordinate the implementation of this Housing Study’s recommendations;
- Assist in the preparation of Requests for Proposals (RFP) for housing projects on any Town-owned property;
- Provide an orientation for new housing-related board members;
- Perform community outreach and education, including the preparation of informational materials;
- Research funding sources available to supplement local resources;
- Draft criteria to evaluate affordable housing proposals;
- Organize public forums and special events, including housing summits;
- Explore development opportunities; and
- Draft funding guidelines and the action plans for the Affordable Housing Trust Fund.

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<sup>36</sup> Massachusetts Housing Partnership, “Municipal Affordable Housing Trust Guidebook: How to Envision, Shape, Get Support and Succeed with Our Community’s Local Housing Trust”, November 2009.

If the Town was able to obtain additional resources to support housing initiatives, as recommended in strategy VII.A.2, the need for professional support to coordinate these activities would be even greater.

With input from the Affordable Housing Committee, the Board of Selectmen should develop a Scope of Services for a part-time housing consultant/housing coordinator and issue a Request for Proposals (RFP) to solicit interest from qualifying professionals or organizations to undertake these services. The other option would be to hire a part-time staff person. The amount of funding would be based on the Scope of Services/job description but unlikely less than \$30,000 annually. This position would be eligible for CPA funding, although Housing Trust Funds or the Town's General Fund could also be used. It should also be noted that other consultants could be brought on as needed to handle specific activities including environmental engineers for predevelopment work, appraisers, surveyors, lawyers, etc.

Alternatively, as part of efforts to explore regional collaborations under strategy VII.C.2, Orleans with other Cape communities might **consider establishing a Regional Housing Services Office** modeled on those that have been created in the Metro West and North Suburban areas of Boston as well as another being developed in Central Massachusetts. For example, the Metro West Regional Housing Services Office was established as a collaborative effort among the six communities of Acton, Bedford, Burlington, Concord, Lexington, Sudbury, and Weston to provide assistance in planning, permitting, monitoring, maintaining, and increasing their inventory of affordable housing. Each participating community pays an annual membership fee to the Town of Concord to cover the Office's expenses. This fee provides access to part-time consultants with expertise in affordable housing, funded by Community Preservation Funds. The Community Development Partnership (CDP) has begun exploring this option.

## **B. Zoning Strategies**

As with most communities, Orleans' Zoning Bylaw includes relatively large lot zoning in most areas of town and other exclusionary provisions that help protect the environment but nevertheless constrain development. This creates the likely need for regulatory relief for many residential developments that include affordable units, possibly through the "friendly" comprehensive permit process if not through normal regulatory channels. The Town has been involved in updating its Zoning Bylaw from time to time, including recently-enacted provisions in its Village Center Overlay District that help better guide development with public benefits under "smart growth" principles.

Orleans should consider the following zoning-related strategies to promote the production of additional affordable units and to direct new development to appropriate locations and target populations.

**1. Better promote accessory dwelling units**

*Responsible Party:* Planning Board

*Priority:* Middle Term

Accessory apartments are allowed by-right under Orleans' Zoning Bylaw in owner-occupied properties if they are no more than 800 square feet in size without increasing lot coverage by more than 2%. Last year the Town also allowed accessory units to be included in detached structures.

Because of changes to the state's Local Initiative Program (LIP) in 2008, all affordable accessory units must be affirmatively marketed based on a state approved Affirmative Fair Housing Marketing and Resident Selection Plan. This would involve the Town establishing and maintaining a waiting list of prequalified households applying to rent any affordable accessory units, referred to as a Ready Renters List, and precludes units that are currently occupied or where owners select their own tenants. Consequently, most communities that are promoting accessory apartments are not pursuing the inclusion of these units in the Subsidized Housing Inventory. Moreover, since Orleans is close to the 10% state affordability goal, the enforcement of affordability requirements becomes less of a concern.

Accessory apartments help meet a number of public policy objectives including:

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

The Cape Cod Commission has been promoting a model Accessory Dwelling Unit (ADU) bylaw that also has by-right provisions. In fact, most of the elements of the Commission's bylaw are already included in Orleans' zoning. Nevertheless, because accessory units provide excellent opportunities for creating small year-round rentals for increasing numbers of smaller households, also offering somewhat more affordable market units, the Town should find ways to better encourage their creation. For example, getting the word out about the existing zoning

to make property owners more aware of the opportunities under this bylaw should be pursued. This could occur through the outreach options included in strategy VII.A.1 as well as potentially an insert into a tax or utility bill or feature articles in local papers. Postings in the Senior Center might also be instructive.

## 2. *Explore inclusionary zoning*

*Responsible Party:* Planning Board

*Priority:* Middle Term

Inclusionary zoning, not currently included in Orleans' Zoning By-law, is a zoning provision that requires a developer to include affordable housing as part of a development or potentially contribute to a fund for such housing. This mechanism has been adopted by 161 communities in the state. While the Town just approved an inclusionary provision in the Apartment Development bylaw at its May 2017 Town Meeting, adopting a town-wide bylaw would enable Orleans to have some affordability integrated into new development or redevelopment efforts over a certain number of units.

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

Many of the municipalities that have inclusionary zoning in place are reaping the rewards of these actions through the creation of actual affordable units and/or cash contributions to the locality for investment in other affordable housing production efforts. Most of the by-laws include mandated percentages of units that must be affordable, typically 10% to 20%, coupled with density bonuses<sup>37</sup>. Some also allow the development of affordable units off-site and/or cash in-lieu of actual units. Table VII-1 provides a summary of some inclusionary zoning requirements from other communities.

There are a variety of by-laws that have been adopted in localities throughout the state and requirements vary considerably. The Executive Office of Environment and Energy's Smart Growth Toolkit includes a model inclusionary zoning by-law that highlights key local decisions and makes some commentary for consideration throughout ([www.mass.gov/envir/smart\\_growth\\_toolkit/pages/SG-by-laws.html](http://www.mass.gov/envir/smart_growth_toolkit/pages/SG-by-laws.html)). The Citizen Planner Training Collaborative website has a model by-law with commentary and some policies as well ([www.umass.edu/masscptc/exampleby-laws.html](http://www.umass.edu/masscptc/exampleby-laws.html)). Summaries of a couple of recently established bylaws are offered below, one just passed by Town Meeting in Provincetown and another representing a recently modified bylaw in Watertown.

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<sup>37</sup> Density bonuses allow increased densities beyond what is allowed under the Zoning By-law. Recent amendments to the Apartment Development bylaw include some density bonuses in exchange for the inclusion of one-bedroom units, affordable units, or the preservation of at least 1,500 square feet of a "significant building".

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

Municipality	Required Percentage of Affordable Units	Minimum Project Size	Payment-in-lieu of Affordable Units
Amherst	Based on project size Ranges from 7% to 12%	10 Units	No <sup>38</sup>
Arlington	15%	6 Units	Yes
Barnstable	10%	10 Units	Formed a committee to study
Belmont	10%, 12.5% or 15% depending on project size	2 single-family or two-family homes	Yes
Brookline	15%	6 Units	Yes
Cambridge	15%**	10 Units	Yes
Duxbury	10%	6 Units	Yes
Hopkinton	10%	10 Units	Yes
Medway	10%	6 Units	Yes
Newton	15%	4 Units*	Yes
Somerville	12.5% to 20% depending on location	6 Units*	Yes
Tewksbury	15%	4 Units*	Yes
Watertown	12.5% to 15%	6 Units	Yes
Wellesley	20%	5 Units	Yes
Yarmouth	20%	5 Units	Yes

\*Zoning indicates that the calculation of a fractional unit of 0.5 or more shall be regarded as a whole unit. With a 12.5% to 15% affordability requirement, the 0.5 threshold occurs with four (4) total units. \*\* Considering increasing the percentage to 20%.

**Model: Watertown Affordable Housing Requirements (Inclusionary Zoning)**

Watertown recently modified its affordable housing/inclusionary zoning requirements to better promote such units and to strengthen provisions given dramatic increases in housing prices that have been eroding the community’s more affordable private housing stock. The rent and ownership price requirements are as follows:

Total Project Size	Affordable Units	Rental Price	Ownership Price
1 to 5 Units	0	NA	NA
6 to 19 Units	12.5%	80% AMI	80% AMI
20+ Units	15.0%	No less than 5% of the total units at 65% AMI 10% of total units at 80% AMI	80% AMI

Source: Watertown Zoning Bylaws, Section 5.07.

The bylaw does allow the developer to pay cash-in-lieu of actual units into the Town’s Affordable Housing Fund. The payment is based on DHCD’s annual Qualified Allocation Plan for the Low Income Housing Tax Credit for the HUD designated area adjusted for the type of project and number of units. For Orleans this would range from \$279,000 to \$319,000 in 2017.

<sup>38</sup> A cash in-lieu fee was recommended as part of the Housing Production Plan that the Town approved in 2013.

### **Model: Provincetown Inclusionary Housing Bylaw**

Provincetown passed an Inclusionary Zoning Bylaw at its recent Annual Town Meeting in April 2017 that requires one-sixth (16.67%) of new units produced in housing projects of six (6) or more units be affordable or community housing units<sup>39</sup> under the Special Permit process through the Planning Board. The development of 2 to 5 new dwelling units also requires a Special Permit and includes a payment-in-lieu condition of providing a fractional unit payment to be made to the Town's Affordable Housing Fund as follow:

- For 2-3 new units, the payment = (total # of new units) x (16.67%) x (affordability gap)<sup>40</sup> x (33%)
- For 4-5 new units, the payment = (total # of new units) x (16.67%) x (affordability gap) x (50%)
- Developers of 2-5 units can opt to exceed the 16.67% requirement and build or rehabilitate an affordable/community unit(s) on-site or off-site instead of making the payment and also be eligible to take advantage of incentives in the bylaw.
- For year-round rental units, a lien is placed on the property and the payment is deferred until such time that the year-round use ceases with the full balance due at that time.

Payment-in-lieu of actual units is allowed in projects of 6 or more units based on the following formulas:

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

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

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

It will be important to also ensure that all affordable units produced through the by-law get counted as part of the Subsidized Housing Inventory, applied through the Local Initiative

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<sup>39</sup> Affordable housing is defined as units targeted to those earning at or below 100% of area median income (AMI) for Barnstable County with the household paying no more than 30% of income on housing costs. Community housing is defined as units targeted to those earning above 100% of area median income for Barnstable County and up to 180% AMI with the household paying no more than 30% of income on housing costs.

<sup>40</sup> The affordability gap is defined as the difference between the average assessment of all one-and two-bedroom condominiums in Provincetown and the sale price a one or two-bedroom housing unit affordable to a two-person household earning at 80% of area median income for Barnstable County.

Program (LIP) administered by DHCD if another housing subsidy is not used. Some clearly designated oversight and familiarity with state requirements is required (see strategy VII.A.2). The monitoring of projects to ensure continued affordability based on use restrictions would be the responsibility of a designated monitoring agent, DHCD in the case of LIP units, however towns also have a role in supporting the monitoring process.

**3. *Allow dormitory-type housing for seasonal workers under proper controls.***

*Responsible Party:* Planning Board

*Priority:* Longer Term



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.

Efforts to modify zoning are needed to enable employers to build housing for seasonal workers, including provisions that allow dormitory-style housing in appropriate locations and under reasonable conditions.

**C. *Development Strategies***

The following strategies, sometimes in combination, provide the basic components for the Town to produce new affordable housing.

**1. *Partner with private developers on private property***

*Responsible Party:* Affordable Housing Committee, Planning Board and Zoning Board of Appeals

*Priority:* Short Term

Continuing to work cooperatively with private developers, non-profit and for profit, on housing development is the most effective and efficient way to boost affordable housing. The Town already has a good track record working with developers on affordable housing, non-profit developers in particular, including the Community Development Partnership and Habitat for Humanity of Cape Cod.

With incentives created in the zoning bylaw to promote affordable housing (see Section VI.B) and with the availability of the “friendly 40B” option, the Town can continue to work cooperatively with developers to guide new development that incorporates affordable units and smart growth principles. Zoning recommendations included in Section VII.B would offer additional opportunities for promoting more affordable and diverse housing types. The Town anticipates working with private developers on the following types of projects:

- *Mixed-use development in appropriate locations, the Village Center in particular*

Through recent modifications to zoning in Orleans’ Village Center, the Town will be in a better position to attract developers to create mixed-use projects, including some amount of affordable housing. The potential addition of municipal wastewater services in the future would further draw development, supporting both economic and housing development objectives. An example of a small and effective mixed-use project is 34-36 Conwell Street in Provincetown



that was developed by Community Housing Resource, Inc. with two commercial spaces, four one-bedroom units that include an affordable unit and one with an attached workspace, as well as six non-residential artist workspaces.

**34-36 Conwell Street,  
Provincetown**

- *Adaptive reuse*



**Noyes Building, Oak Bluffs**

converted the Oak Bluffs Town Library/Noyes Building into a mixed-use building with three units of affordable housing and a retail space that includes a pharmacy. This type of development should also be encouraged as it holds to smart growth principles of redeveloping existing property and may even be an avenue for reclaiming historic properties.

Adaptive reuse involves the conversion of nonresidential properties - such as institutional, commercial and even industrial properties - into housing. This type of development has been very prevalent in cities with underutilized mill space, but has also been used in small communities where vacant and underutilized structures present opportunities for conversion to residential uses. For example, the Town of Oak Bluffs, in partnership with the Dukes County Regional Housing Authority,

- *Live-work space in commercial areas*

Live-work space, sometimes referred to as zero commute housing, are spaces where artists or other workers combine their residence with their work area, typically in an

open floor plan offering large, flexible work areas. This type of housing has been built in nearby communities. For example, in addition to the mixed-use project described above, Community Housing Resource Inc. (CHR) has developed other live-work projects including Old Ann Page Way, a project that includes 18 rental units for households earning at or below 60% of area median income with pricing of rentals based on 40% and 50% of median income. The development also includes ten (10) non-residential artist studios available for rent to the general public. The project involved the redevelopment of a former supermarket site held by A&P after they relocated to another location in Provincetown.

- *Smaller infill housing in existing neighborhoods*

There are many examples of housing that has been built on vacant lots in existing neighborhoods. Most Habitat for Humanity builds are based on these infill development opportunities. Orleans has seven such units, one on Nickerson Road and six others at Bevan Way.



**Habitat for Humanity Project**

- *Cluster development including clusters of bungalow/cottage-style housing*



**Jenney Way Site Plan, Edgartown**

This type of housing has been popular on the West Coast of the country where there is an intense focus on smart growth development principles and the housing needs of increasing numbers of smaller households. The model involves the development of small cottages or bungalows that are clustered around a community green space. This housing type targets empty nesters, single professionals, and young couples. Such development provides opportunities for the

ownership 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. A similar approach was used in the pocket neighborhoods of Jenney's Way and Eliakim's Way in Edgartown through the Island Housing Trust.

- *Group homes for special needs populations*



**Group Home in Needham**

Orleans has 19 units in group homes sponsored by the state's Department of Mental Health (DMH) or Department of Developmental Disabilities (DDS) as well as several projects owned by the Orleans Housing Authority. Numbers of communities have invested local resources in these developments. For example, the Town of Needham committed \$220,000 in HOME funds and \$280,000 in CPA funding for the development of a state-of-the-art facility for five adults with severe developmental disabilities. This building was developed by the Charles River Association for Retarded Citizens. The project did not receive any opposition

from the community, including neighbors, despite locating the facility in perhaps the community's most affluent neighborhood.

The Town will focus on the following approaches to creating new affordable units on privately-owned parcels in line with "smart growth" principles:

- *Zoning changes* – The zoning strategies included in Section VII.B in addition to current zoning, including the recently adopted changes to the Apartment Development Bylaw, should provide a good framework for new development that will include some amount of affordable housing. **It may be necessary to consider additional zoning changes in the future to allow more housing types in more areas.**
- *Chapter 40B* -- Comprehensive permits, particularly the "friendly" 40B process through the state's Local Initiative Program (LIP), have proven to be a useful tool in many communities for projects that require significant waivers of local zoning but meet local needs and priorities. Chapter 40B has been used for the permitting of 51 SHI including 181 Main Street, 53 Meetinghouse Road, John Avellar Circle, Wise Living in Orleans, Findley Road Condos, John P. Hinkley Affordable Homes, and Habitat's Bevan Circle. Key to the success of these new developments was the partnership between the Town and the developer to build affordable housing.
- *Advocacy and Funding* – The Town can also serve as an advocate for private development that responds to local needs and priorities, helping projects move expeditiously through permitting. Additionally, applications for public funding typically must document some local investment to render a project competitive, and the Town can use CPA or Affordable Housing Trust funding to serve as a gap filler to make affordable or mixed-income projects financially feasible.
- *Potential investment in wastewater services* – There was considerable support for the Town to invest in wastewater services from participants of the April 11, 2017 public forum.

The Town developed a Comprehensive Wastewater Management Plan in 2008 and is undertaking an extensive community process to finalize implementation and funding strategies. Such investment in appropriate locations would not only make denser development more feasible but also help local businesses grow while protecting the environment.

The Affordable Housing Committee should serve as the first municipal entity to formally review affordable housing proposals in their early stages and provide useful feedback to developers on preliminary plans with support from the Director of Planning and Community Development, a potential Housing Coordinator, and other Town boards as appropriate.

The state has introduced several new programs that could also be explored in support of some of the more smaller-scale developments that might be considered in Orleans including:

- *Workforce Housing Fund*  
The state is investing in a Workforce Housing Fund to provide rental housing for those households earning 61% to 120% AMI. In his announcement, Governor Baker said, “Making more affordable housing options available to working Massachusetts families deterred by rising rent expenses is essential to economic growth and development in communities throughout the Commonwealth. These working middle-income families are the foundation of our economy and talented workforce, and the creation of this \$100 million fund by MassHousing will advance opportunities for them to thrive and prosper.”
- *Community Scale Housing Initiative (CSHI)*  
The state has developed a small-scale production program to address non-metro communities’ need for smaller-scale housing that responds to local housing needs and density requirements. These projects, because of their small size, are not a good fit for the Low Income Housing Tax Credit program. Generally, projects that can leverage some debt by having a few higher income units and a gap filler like the Community Preservation Act funding (CPA) are in the best position to utilize such a program. This new initiative provides \$10 million in funding for projects based on the following eligibility criteria:
  - Community must have a population not to exceed 200,000;
  - Program sponsors can be both non-profit and for-profit entities with a demonstrated ability to undertake the project;
  - The proposed project must include at least five rental units but no more than 20 rental units;
  - Project must involve new construction or adaptive reuse;
  - A minimum of 20% of the units must be affordable but it is anticipated that most proposed projects will have a minimum of 50% affordable units;
  - The host community must provide a financial commitment in support of the project;
  - The CSHI subsidy may not exceed \$200,000 per unit unless the developer intends to seek DHCD project-based rental assistance in which case the subsidy may not exceed \$150,000 per CSHI unit;
  - The total development cost per unit may not exceed \$350,000;

- Projects will receive no more than is necessary to make the project feasible;
  - Projects must be financially feasible without state or federal low income housing tax credits; and
  - Projects are expected to close and proceed to construction within 12 months of the date of the award letter.
- *Starter Home Program*  
State legislation was recently enacted to implement a Starter Home Program as part of the Governor’s Economic Development Bill. This was accomplished by modifying the existing Smart Growth Zoning and Housing Production law of Chapter 40R to include \$25 million in new funding over five years for cities and towns that create new starter home zoning districts. The new districts will be a minimum of three acres, restrict primary dwelling size to 1,850 square feet of heated living area, require that 50% of the primary dwelling units contain three bedrooms, allow a minimum of four units per acre by right, and provide 20% affordability up to 100% AMI.

**2. Further explore regional partnerships**

*Responsible Parties:* Board of Selectmen, Planning Board and Affordable Housing Committee  
*Priority:* Short Term

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

Another emerging initiative is the creation of the Cape Community Housing Partnership that involves a regional collaboration coordinated by CDP and HAC with support from the Massachusetts Housing Partnership. This Partnership will be convening special training and outreach activities on housing needs, benefits and opportunities as further described in strategy VII.A.1.

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

- Coordinate regularly-scheduled joint meetings of the Towns’ Housing Committees/Trusts and Planning Boards to discuss housing issues and work together to

promote efforts to address local and regional housing needs particularly in regard to zoning changes, educational campaigns and development collaborations. There was such a Lower Cape Housing Group that met several times in the past, coordinated by the Cape Cod Commission, but it has not met recently. Consideration should be given to resuscitating this Housing Group.

- Engage potential partners such as the hospital, schools, and other large private employers to promote the housing agenda, including making land and funding available to create and sustain affordable housing solutions.
- Explore other opportunities to share resources through special funding programs such as a regional Ready Renters List for pre-qualified applicants waiting for rental housing, a regional Buy-down Program that subsidizes rental or ownership opportunities, a social media campaign on affordable housing issues and programs, etc.
- Continue to invest in regional efforts to end homelessness through the Homeless Prevention Council of the Lower Cape for example. Orleans had previously provided \$5,600 in CPA funding then approved another \$110,000 in at its May 2017 Town Meeting to support the creation of an affordable one-bedroom unit in the organization’s offices at Old Tote Road.

**3. *Identify suitable Town-owned property for development***

*Responsible Parties:* Board of Selectmen and Affordable Housing Committee

*Priority:* Short Term

As mentioned in Section VI, major obstacles to developing affordable housing in Orleans include the limited availability of developable property, publicly-owned property in particular. Nevertheless, there is a precedent for the Town providing publicly-owned property for affordable housing including:

- Tonset Woods I and II with 40 and 60 units of rental housing for the elderly and younger disabled, respectively, owned and managed by the Orleans Housing Authority;
- A Habitat for Humanity house on Nickerson Road ;
- John Avellar Circle with 11 rental units for families and owned by the Orleans Housing Authority;
- Baker’s Pond Road/Opa Way with 12 units for first-time homebuyers;
- Finley Road Condos with 3 units; and
- John P. Hinckley Affordable Homes with 4 affordable ownership units.

There is little if any Town-owned property remaining that is likely suitable for the development of some amount of affordable or mixed-income housing. However, there may be opportunities for the Town to acquire property at some point in the future through the new revenue streams that are suggested as part of strategy VII.A.3 or by bonding CPA funding as other communities such as Carlisle and Falmouth have done.

Any municipally-owned property, when identified or acquired, would involve the following types of Town support:

- *Predevelopment work*  
The Town should support the costs of preliminary feasibility analyses of existing Town-owned parcels with funding through Community Preservation funds, the Affordable Housing Trust Fund, or HOME.
- *Request for Proposals (RFP)*  
Following the necessary approvals for the conveyance of Town-owned properties, the Town’s Chief Procurement Officer and the Town’s Housing Coordinator (see strategy VII.A.2) or a consultant should prepare a Request for Proposals (RFP) to solicit interest from developers based on the Town’s specific project requirements and select a developer also based on identified criteria included in the RFP. Projects will require densities or other regulatory relief beyond what is allowed under the existing Zoning Bylaw, and this will likely be obtained through the “friendly” comprehensive permit process under DHCD’s Local Initiative Program (LIP). Chapter 40B can continue to be a good permitting tool even when the Town surpasses the 10% state affordability threshold.
- *Advocacy*  
The Town will need to be involved in helping the selected developer secure the necessary financial, technical and political support. Evidence of municipal support is critical when seeking financial or technical assistance from regional, state or federal agencies.
- *Gap financing*  
Because development on Town-owned properties will likely include more affordable units than are required under Chapter 40B to boost the public benefits associated with the conveyance of Town-owned property for affordable housing, it is likely that some local funding will be necessary to leverage additional sources of financing from regional, state and/or federal governments and make development financially feasible.

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

In addition to creating new housing opportunities, this Housing Study recommends that the Town also focus on the need to preserve existing housing and provide assistance to including correcting code violations and making emergency repairs in properties occupied by low- and moderate-income residents and also provide assistance to the most vulnerable Orleans’ residents.

##### **1. Continue to support housing rehab initiatives**

*Responsible Party:* Affordable Housing Committee

*Priority:* Short Term

Orleans received Community Development Block Grant (CDBG) funding in the past in support of a Housing Rehab Program that was administered by the Lower Cape Cod Community Development Corporation (LCCCDC), now renamed the Community Development Partnership (CDP). Nine participating properties are still included on the SHI but given short-term deed restrictions, these units will fall off the SHI by the end of 2019. Given such increases in housing

prices and income levels, with corresponding decreases in poverty, it is unlikely that Orleans will be competitive for CDBG funding to reintroduce the Program.

There are other housing rehab initiatives that are available to qualifying Orleans residents however, including the following:

- *Harwich Ecumenical Council for Housing (HECH) Emergency Loan Program (HELP)*  
With \$177,000 in CPA funding, HECH continues to manage the Housing Emergency Loan Program (HELP) for Orleans that provides no interest, deferred loans of up to \$20,000. Funding is for emergency repairs such as roofs, windows, siding, and heat and hot water systems. Applicants must have their name on the deed and their primary residence in a single-family unit or provide new affordable year-round rental housing for income-qualified tenants. Total household income cannot exceed 80% of area median income for homeowners or tenants.
- *MassHousing Home Improvement Loan Program (HILP)*  
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.
- *Get the Lead Out Program*  
MassHousing's Get the Lead Out Program offers 100% financing for lead paint removal on excellent terms that are based on ownership status and type of property. An owner-occupied, single-family home may be eligible to receive a 0% deferred payment loan up to \$20,000 that is due when the house is sold, transferred or refinanced. An owner-occupant of a two-family house could receive up to \$25,000 to conduct the de-leading work. Maximum income limits for owner-occupants are \$74,400 for one and two-person households and \$85,500 for three or more persons. Investor-owners can also participate in the program but receive a 5% fully amortizing loan to cover costs. Non-profit organizations that rent properties to income-eligible residents are also eligible for 0% fully amortizing loans that run from five to 20 years. Applicants must contact a local rehabilitation agency to apply for the loan.
- *Septic Repair Program*  
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 that includes Cape Cod Co-operative for the Cape.

- *Home Modification Program*  
This state-funded program provides financial and technical assistance to those who require modifications to their homes to make them handicapped accessible. The Southern Middlesex Opportunity Council (SMOC), with an office located in Buzzards Bay, administers this program for the Cape.

**The Town should continue to fund HECH’s HELP Program and make information on the other programs accessible to residents.**

**2. *Create greater community connections for seniors***

*Responsible Parties:* Affordable Housing Committee and Council on Aging

*Priority:* Short Term

Research has shown that older adults benefit from remaining in the community where they have spent a good part of their life as those with strong connections to family and friends live longer and better. While some choose to move into new housing that is tailored to the needs of seniors, others decide to “age in place” because it may be both more affordable and “home”.<sup>41</sup> Because Orleans is also an attractive retirement destination, there is also a steady stream of additional older residents that have laid down stakes in the community.

It is important to note that seniors represent a very diverse group of residents with varying needs and expectations regarding their futures based on age, health, income, community connection, among other issues. Nevertheless, as a common denominator, perhaps “community” matters even more as people age as “where we live shapes the contours of our daily experience, determining our access to the things we want and need in our lives” as stated in a paper by Joseph Coughlin at MIT’s AgeLab.<sup>42</sup>

Mr. Coughlin further suggests that, “the sheer size of the next retiree cohort will certainly drive sales in ‘active aging developments’ and senior housing options, but it is unclear as to whether today’s 50-plus communities or senior housing options will tap the full market potential of the largest generation ever to retire. This population will expect homes that are convenient, yet able to provide homecare across their lifespans; communities that are accessible and supportive, yet stimulating and engaging; and activities and services that provide what is needed, as well as experiences that can excite and delight.” Given projected increases in an already senior-dominated community, this issue is particularly compelling for Orleans and its neighbors.

The Lower Cape does have some important resources to keep seniors active and in place including:

- *Orleans Council on Aging*  
The Orleans Council on Aging is a Town department that supports the quality of life of Orleans’ elders through a wide variety of services. These activities include an information and referral service on a wide range of issues, meals, social events, fitness

<sup>41</sup> Time, “Where Will All the Old Folks Live?” February 27-March 6, 2017.

<sup>42</sup> Coughlin, Joseph F., “Designing Tomorrow’s Ageless Community”, MIT AgeLab.

programs, community-based services to promote independent living such as a free shuttle van 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.

- *Nauset Neighbors*

Modeled after the successful Beacon Hill Village in Boston Program, Nauset Neighbors is an all-volunteer non-profit organization that helps seniors who are members stay in their homes and remain active in the community for as long as possible. This organization provides services not only in Orleans but in Brewster, Chatham, Eastham, Harwich and Wellfleet as well. Services includes rides to appointments, expanding contacts with others, and other small neighborly gestures. Membership fees are low -- \$75 for a single member or \$95 for a household -- although this fee will be reduced or waived if it presents a financial hardship. The demand for membership has been growing and there are times when there is a waitlist given that the numbers of new members outweighs the number of new volunteers.

It still will be a challenge for the Town to provide an “age-ready” community that fully meets the increasing needs of older adults. Further development prospects of more accommodating housing types for seniors, support for home modifications, and efforts to foster better connections within town and region can offer new and vital ways to help keep elders healthy, engaged and connected to the community. Certainly, the further development of the Village Center with housing in walking distance to goods and services could be a big boost to Orleans’ seniors looking for housing options that are more in keeping with their current lifestyles.

3. *Support agencies that address the emergency housing needs of residents to reduce homelessness*

*Responsible Party:* Affordable Housing Committee

*Priority:* Short Term

Given rising housing costs and affordability gaps, more residents are spending far too much for their housing. For example, of the 255 households earning at or below 50% of area median income, 160 or 63% were spending too much for their housing and of these 100 or 39% were spending more than half of their income on housing costs. These households are particularly at risk of becoming homeless. Given the high costs of housing, homelessness is a threat to both individuals and families. This problem is particularly acute during the summer months when some are forced to double-up with friends and family or even camp while their winter rental is occupied by others.

Homelessness is a problem on the Cape although the total numbers decreased over the last year. The HUD annual Point-in-Time count of the homeless which took place on January 24, 2017, and indicated that there were 324 homeless persons living on the Cape and the Islands, down from 356 and 394 in 2015 and 2016, respectively. The 2017 count included 69 homeless families living in shelters, representing an increase from 55 in prior years. The number of children in sheltered families has also grown from 77 in 2012 to 100 in 2017. There were 39 unsheltered homeless adults living in Barnstable County, down significantly from 60 in 2016. It should be noted that these numbers do not count households living in motels nor those that are double-p and living with family and friends.

Continued efforts by the Town in support of the following organizations will be critical to addressing the needs of this very vulnerable population:

- *Homeless Prevention Council of the Lower Cape*  
The Homelessness Prevention Council provides extensive counseling to those at risk of homelessness in the eight communities of the Lower Cape, including Orleans. Services include advocacy, referrals to available programs and services, help in negotiations with landlords and lenders, support in budgeting, and guidance in obtaining a further education and training. With an annual budget of approximately \$360,000, the organization applies for small grants and donations to provide emergency assistance to those at risk of homelessness. They have achieved success from direct mailings, grant proposals from foundations and church endowments, and special programs directed to children (back pack donations in the September and adopt a child's three wishes in December for example).
- *Lower Cape Outreach Council*  
The Lower Cape Outreach Council has been providing short-term emergency food, clothing and financial resources to residents of the eight towns on the Lower Cape, including Orleans. This assistance has extended to almost 2,000 households annually that has included help when rent or mortgage payments are behind, when utility shut-offs are threatened, and when other emergency expenses surface that throw individuals and families into a financial crises. The organization also provides important information and referrals to service providers, a jobs program (HopeWorks), and an educational assistance program that provides financial help for those pursuing education, training or other certifications. Lower Cape communities contributed a total of \$458,655 in 2016 including an almost \$86,000 commitment from Orleans. Donated goods added another \$826,951 in support that included about \$98,000 from Orleans.
- *Harwich Ecumenical Council for Housing (HECH)*  
Harwich Ecumenical Council for Housing (HECH) was formed in 1991 by clergy and lay people from area churches for the purpose of providing housing for homeless families with children. The organization raises funds from individual donors and special events as well as allocations from communities for special programs, projects and services. HECH has developed programs in homelessness prevention, mortgage foreclosure prevention, child care, youth counseling, and emergency repairs. In 1996, HECH began purchasing its own rental housing to house those who were homeless or at risk of homelessness.
- *Cape and the Islands Regional Network on Homelessness*  
It should also be noted that Orleans is a member of the Cape and the Islands Regional Network on Homelessness which prepares plans to end homelessness, conducts the annual Point-in-Time Count on the number of people experiencing homelessness, and coordinates federal funding as part of the Continuum of Care (CoC) Program under the McKinney-Vento Homeless Assistance Act. Focused largely on providing permanent supportive housing, this funding included a total amount of \$1,758,102 in 2016 that was allocated in support of efforts sponsored by the Housing Assistance Corporation (HAC),

Barnstable Housing Authority, Falmouth Housing Authority, Duffy Health Center, and Massachusetts Department of Mental Health.

**4. Promote tenant self sufficiency**

*Responsible Parties:* Affordable Housing Committee and Orleans Housing Authority

*Priority:* Middle Term

Some communities have developed special programs to help lower income renters afford to remain in the community by providing funding that mimics Section 8 Housing Choice Vouchers to subsidize local rentals. These local Tenant Based Rental Assistance Programs (TBRA) recognize the long waits for other state and federal rental assistance programs. For example, the Housing Assistance Corporation's waitlist for these subsidies is so large that it has had to close it to new applicants.

There are several communities on the Cape that administer these local voucher programs including Chatham and Harwich for example, and Provincetown has just introduced its Self Sufficiency Local Housing Voucher Pilot Program. These programs piggy-back opportunities for renter households to become self-sufficient on to the rental subsidies. They not only escrow subsidies for each participating household to help them save for a down payment or education costs, but also offer case management and other counseling and education to help them connect to social services and become self-supporting and independent.

**Model: Chatham Rental Voucher Program**

The Chatham Housing Authority has been administering a Voucher Program that offers qualifying households a subsidy for a period of five (5) years that consists of two (2) parts - a shallow rent subsidy of not more than \$350 per month and an automatic contribution to a monthly escrow account, deducted from the rent subsidy, to help them save for homeownership. The CHA determines the amount put in escrow monthly for each eligible participant, which is comparable to an Individual Development Account (IDA), used for the purpose of a down payment should the participant wish to pursue homeownership.

**Model: Provincetown Self-Sufficiency Housing Voucher Program**

Provincetown *Self Sufficiency* Local Housing Voucher Pilot Program is funded with grant assistance from the Community Preservation Fund as approved by Town Meeting. This Program helps families afford year-round housing, with a subsidy of \$350 per month, while participating in monthly activities which will educate and/or enable them to become self-sufficient within a three (3) year period. Participants are required to certify household income and adequate progress toward sustainability on an annual basis. Participants are also required to meet at least quarterly with case managers and attend monthly meetings.

**The Town of Orleans should explore these and other models to determine how such a program might best be adapted in the community. Given little turnover of Orleans Housing Authority units, such escrow accounts, bolstered by case management and counseling support, can help address their social service needs and self-sufficiency goals.**

## **Appendices**

## APPENDIX 1

### Local and Regional Organizations

The town of Orleans 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. *Orleans Affordable Housing Committee***

The Board of Selectmen established the Orleans Affordable Housing Committee to promote diverse solutions to the acknowledged shortage of affordable housing. It has served as primary advocate for new housing initiatives, working closely with the Housing Authority as well as other Town boards and committees on new housing efforts, including this Community Housing study.

**2. *Orleans Housing Authority (OHA)***

The Orleans Housing Authority (OHA) was established in 1969 to provide housing for low- and moderate-income families, seniors and those with disabilities. It manages 128 or 42% of SHI units that includes 100 units for seniors and younger disabled residents at Tonset Woods, 11 family rental units at John Avellar Circle, and several group homes. The agency also manages units for the Eastham and Wellfleet Housing Authorities.

**3. *Orleans 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.

Orleans Town Meeting adopted the CPA in May 2005, approving a 3% surcharge without any exemptions. Like the other communities on Cape Cod, Orleans 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 ten members including representatives of the Board of Selectmen, Housing Authority, Conservation Commission, Historical Commission, Planning Board, Open Space Committee and several at-large members appointed for three-year

terms by the Board of Selectmen. In 2016 almost \$1 million in CPA funding was available, \$259,233 from the state and \$711,399 from the local surcharge with about \$10.8 million available since CPA was adopted. The Town has allocated significant funding for housing including:

Hinckley Rt. 6A	\$ 438,000
Housing Trust Fund	\$ 54,000
Development Support Funds	\$ 5,000
Habitat Namskaket Road/Bevan Way	\$ 650,000
Cape Cod Village	\$ 450,000
Canal House	\$ 20,000
HECH Emergency Loan Program	\$ 177,000
Emmaus House Preservation	\$ 25,049
Demographic/Housing Study	\$ 35,000
	<u>\$ 1,854,049</u>

Another \$100,000 in reserves has also been appropriated and is available for Community Housing for a total of \$1,954,049. In May 2017, another \$110,000 was allocated in support of the Homelessness Prevention Council's affordable unit at their facility on Old Tote Road.

#### 4. *Orleans Affordable Housing Fund*

The 2000 Annual Town Meeting established the Affordable Housing Trust Fund in an initial amount of \$100,000. The Fund can be accessed by a vote of the Affordable Housing Committee and the Board of Selectmen. It has been replenished once since its inception and has been used for relatively small tasks in support of affordable housing. To date \$89,149 has been expended on the following activities:

• <i>Conversion of Deed Restrictions</i>	\$10,400
• <i>Property Site Assessments</i>	\$8,215
• <i>Appraisals</i>	\$625
• <i>Old Tote Road 40B project support</i>	\$10,000
• <i>Housing Assistance Corporation, 257 Rt. 6A project support</i>	\$13,300
• <i>Windmill Plaza apartments purchase</i>	\$31,609
• <i>Hinckley Housing Project</i>	\$15,000

The Fund currently has a balance of \$66,314.53. Town Meeting in 2009 amended the bylaw to require that expenditures follow an allocation plan submitted by the Affordable Housing Committee. The allocation plan for FY17 is as follows:

• <i>Site investigations, including inspections and engineering</i>	\$20,000.00
Site investigations and title work including the steps necessary to become informed about potential affordable housing sites and existing dwelling units.	
• <i>Title and legal work</i>	\$5,000.00

- *Retention of affordable housing* \$20,000.00  
Retention of affordable housing units has been accomplished by amending an obsolete deed restriction on the Opa's Way homes when they are sold. Timing of home sales cannot be reasonably anticipated.
- *Advertising, Ready to Buy List* \$1,000.00  
Advertising funds will be used to help the committee to better understand the current demand for affordable housing units.
- *Other support for housing acquisition or retentions* \$20,314.53  
There are no specific capital purchases of land or buildings identified at this time.

**5. *Orleans Council on Aging***

The Orleans Council on Aging is a Town department that supports the quality of life of Orleans's elders through a wide variety of services. These activities include an information and referral service on a wide range of issues, meals, social events, fitness programs, community-based services to promote independent living such as a free shuttle van 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. Because seniors are living longer and becoming frailer, they require more support to live independently.

The Assessing Department has Real Estate Tax Exemptions Programs that are summarized both on their website and in their office for the public to obtain. This Program is for income qualifying residents including those who are sight impaired, seniors, veterans, surviving spouses, etc. that reduces property tax bills.

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

The Cape Cod Commission (CCC) was created as the regional planning, economic development, and regulatory agency for the Cape in 1990 in response to high level of development in the 1980s and in an effort to protect the area's unique natural, coastal, historical, cultural and other values that were being threatened by uncoordinated and inappropriate uses. (3225 Main Street, Barnstable, MA 02630; 508/362-3828).

**7. *Barnstable County Department of Human Services***

The Barnstable County Department of Human Services manages the allocation of HOME Program funds on behalf of the Barnstable County HOME Consortium, taking over as project administrator from the Cape Cod Commission in 2015. 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. (3195 Main Street, P.O. Box 427, Barnstable, MA 02630; 508/375-6628)

**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) Orleans churches for the purpose of providing housing for homeless families with children. The organization raises funds from individual donors and special events as well as allocations from communities for special programs, projects and services. HECH has developed programs in homelessness prevention, mortgage foreclosure prevention, child care, youth counseling, and emergency repairs. In 1996, HECH began purchasing its own rental housing to house those who were homeless or at risk of homelessness. With \$177,000 in CPA funding, HECH also manages the Housing Emergency Loan Program (HELP) for Orleans that provides no interest, deferred loans of up to \$20,000. Funding is for emergency repairs such as roofs, windows, siding, and heat and hot water systems. Applicants must have their name on the deed and their primary residence in a single-family unit or provide new affordable year-round rental housing for income-qualified tenants. Total household income cannot exceed 80% of area median income for homeowners or tenants. (P.O. Box 86, West Orleans, MA 02671; (508) 432-0015).

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

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

(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 six units on Bevan Way and a home on Nickerson Road. (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 (manages ten rental vouchers in Orleans). (460 West Main Street, Hyannis, MA 02601; 508/771-5400)

**12. *Homeless Prevention Council of the Lower Cape***

The Homelessness Prevention Council provides extensive counseling to those at risk of homelessness in the eight communities of the Lower Cape, including Orleans. Services include advocacy, referrals to available programs and services, help in negotiations with landlords and lenders, support in budgeting, and guidance in obtaining a further education and training. With an annual budget of approximately \$360,000, the organization applies for small grants and donations to provide emergency assistance to those at risk of homelessness. They have achieved success from direct mailings, grant proposals from foundations and church endowments, and special programs directed to children (back pack donations in the September and adopt a child's three wishes in December for example). It received \$110,000 in funding from Town Meeting in May 2017 to help produce an affordable one-bedroom unit at its facility at Old Tote Road.

**13. *Lower Cape Outreach Council***

The Lower Cape Outreach Council has been providing short-term emergency food, clothing and financial resources to residents of the eight towns on the Lower Cape, including Orleans. This assistance has extended to almost 2,000 households annually that has included help when rent or mortgage payments are behind, when utility shut-offs are threatened, and when other emergency expenses surface that throw individuals and families into a financial crises. The organization also provides important information and referrals to service providers, a jobs program (HopeWorks), and an educational assistance program that provides financial help for those pursuing education, training or other certifications. Lower Cape communities contributed a total of \$458,655 in 2016 including an almost \$86,000 commitment from Orleans. Donated goods added another \$826,951 in support that included about \$98,000 from Orleans.

## APPENDIX 2

### Summary of Housing Regulations and Resources

#### I. SUMMARY OF HOUSING REGULATIONS

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

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

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

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

According to Chapter 40B regulations, the ZBA decision to deny or place conditions on a comprehensive permit project cannot be appealed by the developer if any of the following conditions are met<sup>43</sup>:

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<sup>43</sup> Section 56.03 of the new Chapter 40B regulations.

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

If a municipality does not meet any of the above thresholds, it is susceptible to appeals by comprehensive permit applicants of the ZBA’s decision to the state’s Housing Appeals Committee (HAC). This makes the Town susceptible to a state override of local zoning if a developer chooses to create affordable housing through the Chapter 40B comprehensive permit process.<sup>44</sup> Recently approved regulations add a new requirement that ZBA’s provide early written notice (within 15 days of the opening of the local hearing) to the application and to DHCD if they intend to deny or condition the permit based on the grounds listed above that make the application appeal proof, providing documentation for its position. Under these circumstances, municipalities can count projects with approved comprehensive permits that are under legal approval, but not by the ZBA, at the time.

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

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

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

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<sup>44</sup> Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

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

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

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

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

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

- *Information provided by the municipality or other parties regarding municipal actions previously taken to meet affordable housing needs, including inclusionary zoning, multi-family districts and 40R overlay zones.*
- Whether the conceptual design is appropriate for the site including building massing, topography, environmental resources, and integration into existing development patterns.
- That the land valuation, as included in the pro forma, is consistent with DHCD guidelines regarding cost examination and limitations on profits and distribution.
- Requires that LIP site approval applications be submitted by the municipality's chief executive officer.
- Specifies that members of local boards can attend the site visit conducted during DHCD's 30-day review period.
- Requires that the subsidizing agency provide a copy of its determination of eligibility to DHCD, the chief executive officer of the municipality, the ZBA and the applicant.

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

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

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

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

- The hearing be terminated within 180 days of the filing of a complete application unless the applicant consents to extend.
- Allows communities already considering three (3) or more comprehensive permit applications to stay a hearing on additional applications if the total units under consideration meet the definition of a large project (larger of 300 units or 2% of housing in communities with 7,500 housing units as of the latest Census, 250 units in communities with 5,001 to 7,499 total units, 200 units in communities with 2,500 to 5,000 units, and 150 units or 10% of housing in communities with less than 2,500 units).
- Local boards can adopt local rules for the conduct of their hearings, but they must obtain an opinion from DHCD that these rules are consistent with Chapter 40B.
- Local boards cannot impose “unreasonable or unnecessary” time or cost burdens on an applicant and bans requiring an applicant to pay legal fees for general representation of the ZBA or other boards. The new requirements go into the basis of the fees in more detail, but as a general rule the ZBA may not assess any fee greater than the amount that might be appropriated from town or city funds to review a project of a similar type and scale.
- An applicant can appeal the selection of a consultant within 20 days of the selection on the grounds that the consultant has a conflict of interest or lack minimum required qualifications.
- Specify and limit the circumstances under which ZBA’s can review pro formas.
- Zoning waivers are only required under “as of right” requirements, not from special permit requirements.
- Forbids ZBA’s from imposing conditions that deviate from the project eligibility requirements or that would require the project to provide more affordable units than the minimum threshold required by DHCD guidelines.
- States that ZBA’s cannot delay or deny an application because a state or federal approval has not been obtained.
- Adds new language regarding what constitutes an uneconomic condition including requiring applicants to pay for off-site public infrastructure or improvements if they involve pre-existing conditions, are not usually imposed on unsubsidized housing or are disproportionate to the impacts of the proposed development or requiring a reduction in the number of units other than on a basis of legitimate local concerns (health, safety, environment, design, etc.). Also states that a condition shall not be considered uneconomic if it would remove or modify a proposed nonresidential element of a project that is not allowed by right.

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

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

certified public accountant, to the subsidizing agency in a form and upon a schedule determined by the DHCD guidelines.

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

#### **B. Housing Production Regulations**

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

- Prepare and adopt an Housing Production Plan that demonstrates production of an increase of .05% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (22 units and 44 units, respectively, for Orleans until the new 2020 census figures are available) for *approval* by DHCD.<sup>45</sup>
- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, deny a comprehensive permit application during the period of certified compliance, which is 12 months following submission of the production documentation to DHCD, or 24 months if the 1.0% threshold is met.

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

- Include a comprehensive housing needs assessment to establish the context for municipal action based on the most recent census data. The assessment must include a discussion of municipal infrastructure include future planned improvements.
- Address a mix of housing consistent with identified needs and market conditions.
- Address the following strategies including -
  - Identification of geographic areas in which land use regulations will be modified to accomplish affordable housing production goals.

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<sup>45</sup> Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

- Identification of specific sites on which comprehensive permit applications will be encouraged.
- Preferable characteristics of residential development such as infill housing, clustered areas, and compact development.
- Municipally owned parcels for which development proposals will be sought.
- Participation in regional collaborations addressing housing development.

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

### C. Chapter 40R/40S

In 2004, the State Legislature approved a new zoning tool for communities in recognition that escalating housing prices, now beyond the reach of increasing numbers of state residents, are causing graduates from area institutions of higher learning to relocate to other areas of the country in search of greater affordability. The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature as Chapter 40R of the Massachusetts General Laws. The key components of these regulations are that “the state provide financial and other incentives to local communities that pass Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots and the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income”.<sup>46</sup>

The statute defines 40R as “a principle of land development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves open space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions.”<sup>47</sup> The key components of 40R include:

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

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

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<sup>46</sup> Edward Carman, Barry Bluestone, and Eleanor White for The Commonwealth Housing Task Force, “A Housing Strategy for Smart Growth and Economic Development: Executive Summary”, October 30, 2003, p. 3.

<sup>47</sup> Massachusetts General Law, Chapter 40R, Section 11.

### Incentive Payments

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

There are also density bonus payments of \$3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. Communities with populations of less than 10,000 residents are eligible for a waiver of these density requirements, however significant hardship must be demonstrated. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would enact the Zoning Districts, would be “able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood.”<sup>48</sup>

The principal benefits of 40R include:

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

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

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

The state recently enacted Chapter 40S under the Massachusetts General Law that provides additional benefits through insurance to towns that build affordable housing under 40R that they would not be saddled with the extra school costs caused by school-aged children who

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<sup>48</sup> “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” p. 4.

might move into this new housing. This funding was initially included as part of 40R but was eliminated during the final stages of approval. In effect, 40S is a complimentary insurance plan for communities concerned about the impacts of a possible net increase in school costs due to new housing development.

#### **D. Local Initiative Program (LIP) Guidelines**

The Local Initiative Program (LIP) is a technical assistance subsidy program to facilitate Chapter 40B developments and locally produced affordable units. The general requirements of LIP include insuring that projects are consistent with sustainable or smart growth development principles as well as local housing needs. LIP recognizes that there is a critical need for all types of housing but encourages family and special needs housing in particular. Age-restricted housing (over 55) is allowed but the locality must demonstrate actual need and marketability. DHCD has the discretion to withhold approval of age-restricted housing if other such housing units within the community remain unbuilt or unsold or if the age-restricted units are unresponsive to the need for family housing within the context of other recent local housing efforts.

There are two types of LIP projects, those using the comprehensive permit process, the so-called “friendly” 40B’s, and Local Action Units, units where affordability is a result of some local action such as inclusionary zoning, Community Preservation funding, other regulatory requirements, etc.

Specific LIP requirements include the following by category:

##### ***Income and Assets***

- Must be affordable to those earning at or below 80% of area median income adjusted by family size and annually by HUD. Applicants for affordable units must meet the program income limits in effect at the time they apply for the unit and must continue to meet income limits in effect when they actually purchase a unit.
- For homeownership units, the household may not have owned a home within the past three years except for age-restricted “over 55” housing.
- For homeownership projects, assets may not be greater than \$75,000 except for age-restricted housing where the net equity from the ownership of a previous house cannot be more than \$200,000.
- Income and asset limits determine eligibility for lottery participation.

##### ***Allowable Sales Prices and Rents<sup>49</sup>***

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

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<sup>49</sup> DHCD has an electronic mechanism for calculating maximum sales prices on its website at [www.mass.gov/dhcd](http://www.mass.gov/dhcd).

- Sales prices of LIP units are set so a household earning 70% of area median income would have to pay no more than 30% of their income for housing. Housing costs include mortgage principal and interest on a 30-year fixed term mortgage at 95% of purchase price, property taxes, condo fees<sup>50</sup>, private mortgage insurance (if putting less than 20% of purchase price down), and hazard insurance.
- The initial maximum sales price or rent is calculated as affordable to a household with a number of household members equal to the number of bedrooms plus one (for example a two-bedroom unit would be priced based on what a three-person household could afford).

#### *Allowable Financing and Costs*

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

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

- Marketing and outreach, including lottery administration in adherence with all Fair Housing laws.

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<sup>50</sup> DHCD will review condo fee estimates and approve a maximum condo fee as part of the calculation of maximum sales price. The percentage interests assigned to the condo must conform to the approved condo fees and require a lower percentage interest assigned to the affordable units as opposed to the market rate ones. DHCD must review the Schedule of Beneficial Interests in the Master Deed to confirm that LIP units have been assigned percentage interests that correspond to the condo fees.

- LIP requires that the lottery draw and rank households by size.
- If there are proportionately less minority applicants in the community preference pool than the proportion in the region, a preliminary lottery must be held to boost, if possible, the proportion of minority applicants to this regional level.
- A maximum of 70% of the units may be local preference units for those who have a connection to the community as defined under state guidelines (Section C: Local Preference section of the Affirmative Fair Housing Marketing Plan Guidelines (dated June 25, 2008)).
- The Marketing Plan must affirmatively provide outreach to area minority communities to notify them about availability of the unit(s).
- Marketing materials must be available/application process open for a period of at least 60 days.
- Marketing should begin about six (6) months before occupancy.
- Lottery must be held unless there are no more qualified applicants than units available.

*Regulatory Requirements*

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

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

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

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

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

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

1. Application process
  - Developer meets with Town
  - Developer and Town agree to proposal
  - Town chief elected officer submits application to DHCD with developer's input
2. DHCD review involves the consideration of:
  - Sustainable development criteria (redevelop first, concentrate development, be fair, restore and enhance the environment, conserve natural resources, expand housing opportunities, provide transportation choice, increase job opportunities, foster sustainable businesses, and plan regionally),
  - Number and type of units,
  - Pricing of units to be affordable to households earning no more than 70% of area median income,
  - Affirmative marketing plan,
  - Financing, and
  - Site visit.
3. DHCD issues site eligibility letter that enables the developer to bring the proposal to the ZBA for processing the comprehensive permit.
4. Zoning Board of Appeals holds hearing
  - Developer and Town sign regulatory agreement to guarantee production of affordable units that includes the price of units and deed restriction in the case of homeownership and limits on rent increases if a rental project. The deed restriction limits the profit upon resale and requires that the units be sold to another buyer meeting affordability criteria.
  - Developer forms a limited dividend corporation that limits profits.
  - The developer and Town sign a regulatory agreement.
5. Marketing
  - An Affirmative Fair Housing Marketing Plan must provide outreach to area minority communities to notify them about availability of the unit(s).

- Local preference is limited to a maximum of 70% of the affordable units.
- Marketing materials must be available/application process open for a period of at least 60 days.
- Lottery must be held.

6. DHCD approval must include

- Marketing plan, lottery application, and lottery explanatory materials
- Regulatory agreement (DHCD is a signatory)
- Deed rider (Use standard LIP document)
- Purchase arrangements for each buyer including signed mortgage commitment, signed purchase and sale agreement and contact information of purchaser's closing attorney.

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

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

**E. MassWorks Infrastructure Program**

The MassWorks Infrastructure Program provides a one-stop shop for municipalities and other eligible public entities seeking public infrastructure funding to support economic development and job creation. The Program represents an administrative consolidation of six former grant programs:

- Public Works Economic Development (PWED)
- Community Development Action Grant (CDAG)
- Growth Districts Initiative (GDI) Grant Program
- Massachusetts Opportunity Relocation and Expansion Program (MORE)
- Small Town Rural Assistance Program (STRAP)
- Transit Oriented Development (TOD) Program

The MassWorks Infrastructure Program provides a one-stop shop for municipalities and other eligible public entities seeking public infrastructure funding to support:

- Economic development and job creation and retention
- Housing development at density of at least 4 units to the acre (both market and affordable units)
- Transportation improvements to enhancing safety in small, rural communities

The MassWorks Infrastructure Program is administered by the Executive Office of Housing and Economic Development, in cooperation with the Department of Transportation and Executive Office for Administration & Finance.

## II. SUMMARY OF HOUSING RESOURCES

Those programs that may be most appropriate to development activity in Orleans are described below.<sup>51</sup>

### A. Technical Assistance

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

A relatively new state-funded initiative, the Planning Assistance Toward Housing (PATH) Program, provides planning assistance to municipalities for housing production. The state has made \$600,000 in planning grants available through the program to support locally initiated planning for municipally owned sites, changes to land use and zoning, and other strategies that directly contribute to housing production. This program replaces the Priority Development Fund that was introduced by the state in 2004.

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

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

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

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

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

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<sup>51</sup> Program information was gathered through agency brochures, agency program guidelines and application materials as well as the following resources: Verrilli, Ann. Housing Guidebook for Massachusetts, produced by the Citizen's Housing and Planning Association, June 1999.

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

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

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

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

#### **B. Housing Development**

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

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

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

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

- Produce rental housing;
- Provide rehabilitation loans and grants, including lead paint removal and accessibility modifications, for rental and owner-occupied properties;

- Offer tenant-based rental assistance (two-year subsidies); and/or
- Assist first-time homeowners.

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

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

Like all other communities on Cape Cod, Orleans is part of the Barnstable County HOME Consortium and has access to HOME funding.

## **2. *Community Development Block Grant Program (CDBG)***

In addition to funding for the Peer-to-Peer Program mentioned in the above section, there are other housing resources supported by federal CDBG funds that are distributed by formula to Massachusetts.

The **Massachusetts Small Cities Program** that has a set-aside of Community Development Block Grant (CDBG) funds to support a range of eligible activities including housing development. However, at least 70% of the money must provide benefits to households earning within 80% of median income. This money is for those nonentitlement localities that do not receive CDBG funds directly from HUD. Funds are awarded on a competitive basis through Notices of Funding Availability with specific due dates or through applications reviewed on a rolling basis throughout the year, depending on the specific program. This funding supports a variety of specific programs.

## **3. *Housing Stabilization Fund (HSF)***

The state's Housing Stabilization Fund (HSF) was established in 1993 through a Housing Bond bill to support housing rehabilitation through a variety of housing activities including homeownership (most of this funding has been allocated for the MHP Soft Second Program) and rental project development. The state subsequently issued additional bond bills to provide more funding. The HSF Rehabilitation Initiative is targeted to households with incomes within 80% of median income, with resale or subsequent tenancy for households within 100% of median income. The funds can be used for grants or loans through state and local agencies, housing authorities and community development corporations with the ability to subcontract to

other entities. The funds have been used to match local HOME program funding, to fund demolition, and to support the acquisition and rehabilitation of affordable housing. In addition to a program directed to the rehabilitation of abandoned, distressed or foreclosed properties, the HSF provides funds to municipalities for local revitalization programs directed to the creation or preservation of rental projects. As with HOME, the maximum amount available per project is \$750,000 and the maximum per unit is \$65,000 for communities that do not receive HOME or CDBG funds directly from HUD, and \$50,000 for those that do. Communities can apply for HSF funding biannually through the One Stop Application.

#### **4. *Low Income Housing Tax Credit Program***

The Low Income Housing Tax Credit Program was created in 1986 by the Federal Government to offer tax credits to investors in housing development projects that include some low-income units. The tax credit program is often the centerpiece program in any affordable rental project because it brings in valuable equity funds. Tax credits are either for 4% or 9% of the development or rehab costs for each affordable unit for a ten-year period. The 4% credits have a present value of 30% of the development costs, except for the costs of land, and the 9% credit have a present value equal to 70% of the costs of developing the affordable units, with the exception of land. Both the 4% and 9% credits can be sold to investors for close to their present values.

The Federal Government limits the 9% credits and consequently there is some competition for them, nevertheless, most tax credit projects in Massachusetts are financed through the 9% credit. Private investors, such as banks or corporations, purchase the tax credits for about 80 cents on the dollar, and their money serves as equity in a project, reducing the amount of the debt service and consequently the rents. The program mandates that at least 20% of the units must be made affordable to households earning within 50% of median income or 40% of the units must be affordable to households earning up to 60% of median income. Those projects that receive the 9% tax credits must produce much higher percentages of affordable units.

The Massachusetts Legislature has enacted a comparable state tax credit program, modeled after the federal tax credit program. The One Stop Application is also used to apply for this source of funding.

#### **5. *Affordable Housing Trust Fund***

The Affordable Housing Trust Fund (AHTF) was established by an act of the State Legislature and is codified under Chapter 121-D of the Massachusetts General Laws. The AHTF operates out of DHCD and is administered by MassHousing with guidance provided by an Advisory Committee of housing advocates. The purpose of the fund is to support the creation/preservation of housing that is affordable to people with incomes that do not exceed 110% of the area median income. The AHTF can be used to support the acquisition, development and/or preservation of affordable housing units. AHTF assistance can include:

- Deferred payment loans, low/no-interest amortizing loans.
- Down payment and closing cost assistance for first-time homebuyers.
- Credit enhancements and mortgage insurance guarantees.
- Matching funds for municipalities that sponsor affordable housing projects.

- Matching funds for employer-based housing and capital grants for public housing.

Funds can be used to build or renovate new affordable housing, preserve the affordability of subsidized expiring use housing, and renovate public housing. While the fund has the flexibility of serving households with incomes up to 110%, preferences for funding will be directed to projects involving the production of new affordable units for families earning below 80% of median income. The program also includes a set-aside for projects that serve homeless households or those earning below 30% of median income. Once again, the One Stop Application is used to apply for funding, typically through the availability of two funding rounds per year.

#### **6. *Housing Innovations Fund (HIF)***

The state also administers the Housing Innovations Fund (HIF) that was created by a 1987 bond bill and expanded under two subsequent bond bills to provide a 5% deferred loan to non-profit organizations for no more than \$500,000 per project or up to 30% of the costs associated with developing alternative forms of housing including limited equity coops, mutual housing, single-room occupancy housing, special needs housing, transitional housing, domestic violence shelters and congregate housing. At least 25% of the units must be reserved for households earning less than 80% of median income and another 25% for those earning within 50% of area median income. HIF can also be used with other state subsidy programs including HOME, HSF and Low Income Housing Tax Credits. The Community Economic Development Assistance Corporation (CEDAC) administers this program. Applicants are required to complete the One-Stop Application.

#### **7. *Federal Home Loan Bank Board's Affordable Housing Program (AHP)***

Another potential source of funding for both homeownership and rental projects is the Federal Home Loan Bank Board's Affordable Housing Program (AHP) that provides subsidies to projects targeted to households earning between 50% and 80% of median income, with up to \$300,000 available per project. This funding is directed to filling existing financial gaps in low- and moderate-income affordable housing projects. There are typically two competitive funding rounds per year for this program.

#### **8. *MHP Permanent Rental Financing Program***

The state also provides several financing programs for rental projects through the Massachusetts Housing Partnership Fund. The Permanent Rental Financing Program provides long-term, fixed-rate permanent financing for rental projects of five or more units from \$100,000 loans to amounts of \$2 million. At least 20% of the units must be affordable to households earning less than 50% of median income or at least 40% of the units must be affordable to households earning less than 60% of median income or at least 50% of the units must be affordable to households earning less than 80% of median income. MHP also administers the Permanent Plus Program targeted to multi-family housing or SRO properties with five or more units where at least 20% of the units are affordable to households earning less than 50% of median income. The program combines MHP's permanent financing with a 0% deferred loan of up to \$40,000 per affordable unit up to a maximum of \$500,000 per project. No other subsidy funds are allowed in this program. The Bridge Financing Program offers bridge loans of up to eight years ranging from \$250,000 to \$5 million to projects involving Low Income Housing Tax

Credits. Applicants should contact MHP directly to obtain additional information on the program and how to apply.

#### **9. *OneSource Program***

The Massachusetts Housing Investment Corporation (MHIC) is a private, non-profit corporation that since 1991 has provided financing for affordable housing developments and equity for projects that involve the federal Low Income Housing Tax Credit Program. MHIC raises money from area banks to fund its loan pool and invest in the tax credits. In order to qualify for MHIC's OneSource financing, the project must include a significant number of affordable units, such that 20% to 25% of the units are affordable to households earning within 80% of median income. Interest rates are typically one point over prime and there is a 1% commitment fee. MHIC loans range from \$250,000 to several million, with a minimum project size of six units. Financing can be used for both rental and homeownership projects, for rehab and new construction, also covering acquisition costs with quick turn-around times for applications of less than a month (an appraisal is required). The MHIC and MHP work closely together to coordinate MHIC's construction financing with MHP's permanent take-out through the OneSource Program, making their forms compatible and utilizing the same attorneys to expedite and reduce costs associated with producing affordable housing.

#### **10. *Section 8 Rental Assistance***

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

#### **11. *Massachusetts Preservation Projects Fund***

The Massachusetts Preservation Projects Fund (MPPF) is a state-funded 50% reimbursable matching grant program that supports the preservation of properties, landscapes, and sites (cultural resources) listed in the State Register of Historic Places. Applicants must be municipality or non-profit organization. Funds can be available for pre-development including feasibility studies, historic structure reports and certain archaeological investigations of up to \$30,000. Funding can also be used for construction activities including stabilization, protection, rehabilitation, and restoration or the acquisition of a state-registered property that are imminently threatened with inappropriate alteration or destruction. Funding for development and acquisition projects range from \$7,500 to \$100,000. Work completed prior to the grant award, routine maintenance items, mechanical system upgrades, renovation of non-historic spaces, moving an historic building, construction of additions or architectural/engineering fees are not eligible for funding or use as the matching share. A unique feature of the program allows applicants to request up to 75% of construction costs if there is a commitment to establish a historic property maintenance fund by setting aside an additional 25% over their matching

share in a restricted endowment fund. A round of funding was recently held, but future rounds are not authorized at this time.

**12. *District Improvement Financing Program (DIF)***

The District Improvement Financing Program (DIF) is administered by the state's Office of Business Development to enable municipalities to finance public works and infrastructure by pledging future incremental taxes resulting from growth within a designated area to service financing obligations. This Program, in combination with others, can be helpful in developing or redeveloping target areas of a community, including the promotion of mixed-uses and smart growth. Municipalities submit a standard application and follow a prescribed application process directed by the Office of Business Development in coordination with the Economic Assistance Coordinating Council.

**13. *Urban Center Housing Tax Increment Financing Zone (UCH-TIF)***

The Urban Center Housing Tax Increment Financing Zone Program (UCH-TIF) is a relatively new state initiative designed to give cities and towns the ability to promote residential and commercial development in commercial centers through tax increment financing that provides a real estate tax exemption on all or part of the increased value (the "increment") of the improved real estate. The development must be primarily residential and this program can be combined with grants and loans from other local, state and federal development programs. An important purpose of the program is to increase the amount of affordable housing for households earning at or below 80% of area median income and requires that 25% of new housing to be built in the zone be affordable, although the Department of Housing and Community Development may approve a lesser percentage where necessary to ensure financial feasibility. In order to take advantage of the program, a municipality needs to adopt a detailed UCH-TIF Plan and submit it to DHCD for approval.

**14. *Community Based Housing Program***

The Community Based Housing Program provides loans to nonprofit agencies for the development or redevelopment of integrated housing for people with disabilities in institutions or nursing facilities or at risk of institutionalization. The Program provides permanent, deferred payment loans for a term of 30 years, and CBH funds may cover up to 50% of a CHA unit's Total Development Costs up to a maximum of \$750,000 per project.

**15. *Compact Neighborhoods Program***

DHCD recently announced "Compact Neighborhoods" that provides additional incentives to municipalities that adopt zoning districts for working families of all incomes as well as smart growth development. Similar to 40R, the program requires new zoning that must:

- Allow a minimum number of "future zoned units" in the Compact Neighborhood, which is generally 1% of the year-round housing in the community;
- Allow one or more densities as-of-right in the zone of at least eight (8) units per acre on developable land for multi-family housing and at least four (4) units per acre for single-family use;
- Provide not less than 10% of units be affordable within projects of more than 12 units; and

- Not impose any restrictions to age or other occupancy limitations within the Compact Neighborhood zone although projects within the zone may be targeted to the elderly, persons with disabilities, etc.

Financial assistance through the Priority Development Fund is available to communities that are adopting Compact Neighborhoods zoning, giving priority to the creation of mixed-use development beyond the bounds of a single project. The state also promotes projects that meet the definition of smart growth under 40R, encourage housing that is priced to meet the needs of households across a broad range of incomes and needs.

The process for implementing a Compact Neighborhoods Zone includes:

- Identify an “as-of-right” base or overlay district (the Compact Neighborhood);
- Request and receive a Letter of Eligibility from DHCD; and
- Adopt the Compact Neighborhood Zoning.

#### **16. DHCD Project-Based Homeownership Program**

DHCD recently announced a first round of funding for its Project-Based Homeownership Program with two (2) funding categories:

- *Areas of Opportunity*  
Funds are being awarded for new construction of family housing projects for first-time homebuyers in neighborhoods or communities that provide access to opportunities that include but are not limited to jobs, transportation, education, and public amenities. The minimum project size is ten (10 units) for up to \$500,000 in funding for a single project and no more than \$75,000 per affordable unit. The maximum total development cost for affordable units is \$300,000 and the maximum developer overhead and fee is 15% of total development costs. Localities must provide matching funds at least equal to the amount of the DHCD subsidy request.
- *Gateway Cities*  
A limited amount of funding will be made available to Gateway Cities or other smaller communities with well-defined Neighborhood Redevelopment Plans for the acquisition and rehabilitation or new construction of single-family or duplex units or triple deckers (rehab only). The development of single sites is preferred but scattered-site projects are permissible. The minimum project size is six (6 units) for up to \$500,000 in funding for a single project and no more than \$75,000 per affordable unit. The maximum total development cost for affordable units is \$250,000 and the maximum developer overhead and fee is 15% of total development costs. Localities must provide matching funds at least equal to one-half the amount of the DHCD subsidy request.

Sponsors/developers must have hard letters of interest from construction lenders and mortgage loan originators, follow prescribed design/scope guidelines, submit sound market data at the time of pre-application, and have zoning approvals in place. Interested sponsors/developers must submit a pre-application for funding and following its review, DHCD review will invite certain sponsor/developers to submit full applications.

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

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

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

The state has introduced a new program to address the need for smaller scale affordable housing projects that are sized to fit well within the host community. The new initiative will provide \$10 million in funding for these projects based on the following eligibility criteria:

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

**19. *Starter Home Program***

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

**C. Homebuyer Financing and Counseling**

**1. *ONE Mortgage Program***

The Massachusetts Housing Partnership Fund, in coordination with the state's Department of Housing and Community Development, has recently introduced the ONE Mortgage Program, a new simplified version of the successful Soft Second Loan Program, which from 1991 to 2013 helped over 17,000 families purchase their first home. Like the Soft Second Program, ONE

features low, fixed-rate financing and state-backed reserve that relieves homebuyers of the cost of purchasing private mortgage insurance.

## **2. *Homebuyer Counseling***

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

## **3. *Self-Help Housing.***

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

## **D. Home Improvement Financing**

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

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

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

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

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

Through a partnership with the Massachusetts Department of Environmental Protection and Revenue, MassHousing offers loans to repair or replace failed or inadequate septic systems for qualifying applicants. The interest rates vary according to the borrower's income with 0% loans

available to one and two-person households earning up to \$23,000 and three or more person households earning up to \$26,000 annually. There are 3% loans available for those one or two person households earning up to \$46,000 and three or more persons earning up to \$52,000. Additionally, one to four-family dwellings and condominiums are eligible for loan amounts of up to \$25,000 and can be repaid in as little as three years or over a longer period of up to 20 years. To apply for a loan, applicants must contact a participating lender.

**4. *Home Modification Program***

This state-funded program provides financial and technical assistance to those who require modifications to their homes to make them handicapped accessible. The Southern Middlesex Opportunity Council (SMOC), with an office located in Buzzards Bay, administers this program for the Cape.

**5. *HECH Housing Emergency Loan Program (HELP)***

With \$177,000 in CPA funding, HECH also manages the Housing Emergency Loan Program (HELP) for Orleans that provides no interest, deferred loans of up to \$20,000. Funding is for emergency repairs such as roofs, windows, siding, and heat and hot water systems. Applicants must have their name on the deed and their primary residence in a single-family unit or provide new affordable year-round rental housing for income-qualified tenants. Total household income cannot exceed 80% of area median income for homeowners or tenants.

## APPENDIX 3

### Glossary of Housing Terms<sup>52</sup>

#### **Affordable Housing**

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

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

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

#### **Chapter 40B**

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

#### **Chapter 44B**

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

#### **Comprehensive Permit**

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

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

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

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<sup>52</sup> Heudorfer, Bonnie, “Taking the Initiative: A Guidebook on Creating Local Affordable Housing Strategies”, Citizens Housing and Planning Association with funding from the Massachusetts Housing Partnership Fund, November 2002.

**Fair Housing Act**

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

**Inclusionary Zoning**

A zoning ordinance or by-law that requires a developer to include affordable housing as part of a development or contribute to a fund for such housing.

**Infill Development**

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

**Local Initiative Program (LIP)**

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

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

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

**Metropolitan Statistical Area (MSA)**

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

**Mixed-Income Housing Development**

Development that includes housing for various income levels.

**Mixed-Use Development**

Projects that combine different types of development such as residential, commercial, office, industrial and institutional into one project.

**Overlay Zoning**

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

**Public Housing Agency (PHA)**

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

**Regional Non-profit Housing Organizations**

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

**Request for Proposals (RFP)**

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

**Section 8**

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

**Smart Growth**

The term used to refer to a rapidly growing and widespread movement that calls for a more coordinated, environmentally sensitive approach to planning and development. A response to the problems associated with unplanned, unlimited suburban development - or sprawl - smart

growth principles call for more efficient land use, compact development patterns, less dependence on the automobile, a range of housing opportunities and choices, and improved jobs/housing balance.

**Subsidy**

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

**Subsidized Housing Inventory (SHI)**

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

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

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

## APPENDIX 4

### Summary of Community Housing Forum

The Orleans Affordable Housing Committee sponsored a Community Housing Forum on April 11, 2017 at the Orleans Council on Aging to present key findings from the Housing Needs Assessment that is a major component of the Town's efforts to prepare a Community Housing Study. Following Introductions from the Affordable Housing Committee Chairman, Tom Johnson; the Consultant, Karen Sunnarborg, provided a PowerPoint presentation on the Housing Needs Assessment and facilitated a brief question and comment period.

Participants were then provided with instructions on proceeding with Roundtable Brainstorming in breakout groups. After identifying a Facilitator to keep the group on track in fulfilling the assigned tasks within allotted timeframes and further identifying a Recorder to document key comments from each group member, participants were asked to discuss their vision for community housing as well as priority actions for fulfilling this vision and addressing local housing needs.

#### **Visioning**

Each group member was asked in turn to complete the following three questions, resulting in the following comments:

*The Town's greatest challenge related to preserving and producing housing affordability and diversity is \_\_\_\_\_*

- Siting
- High construction/development costs
- Availability of property or lack thereof
- Public will
- Abutters
- Education of the public including the need for family housing
- Misunderstanding of the "friendly 40B" process
- Support for appropriate densities
- Funding
- Aging housing stock with significant costs related to upgrading
- Water quality
- Septic issues and associated costs
- Seasonal economy and housing market
- How to make seasonal renting less attractive
- Public resistance to change

- Maintaining a low tax rate
- Maintaining the character and nature of the Cape
- Market housing costs are not high enough to support affordable units
- Lack of year-round professional jobs
- Reasonable heating of condos that are often not year-round and winterized

*An appropriate housing goal (something aspirational to strive for in the years ahead) for the Town to achieve is to \_\_\_\_\_?*

- Create 100 affordable units in 10 years
- Strive for a diversity of units based on ages and incomes
- Modify zoning for the downtown
- Guide growth to “smart” locations
- Strive for regional solutions to affordable housing
- Produce rental housing for those earning between 80% and 100% AMI
- Form public-private partnerships to produce affordable housing
- Make development attractive to developers
- Concentrate development in appropriate locations at 14 units/acre
- Provide housing in denser settings for a diversity of age cohorts (life stages)
- Create more rental housing opportunities
- Secure additional funding sources and incentives (e.g., fees related to demolition or substantial property alterations)
- Identify/create housing for younger people

*The best locations for new housing development include \_\_\_\_\_?*

- Governor Prence development in Eastham
- Underground/utilize underground mall
- Town Center
- Above commercial uses
- Marginal/disinvested commercial properties
- Accessory apartments
- Housing in walking distance to services and bus lines

### **Prioritizing Actions and Voting**

Each member of the breakout groups was then asked in turn to identify the two most important actions or strategies for the Town to implement to address priority housing needs. They were then asked, also in turn, to identify their top three preferences based on the full list of proposed actions created by the group. The full group was then asked to select the top three actions that received the most support as well as the next three in order of priority importance and agreement.

Representatives from each group then presented the priority actions to all participants. Following these presentations, all participants voted on their preferred actions with five

stickers which they could place on one item or spread among strategies. They also had one negative sticker that they could use to record opposition to a particular action.

This prioritizing and voting process produced the following actions and number of votes:

#### *Regulatory Strategies*

- Change zoning to increase density in the Village/Town Center = 15 votes
- A more general statement of offering zoning incentives and greater flexibility for affordable housing = 11
- Rezone the downtown for mixed uses = 9
- Modify the accessory apartment bylaw = 7
- Promote universal design provisions = 3
- Adopt inclusionary zoning

#### *Financing Strategies*

- Provide sustainable funding sources for affordable housing = 17 votes
- Establish an Economic Development Authority to help promote affordable housing = 5
- Incentivize owners through tax reductions and contributions to the Housing Fund = 4
- Enter into partnerships with other towns and developers = 4
- Create a Housing Bank like the Land Bank to accommodate donations of property and create alternative housing types = 4
- Increase tax and revenue streams = 2 votes + 1 negative vote
- Incentivize developers = 1
- Provide financial incentives for creating rentals in mixed-use property

#### *Town Programs and Services*

- Add wastewater services = 30
- Create a Housing Coordinator position = 14
- Convert seasonal units to year-round use = 4 negative stickers
- Create greater community connections for seniors = 4
- Convert underutilized properties to affordable housing = 3
- Implement a Mortgage Buy-down Program = 2
- Continue education regarding housing using social media = 1
- Establish a Housing Rehab Program

Following voting, participants were informed that the Town will be working with the Consultant on the next sections of the Housing Study including recommendations regarding priority actions that were discussed during the forum. After the draft is prepared, the Affordable Housing Committee will conduct another public forum to

present the highlights of the Housing Study for further input from local leaders, housing stakeholders and residents.