

DRAFT Housing Technical Bulletin

This guidance is intended to clarify how the Housing Goal and Objectives of the Regional Policy Plan (RPP) are to be applied and interpreted in Cape Cod Commission Development of Regional Impact (DRI) project review. This technical bulletin presents specific methods by which a project can meet these goals and objectives.

The applicability and materiality of these goals and objectives to a project will be determined on a case-by-case basis considering a number of factors including the location, context (as defined by the Placetype of the location), scale, use, and other characteristics of a project.

Housing Goal: To promote the production of an adequate supply of ownership and rental housing that is safe, healthy, and attainable for people with different income levels and diverse needs.

- **Objective HOU1** – Promote an increase in housing diversity and choice
- **Objective HOU2** – Promote an increase in year-round housing supply
- **Objective HOU3** – Protect and improve existing housing stock
- **Objective HOU4** – Increase housing affordability

Applicability: Housing Goals and Objectives apply to the following DRI projects:

1. Residential and mixed-use residential projects will be reviewed for consistency with the Housing Objectives HOU1, HOU2 and HOU3.
2. Projects on sites improved with existing dwelling units will be reviewed for consistency with the Housing Goal and Objective HOU3.
3. Projects proposing the creation of ten (10) or more dwelling units or 10 or more residential building lots will be reviewed for consistency with the Housing Goal and Objective HOU4.

The Role of Cape Cod Placetypes

The RPP incorporates *a framework for regional land use policies and regulations based on local form and context* as identified through categories of Placetypes found and desired on Cape Cod.

The Placetypes are determined in two ways: some are depicted on a map adopted by the Commission as part of the Technical Guidance for review of DRIs, which may be amended from time to time as land use patterns and regional land use priorities change, and the remainder are determined using the character descriptions set forth in Section 8 of the RPP and the Technical Guidance.

The project context, as defined by the Placetype of the location, provides the lens through which the Commission will review the project under the RPP. Additional detail can be found in the Cape Cod Placetypes section of the Technical Guidance.



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INTRODUCTION

Housing affordability and diversity are among Cape Cod's most critical challenges. The Housing Technical Bulletin is intended to promote smaller scale housing supply in centers of activity, prioritizing compact housing of a variety of scales and densities appropriate to its Placetype context. There is a special focus on the development of rental housing. This Technical Bulletin provides direction to the form, design and type of housing appropriate to a given location, in light of the existing built and natural resources, infrastructure systems and amenities present in such location, i.e., the intent is to direct appropriate housing types to appropriate Placetypes.

Housing growth is necessary for the region. Ideally such growth will be directed to developed centers of activity and will add new modes and types of housing. In particular, the RPP emphasizes the production of small-scale, multi-unit "infill" housing within centers of activity, a housing type that could greatly increase choice, but is largely missing from the region. Infill development and redevelopment for housing is generally encouraged, subject to consideration for any natural, historical or cultural resources that might be adversely impacted by such a housing proposal. This technical bulletin also establishes how and under what circumstances affordable housing mitigation is to be provided for residential development projects under Cape Cod Commission review.

In the Fall of 2017, the Commission released its first regional housing market analysis. The report affirmed the regionally unique and important relationship of our housing supply to our regional economy and the need for 26,000 new housing units Cape-wide to meet existing demand. The 2018 Regional Policy Plan affirms the need to plan for and stimulate housing supply, to promote housing diversity, and to increase stock to meet year-round needs and affordability.

The following methods are established to support the production of an adequate supply of ownership and rental housing in the region that is safe, healthy, and attainable for people with different income levels and diverse needs, taking into account the location of the proposed housing.

SUMMARY OF METHODS

Goal: To promote the production of an adequate supply of ownership and rental housing that is safe, healthy, and attainable for people with different income levels and diverse needs.

Objective HOU1 – Promote an increase in housing diversity and choice

Methods

- Create small-scale housing units.
- Create small lot residential development.
- Redevelop existing buildings for mixed use residential and/or residential development.
- Pursue infill development for housing, i.e., development of vacant or under-used parcels within previously built areas.
- Create a variety of year-round housing types meeting a range of life stage and other social needs.
- Create seasonal workforce housing.

Objective HOU2 – Promote an increase in year-round housing supply

Methods

- Create year-round rental and ownership housing units.

Housing Objectives - HOU1 and HOU2 Areas of Emphasis by Placetype

<i>Natural Areas</i>	New development is discouraged in these areas. If housing is proposed only very low density small lot cluster or open space development should be considered. Affordable housing mitigation for development in Natural Areas provided under HOU4 should be located or directed outside of Natural Areas.
<i>Rural Development Areas</i>	Reuse and redevelopment are encouraged. All development should be clustered, respect the surrounding landscape, and protect scenic resources. Preference is to direct affordable housing mitigation for development located in Rural Development Areas, provided under HOU4, outside of Rural Development Areas.
<i>Suburban Development Areas</i>	All housing types are considered appropriate, so long as adequate infrastructure exists or is proposed to support the housing type and density. Infill development and redevelopment for housing that improves building and development form to a more traditional form is particularly encouraged.
<i>Historic Areas</i>	All housing types are considered appropriate, so long as adequate infrastructure exists or is proposed to support the housing type and density, and the proposed housing is consistent with historic development patterns, does not displace, substantially alter, nor interfere with historic structures, buildings and sites, and is consistent with existing historic uses. Infill housing may be appropriate subject to layout and design.
<i>Maritime Areas</i>	All housing types are considered appropriate, so long as adequate infrastructure exists or is proposed to support the housing type and density, and the proposed housing is consistent with maritime development, and does not displace, substantially alter, nor interfere with maritime structures and uses. Infill housing may be appropriate subject to layout, design and consideration of the existing site and surrounding uses.
<i>Community Activity Centers</i>	Housing is encouraged in general. Infill and higher density housing is encouraged so long as the proposed housing type, density, form and design is consistent with the context of surrounding development forms and patterns. Smaller unit sizes less than 1,200 sq.f.t are preferred.
<i>Industrial Activity Centers</i>	Housing is not encouraged, with the exception of on-site caretaker or security housing.
<i>Military and Transportation Areas</i>	Housing will be considered on a case by case basis. Master planned projects, including transit-oriented development planned in coordination with transportation assets or developments planned in coordination with infrastructure identified through a capital improvement plan is encouraged and may be evaluated similarly to Community Activity Centers.

Objective HOU3 – Protect and improve existing housing stock

Methods

- Improve the condition and habitability of existing dwelling units
- Improve the safety of existing dwelling units
- Improve the accessibility or visitability of existing dwelling units
- Preserve or increase the number of net existing housing units in the region

Objective HOU4 – Increase housing affordability

Methods

- Developments proposing ten (10) or more new residential lots and/or units must provide on-site 10% of the project's lots and/or units for year-round housing use as Affordable Housing and/or Workforce Housing.
- The Commission may, in its discretion, allow an applicant to provide the required units or lots off-site, or make a monetary contribution equal to or greater in value than the on-site mitigation otherwise required
- Multi-unit residential development proposing 100% rental units of 1,200 square feet or less per unit are not required to provide onsite affordable or workforce units or their offsite/monetary equivalent.

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DETAILED DISCUSSION OF METHODS FOR MEETING OBJECTIVE HOU1

HOU1 – Promote an increase in housing diversity and choice

Housing diversity involves both housing type and housing affordability. According to a 2017 regional housing analysis, the region needs to create a variety of housing types at various densities to meet housing demand and the needs of a range of Cape Cod residents from single young people to retirees looking to downsize their housing, which in turn will free up larger houses for young families. The region is also in need of year-round ownership and rental housing for Very Low Income and Low Income households, households seeking Affordable, Workforce, and Senior and Accessible Housing as these terms are defined below. Accessible Housing - handicapped accessible unit(s) that meet visitability standards: one entrance with zero steps; 32-inch clear passage through all interior main-floor doors; and at least one-half bath on the main floor.

Affordable Housing – housing for households earning at or below 80% of AMI.

Affordability Standards – As may be promulgated by the Commonwealth of Massachusetts Executive Office of Communities and Development from time to time.

AMI – Area Median Income – determined by the U.S. Department of Housing and Urban Development (HUD).

Low Income Housing – housing for households earning between 51% - 79% of AMI.

Senior Housing – An independent unit providing housing for household members over the age 55.

Very Low Income Housing – housing for households earning 50% or less of AMI.

Workforce Housing – housing for households earning between 81% and 120% of AMI.

Create a variety of year-round housing types meeting a range of life stage and other social needs

Housing types generally range from single family homes, Accessory Dwelling Units (ADUs) which are accessory to a single family home, to duplexes, multi-family homes, town houses, by-right higher density single family homes (i.e., M.G.L. Chapter 40R Starter Homes), as well as tiny homes and cottage courts, and multifamily construction.

Over 40% of the region's housing need is for households over the age of 65 earning 100% of the median income or less. Housing approaches and strategies to support these residents, including Senior housing will be important in meeting the region's housing needs. In some instances, housing is needed for disabled residents, residents requiring memory care, and other vulnerable populations.

Create small-scale housing units

There is a need for both year-round ownership and rental units in the region, however the rental unit need is particularly acute. For this reason, projects are encouraged to include year-round rental units, particularly rental units of less than 1,200 sq. ft. or smaller depending on family size. In compact neighborhoods higher density is appropriate, and smaller unit sizes of less than 1,200 sq.ft. are preferred. This smaller unit size will provide housing for an underserved market in the region.

Units are encouraged in historic structures and outbuildings such as carriage buildings where appropriate. Developing new or additional units in historic buildings can generate income for property owners to reinvest in their historic buildings.

Create small lot residential development

Over 80% of Cape Cod's existing housing stock is in the form of single-family homes, typically on lots of one or more acres. In appropriate contexts and Placetypes, small lot and/or cluster subdivisions for smaller scale housing units such as cottage courts and other compact residential development types are preferred to add to the diversity and mix of housing in the region. Subdivision design should protect sensitive resources and promote the efficient deployment of required infrastructure.

Redevelop existing buildings for mixed use residential and/or residential development.

The preservation and reuse of existing housing stock and other buildings is important for the region. Typically, redevelopment can protect community character and reinforce traditional development patterns.

Increasing mixed-use residential development will also promote walkability and reinforce traditional development patterns. This type of residential development also broadens the housing choices for residents that do not own a vehicle or cannot drive including seniors and those with disabilities.

Pursue infill development for housing, i.e., development of vacant or under-used parcels within previously built areas

Infill housing development can be created on scattered vacant, under-used, or previously developed parcels within existing substantially built-up areas. Infill development provides a potential means to protect community character and reinforce traditional development patterns while increasing housing supply and housing type options.

Create seasonal workforce housing

In locations served by transit or within walking or bicycling distance to seasonal work opportunities, seasonal workforce housing may be appropriate.

DETAILED DISCUSSION OF METHODS FOR MEETING OBJECTIVE HOU2

HOU2 – Promote an Increase in Year-Round Housing Supply

Create year-round rental and ownership housing units

The 2017 regional housing analysis highlights the extent to which the region's existing housing supply has changed from year-round ownership to second home ownership. Year-round housing is that which provides a primary residence for a household. This change in ownership pattern is more pronounced in the Outer and Lower Cape than the Mid and Upper Cape; however, it impacts the housing needs of the entire region. To address this change, residential DRI's are strongly encouraged to create year-round ownership and rental units in the region.

The Commission may require that an affidavit, covenant, or deed restriction be provided to the town, as holder or beneficiary, in which the development is located to ensure that housing is limited to year-round occupation.

DETAILED DISCUSSION OF METHODS FOR MEETING OBJECTIVE HOU3

HOU3 – Protect and Improve Existing Housing Stock

As the housing stock in our region ages, with most of our housing supply now more than 30 years old, a focus on sustaining the life-safety, maintenance and energy efficiency of our existing housing supply is important to the housing market. Opportunities to upgrade rental housing stock to improve substandard living conditions, such as inadequate cooking facilities, are a regional priority.

Improve the condition and habitability of existing dwelling units

Applicants may propose improvements to existing dwelling units which may include but shall not be limited to: exterior and interior maintenance, utility and system upgrades, weatherproofing and energy efficiency. Before and after photographic images and evidence of energy ratings for appliances and utilities should be submitted to evidence compliance with HOU3.

Improve the safety of existing dwelling units

Improvements to existing dwelling units may include but shall not be limited to: access and egress improvements, and systemic improvements to drinking water quality and availability and improvements to wastewater disposal or other systems that improve conditions and lower operating costs. Before and after photographic images or public utility final inspection reports should be submitted to evidence compliance with HOU3.

Improve the accessibility or visitability of existing dwelling units

DRI's should create Accessible Housing that is handicapped accessible and meets the following visitability standards: one entrance with zero steps; 32-inch clear passage through all interior main-floor doors; and at least one-half bath on the main floor. A floor plan and verification from

an appropriately qualified professional that the improvements meet visibility standards should be provided to the Commission to evidence compliance with HOU3.

Preserve or increase the number of net existing housing units in the region

The proposed development should demonstrate that any potential loss in housing units lost will be replaced on or off-site with at least an equivalent or greater number of housing units.

DETAILED DISCUSSION OF METHODS FOR MEETING OBJECTIVE HOU4

HOU4 – Increase housing affordability

Affordability Requirement

The need for affordable housing on Cape Cod is sufficiently acute that affordable housing mitigation is required for all proposed residential or mixed use residential projects of 10 lots/units or greater unless the project provides 100% rental housing with unit sizes of 1,200 square feet or less.

For the purposes of calculating the 10-percent affordable and/or workforce housing contribution, all numbers are rounded to the highest whole figure, for instance.(i.e., if 10% yields 4.4 units, 5 units required)

Developments required to provide more than one set aside unit must provide the first lot and/or unit as affordable housing; subsequent set aside lots and/or units may be Affordable or Workforce housing. In considering the proportion of workforce and affordable units, the Commission shall evaluate the demand for housing for those earning above 80% of the median income. Local housing production plans and the 2017 regional housing market analysis should be consulted.

Residential Construction

Residential projects that will construct 10 or more units must provide at least 10 percent of the proposed units as Affordable and/or Workforce units. Units may be provided within the proposed project or the applicant may provide the requisite number of units through purchase of existing units, redevelopment, or construction of new units off site. An applicant may also contribute land that can support as of right the required number of Affordable and/or Workforce units or a cash contribution dedicated to creating affordable units. A contribution of land should be accompanied by a development plan acceptable to the Commission, demonstrating that the requisite number of units may be developed by right under zoning and reasonably expected to be approved under applicable municipal regulations.

After the first unit, at the discretion of the Commission, a mix of lots and Affordable and Workforce units may be provided to meet the Regional Policy Plan Goal and Objectives for housing. In considering the proportion of workforce and affordable units, the Commission shall evaluate the demand for housing for those earning above 80% of the median income. Local housing production plans and the 2017 regional housing market analysis should be consulted.

Residential Subdivisions

Residential subdivisions or land divisions of 10 lots or more must provide at least 10 percent of the proposed lots as Affordable or Workforce housing sites. In lieu of providing such lots on site, the applicant may develop, or contribute comparable off-site lot(s) that can support as of right, the required number of affordable and/or workforce units. An applicant may also make a cash contribution dedicated to creating affordable units. A contribution of land should be accompanied by a development plan acceptable to the Commission, demonstrating that the requisite number of units may be developed by right under zoning and reasonably expected to be approved under applicable municipal regulations.

Cash-contribution Option

An applicant may satisfy HOU4 by providing a cash contribution of equivalent value for the funding or purchase of affordable housing, provided that:

- (a) the applicant submits a plan acceptable to the Commission to expend those funds within the same time frame as the applicant's development, and
- (b) such proposal will result in an equal or greater number of units or lots than had they been created on site.

Equivalent value should be determined through one of the following methods:

- (a) for lot subdivisions, current appraised value of the affordable lots;
- (b) for ownership projects, the difference between the affordable sales price(s) and the market sales price(s) of similar bedroom units within the project;
- (c) for rental projects, the difference in appraised value between the value of the project with and without the affordable units. The applicant shall pay for all appraisals, and the Commission must approve the applicant's chosen appraiser.

Off-site Option

The applicant may offer, and the Commission may accept in appropriate Placetypes, off-site donations of land or existing units in fee simple that the Commission determines are suitable for the construction or establishment of affordable housing units. The Commission may require that the applicant submit appraisals of the off-site land or units in question, as well as other data relevant to the determination of equivalent value of providing for affordable housing onsite.

Allowing off-site provision of affordable units gives flexibility to both the applicant and the Town, and may result in better locations for affordable housing. For example, encouraging the provision of affordable units near municipal services or access to public transportation may be preferable to providing 'on-site' affordable housing further from such services

Timing and Mix of Affordable Units

Regardless of whether affordable units are provided on-site or off-site, development of affordable housing should take place at the same rate and within the same time frame as the development of the market-rate units. There should be a similar proportion of affordable and market-rate units in those DRIs with a mix of unit/bedroom sizes and/or in those DRIs with a mixture of housing types (for example, ownership and rental; etc.).

Integration and Size of Affordable Units

Affordable housing units should be integrated with the rest of the development in terms of location and should be compatible in exterior design, appearance, construction, and quality of materials with other units. To ensure that affordable units qualify for the state's Subsidized Housing Inventory (SHI), both on-site and off-site affordable housing units should meet the Department of Housing and Community Development's Local Initiative Program (LIP) unit size guidelines.

Pricing and Rents of Affordable Units

For ownership units, the affordable sales prices should be calculated using the Barnstable County HOME Consortium methodology and guidelines. For rental units, the affordable rents should be the high HOME rents, as published annually by the US Department of Housing and Urban Development (HUD). If comprehensive services are included in the monthly rent (for example, continuing-care retirement communities (CCRC), assisted living, and/or skilled nursing facility projects), and the monthly rent exceeds the limits set forth by the HOME Program, the Commission will utilize existing state housing program guidelines (for example, MassHousing's Elder Choice program, the Massachusetts Department of Housing and Community Development's CCRC guidelines, 24 CFR 5.069 and HUD Handbook 4350.3 etc.) to determine the amount of household income that must be devoted to rent and services. Prior to the occupancy of the affordable units, the applicant should demonstrate that the occupants are income-eligible in accordance with HOME Consortium guidelines.

The applicant shall identify in its DRI application a qualified monitoring agent for which the monitoring of affordable housing is a primary function of their operation. For age-restricted senior care retirement, assisted living and skilled nursing facilities, proposed monitoring agents shall demonstrate that monitoring of these types of facilities is a prime function of their operation.

Term of Affordability/ Permanent Affordability

As a condition of DRI approval, Affordable and Workforce Housing units shall be subject to affordable housing restrictions (consistent with MGL Chapter 184 Sections 31 through 33) that are recorded against title to the subject properties at the Barnstable County Registry of Deeds and which require the units to remain affordable in perpetuity, or for such periods as the grantee may otherwise require. All affordable units must be eligible for listing on the Commonwealth of Massachusetts Subsidized Housing Inventory. Affordable and Workforce units must provide year-round housing. It is the Commission's preference that Affordable and Workforce housing restrictions be held by the host community or a qualified housing entity. The

form and content of such housing restrictions shall be acceptable to both the Commission and the grantee. The applicant should provide draft proposed restrictions with the DRI application.

Affirmative Marketing and Selection of Buyers/Tenants/ Monitoring of Affordability

As a condition of a DRI approval, the Commission will require that an applicant submit to the Commission for its consideration and approval a marketing plan that describes how affordable units will be affirmatively and fairly marketed to potential home buyers and/or renters. The plan should include a description of the lottery process to be utilized for selecting the home buyers and/or renters. The lottery should have either one pool for all applicants or two pools: a regional resident pool for up to 70 percent of the units; and all applicants in the second pool. The marketing and selection plan should be consistent with the state's LIP guidelines so that the affordable units will qualify for the state's Subsidized Housing Inventory.

Similarly, as a condition of DRI approval, a monitoring agreement between the applicant and a third-party entity acceptable to the Commission (with experience in affordable housing income verification) will be required for all Affordable and Workforce housing units. For rental DRIs, the monitoring agent should be responsible for certifying initial tenant income eligibility, rents, and compliance with the affirmative marketing and tenant-selection plan; thereafter, the agent should annually certify income eligibility and rents. For ownership DRIs, the monitoring agent should be responsible for certifying initial buyer income eligibility and compliance with the affirmative marketing and buyer selection plan.

APPLICATION MATERIALS

Application materials should provide sufficient detail to demonstrate that the project meets the applicable goals and objectives, but typically include a project description, a detailed narrative of how the project will meet housing goals and objectives, and project plans including site plans, floor plans and elevations. The project description should include a discussion of the Placetype and context in which the development is proposed, and how the proposal is appropriate to its Placetype and context.

The application should include a detailed description of all proposed housing unit(s) including the location, number and size of units, number of bedrooms and proposed cost of rental and ownership units. If Affordable and Workforce housing units are required to be provided or are otherwise proposed in a DRI, an applicant should submit a marketing plan, draft monitoring agreement including the proposed qualified monitoring agent and a draft affordability restriction in a form acceptable to the grantee. Appraisals may be required to evaluate offsite or other alternative housing mitigation proposals. Terms and conditions of draft affordability restrictions, monitoring agreements and marketing plans, should be discussed and agreed upon in principle between applicants and proposed holders, beneficiaries, grantees or counterparties under these documents prior to or during the DRI permitting process.

OTHER MATERIALS

Regional Housing Market Analysis and 10 Year Forecast, Final Report, 9/11/2017:
www.capecodcommission.org/housing