

CHATHAM WORKFORCE HOUSING



NEEDS ASSESSMENT AND ANALYSIS

FOR

WORKFORCE HOUSING ZONING BYLAW/OVERLAY DISTRICT

DECEMBER 30, 2009

SECTION 1- WORKFORCE HOUSING- DEFINITION

A. OVERVIEW

The term “workforce housing” has generally been used to indicate that the housing needs in the region are broader than those that affect households earning 80% or less of the area median income (the income eligibility standard for affordable housing). The term has been most often used in connection with the fact that many public sector employees- police, fire, teachers, etc.- along with many private sector employees who were making reasonably good incomes could not afford to buy a home anywhere in the region from 2001- 2007. The concern that some advocates have expressed about a broadening of income eligibility for funding or regulatory purposes is that public subsidies would tend to be somewhat redirected toward these higher income (and perceived more deserving) households and thus there would be less subsidies available for lower income households.

However, in order to establish any workforce housing policy or regulatory framework, there will be a need to establish some upper income cut off, e.g. 100%, 120%, 150% of area median income (AMI). The next part of this section reviews how various communities or regions have incorporated a broader income eligibility range- whether called workforce or some other term- into their policy or regulatory frameworks.

B. “WORKFORCE” INCOME ELIGIBILITY

The following is a brief summary of the manner in which the following communities have categorized their broad affordable housing needs:

Provincetown- The Growth Management Bylaw includes both affordable and community housing categories. Affordable housing has two components: low income is defined as housing for households at or below 65% of AMI, while moderate income housing is for households at or below 80% AMI. Community housing also has two components: medium income for those at or below 100% of AMI, and middle income housing for those at or below 150% of AMI.

Barnstable- In three zoning districts in Hyannis, density bonuses are provided for the creation of workforce housing, defined as housing for households with incomes between 81-120% of AMI.

Cape Cod Commission- In the affordable housing (80% or less of AMI) regulatory section of the 2009 Regional Policy Plan, creation of moderate income homeownership, defined as housing for households between 80-120% of AMI, is considered a best development practice.

Nantucket- In 2008 Nantucket adopted a definition of affordable housing so that households with incomes up to 150% of AMI would be eligible.

Newton, Mass.- Newton’s inclusionary bylaw defines an eligible household as one whose income does not exceed 80% of AMI for rental housing and 120% of AMI for ownership housing.

Community Preservation Act (CPA)- The CPA allows expenditures for community housing, defined as housing for households at or below 100% of AMI.

Key West, Florida- Key West’s inclusionary zoning bylaw requires 10% of units be provided for low income households (80% AMI or below) and 10% for moderate income households (100% or less of AMI).

Highland Park, Illinois- Highland’s inclusionary zoning bylaw uses the term affordable housing for its requirements; however, it requires ownership units to be made available to households at both 80% and 120% of AMI and rental units to be made available to households at 50%, 80%, and 120% of AMI.

Jackson Hole/Teton County, Wyoming- The County’s inclusionary zoning bylaw requires at least 1/3 low income units (up to 80% AMI), at least 1/3 moderate income units (up to 100% AMI), and up to 1/3 middle income units (up to 120% AMI).

Below is a chart of the 2009 income ranges for Barnstable County based upon HUD estimates of family income.*

TABLE 1- 2009 REGIONAL INCOMES

2009 HUD Regional Family Income as % of Area Median Income (AMI)	1 person household	2 person household	3 person household	4 person household	5 person household
30% AMI	\$16,300	\$18,650	\$20,950	\$23,300	\$25,150
50% AMI	\$27,150	\$31,050	\$34,900	\$38,800	\$41,900
80% AMI	\$43,450	\$49,700	\$55,900	\$62,100	\$67,050
100% AMI	\$54,300	\$62,100	\$69,800	\$77,600	\$83,800
120% AMI	\$65,160	\$74,520	\$83,760	\$93,120	\$100,560
150% AMI	\$81,450	\$93,150	\$104,700	\$116,400	\$125,700

* Note that HUD uses family income, rather than household income, as the basis for determining income eligibility for housing programs. A family is defined as two or more related persons living in the same residence; whereas, a household includes all residences, even those for single people or unrelated groups of two or more. An area’s family income is typically higher than its household income. For example, in the 2000 Census, Barnstable County’s median family income was \$54,728, while the region’s median household income was about 16% less at \$45,933.

SECTION 2. QUANTIFICATION OF NEED

A. OVERVIEW

The quantification of need in any one community is extremely difficult in 2009 as the most comprehensive town by town data source is the 2000 Census. The updates that the Census performed through its American Community Survey from 2005-2008 provide data only down to a County/regional level. Absent any other source of Town-specific data, Census data is only useful for 2009 by comparing Chatham with the rest of the region in 2000 and then to extrapolate to 2009 by making the assumption that the relative demographic and other data relationships between the Town and the County have remained relatively unchanged over the last nine years.

The Chatham Affordable Housing Committee conducted a Housing Needs Survey in November 2006 that had a very high response rate (23%) and provided some useful information on housing needs. Of the 15% of the 834 respondents who indicated a housing need, slightly over 50% were renters and about 40% were homeowners. While too high a rent for the household income was the primary need cited, it is interesting that about 30% of the renters reported incomes of greater than 80% of AMI. Among the homeowners, over one-third reported that their mortgage was unaffordable and about 20% reported that their income exceeded 80% of AMI. These survey results must be put into the context that a very different housing and economic environment exists in 2009 than that of late 2006.

Finally, while an imperfect measure, a community's progress toward attaining the state's 10% affordable housing goal is the most commonly used yardstick. As of September 2009 Chatham had reached 4.8%, whereas the region stood at 5.2%. Chatham has 174 affordable units on the state's Subsidized Housing Inventory (SHI), and the Town needs an additional 186 affordable units to achieve the 10% goal.

B. CENSUS DATA

According to the 2000 Census, the composition of the population of Chatham compares with the region in selected areas as follows:

TABLE 2- 2000 CENSUS DATA

	Chatham	Barnstable County
Family Households	59.7%	64.4%
Non-family Households	40.3%	35.6%
Average Family Size	2.52	2.82
Average Household Size	2.00	2.28
Median Age	53.9	44.6
Minority Population	4.7%	6.6%

	Chatham	Barnstable County
Median Household Income	\$45,519	\$45,933
Poverty Rate	4.85%	6.9%
Owner Occupancy Rate	80%	77.8%
% of Housing Stock- Detached SF Homes	90.4%	82.9%

Data from the 2009 Federal Financial Institutions Examination Council Census Report estimated that the 2009 median family income in census tract 106 was \$87,758, while the estimated median family income in tract 107 was \$70,650. These compare with a median family income for the region of \$75,400. If the ratios of household to family income remained the same from 2000 to 2009, then the estimated household income in tract 106 would be \$74,420 and in tract 107 would be \$55,950.

C. OWNERSHIP NEED

Over this decade Chatham has consistently ranked among the most expensive communities in the region in which to own a home (along with Orleans, Provincetown, Truro, and Wellfleet). While condominium sales are included in Table 3, those sales are less reliable than single family sales for an analysis of affordability because of the smaller number of transactions and the lack of publicly available data on condominium fees.

TABLE 3- OWNERSHIP SALES PRICES- 2001-2009

Year	Median Single Family Home Price-Chatham*	Median Single Family Home Price-Barnstable County*	Chatham Median SF Home Prices-% Higher Than County	Chatham's Rank Among the County's 15 Towns-Highest Median SF Home Price*	Median Condominium Price-Chatham*	Median Condominium Price-Barnstable County*
2001	\$310,000	\$219,850	41%	4 th	\$190,000	\$154,800
2002	\$345,000	\$265,950	30%	5 th	\$220,000	\$184,500
2003	\$464,500	\$310,000	50%	4 th	\$250,000	\$224,900
2004	\$535,000	\$353,225	51%	5 th	\$295,000	\$239,900
2005	\$626,500	\$379,900	65%	4 th	\$465,000	\$261,500
2006	\$625,000	\$369,000	69%	3 rd	\$592,500	\$275,000
2007	\$617,250	\$346,900	78%	1 st	\$520,000	\$232,800
2008	\$635,000	\$333,850	90%	3 rd	\$264,800	\$245,500
2009**	\$520,000	\$310,000	68%	1 st	\$500,000	\$230,000

* Source: Banker & Tradesman

** Source: Banker & Tradesman through October 2009

The income needed to purchase the median single family home in the County since 2004 has ranged from \$93,000- \$106,000. As Chatham's median single family home prices have been at least 50% higher than the County during that period, a Chatham household would need to have earned anywhere from about \$140,000- \$200,000 to purchase a median-priced single family home over the last five years. The incomes needed to purchase are well above the 150% of AMI level (see Table 1 just for 2009 incomes). Tables 4 and 5 provide an analysis of affordable ownership prices for single family and condo units at a variety of income levels. See Appendix I for the spreadsheets and assumptions for each analysis.

**TABLE 4- AFFORDABLE SINGLE FAMILY OWNERSHIP
(PRICING @ 10% LESS THAN AREA MEDIAN INCOME- AMI)**

Income	1 Person Household	2 Person Household	3 Person Household	4 Person Household
80% AMI	\$130,000	\$151,000	\$171,500	\$192,500
100% AMI	\$168,500	\$195,700	\$222,000	\$248,750
120% AMI	\$208,000	\$241,000	\$273,400	\$306,250
150% AMI	\$267,750	\$309,700	\$350,750	\$392,750

**TABLE 5- AFFORDABLE CONDOMINIUM OWNERSHIP
(PRICING @ 10% LESS THAN AREA MEDIAN INCOME- AMI)**

Income	1 Person Household	2 Person Household	3 Person Household	4 Person Household
80% AMI	\$126,000	\$147,000	\$164,700	\$181,000
100% AMI	\$163,000	\$190,000	\$213,500	\$236,500
120% AMI	\$200,000	\$233,000	\$291,750	\$292,000
150% AMI	\$256,000	\$298,000	\$337,750	\$377,400

As noted above, Chatham's 2009 median single family home price of \$520,000 is not close to affordable even for a four person household at 150% of area median income. Even taking into consideration that first time homebuyers typically purchase homes priced in the lowest quartile, a Cape Cod Commission analysis of MLS sales in the County from 2005-2007 found that the price of a home at about the top of the lowest quartile (i.e. 75% of houses sold for more) was about \$80,000 less than the median price. Thus, even a home in the \$440,000 range is still unaffordable to that 150% AMI household. The analysis is similar for the condominium market as the \$500,000 median condo price is unaffordable to that four person 150% AMI household.

D. RENTAL NEED

Chatham's rental housing need is difficult to precisely quantify; however, all of the local, regional, and national data, along with the experiences of recently completed affordable rental housing projects in the region, point to a significant need for rental housing targeted to very low income households (50% of AMI or less) and especially for those extremely low income households (30% of AMI or less). The Chatham Housing Authority as of August 2009 had a wait list of 84 households for its elderly/handicapped units and a wait list of 101 for its family units (two and three bedrooms). All of the households on the waiting list have incomes of 30% or less of AMI.

The National Low Income Housing Coalition's (NLIHC) "Mid-Decade Report"- based upon updated 2005 data from the Census Bureau found that 1) "the number of extremely low income (ELI) renters increased at a faster rate than any other income and tenure group;" 2) "the number of households facing a severe housing cost burden- spending more than 50% of their income on housing costs- increased 23% nationwide;" and 3) "only 38 affordable and available units existed for every 100 ELI renter households nationwide." The region has a dearth of multi-family housing units as documented in the 2008 UMass Donahue Institute's "The State of the Massachusetts Housing Market," which was conducted for the Mass Department of Housing and Community Development. The study found that the region (Cape and Islands for this study) in 2008 had a current over supply of over 16,000 single family homes and a current deficit of over 14,000 multi-family units. That same study estimated that there were over 5,500 income restricted rental units and housing vouchers available in the region for the over 14,000 low income renter households.

The Census Bureau's 2008 American Community Survey for Barnstable County found that 45% of the region's renters were paying more than 35% of their income toward rent (30% of income on housing is considered the affordability standard). This housing cost burden is perhaps not surprising since the Mass. Department of Labor and Workforce Development reported that the regional average wage for 2007 was \$37,648, about 32% less than the state average wage of \$55,276. Finally, the NLIHC's 2009 housing wage for the region is \$22.92. The housing wage is what a household would need to make throughout the year with a 40 hour work week in order to afford the fair market rent of \$1,192 for a two bedroom rental unit.

The experience that The Community Builders (TCB) had with the initial leasing of the forty-seven units at Lake Street in 2006-2007 along with the experiences that area non-profit organizations had with the seventy-nine affordable rental units that came on line in the spring and summer of 2009 provides another set of data with respect to the rental housing need. At Lake Street, TCB had more than enough applicants for the various tiers of affordable units with proportionately more applicants for the 30% of AMI units than any other tier. However, TCB also found that a number of applicants whose incomes, while under the 80% of AMI threshold, were over the 50% or 60% of AMI limits required by the project funding sources. TCB also reported that it has had no difficulty in

leasing units that have turned over and has a current waiting list of over thirty households with the greatest demand for the one bedroom apartments.

The organizations that developed the affordable rental units this year in projects in Bourne, Barnstable, Harwich, and Truro all had comparable experiences with respect to their application pool. The available units were predominantly targeted to households earning 60% or less of the area AMI and had rents to match that income level. While all the organizations had many more applicants than units available and have been able to fill their units, about 50% of the applicants were deemed ineligible to enter the lottery pool. While some applicants were rejected because of a very poor credit history, the overwhelming majority of rejected applicants were denied because their incomes were too low to afford even these “affordable” rents. Our current regional experience seems to confirm the national data about the pressing need for rental housing for households earning 30% or less of AMI.

The final piece of local data gathered was a review in August of the local and regional newspapers along with Craigslist for year round rental listings in Chatham. The listings, while not extensive, included units in the following ranges:

- 1 bedroom units- \$700/month
- 2 bedroom units- \$945+- \$1,275+/month
- 3 bedroom units- \$1,350+- \$1,500/month

TABLE 6- INCOMES AND AFFORDABLE RENT LEVELS

2009 HUD Regional Family Income as % of Area Median Income (AMI)	1 person household	2 person household	3 person household	4 person household	5 person household
30% AMI	\$16,300	\$18,650	\$20,950	\$23,300	\$25,150
50% AMI	\$27,150	\$31,050	\$34,900	\$38,800	\$41,900
80% AMI	\$43,450	\$49,700	\$55,900	\$62,100	\$67,050
100% AMI	\$54,300	\$62,100	\$69,800	\$77,600	\$83,800
120% AMI	\$65,160	\$74,520	\$83,760	\$93,120	\$100,560
150% AMI	\$81,450	\$93,150	\$104,700	\$116,400	\$125,700

TABLE 6- INCOMES AND AFFORDABLE RENT LEVELS

Affordable Monthly Rent- 30% of Income on Housing Costs- Rent + Utilities	1 person household	2 person household	3 person household	4 person household	5 person household
30% AMI	\$408	\$466	\$524	\$583	\$629
50% AMI	\$679	\$776	\$873	\$970	\$1,048
80% AMI	\$1,086	\$1,243	\$1,398	\$1,553	\$1,676
100% AMI	\$1,358	\$1,553	\$1,745	\$1,940	\$2,095
120% AMI	\$1,629	\$1,863	\$2,094	\$2,328	\$2,514
150% AMI	\$2,036	\$2,329	\$2,618	\$2,910	\$3,143

The advertised rents were generally at a level that a household at or around 80% of AMI could afford; households at 100% or more of AMI would appear to be able to afford the rents in the Chatham market. What was not able to be determined from the data was whether there was a sufficient amount of year round rental housing units in Chatham to meet the demand at the various income levels.

E. POLICY IMPLICATIONS

From the analysis of the data gathered for this report, there seems to be clear evidence that there is a need for ownership housing both for the traditional affordable housing household, i.e. those with incomes at or below 80% of AMI, and also for those households with incomes up to 150% of AMI. What is less clear from the data, however, is the quantity of need that exists among the various income strata, e.g. 80% or below of AMI, 81-120% of AMI, and 121-150% of AMI. Even though the Town has a very high ownership rate of 80%, there would seem to be a public benefit and interest for the long term social and economic health of the town to provide opportunities and incentives for newer and younger households to purchase a home and establish roots in Chatham.

With respect to rental housing, the data seems to indicate that there is the greatest need for affordable rental housing for very and extremely low income households, i.e. 50% and 30% of AMI. From a review of the rental market in town, it appears that households at or above 80% of AMI have the ability to rent in the existing market without much, if any, housing cost burden (i.e. paying more than 30% of their income on rent and utilities). What is less clear from the data is whether there is a sufficient rental housing in town to meet the demand. Any incentive to increase the rental housing stock in town should include a strong affordability provision in order to meet the very apparent need for those lower income households.

SECTION 3. WORKFORCE HOUSING BYLAWS

The following are summary descriptions of the zoning regulations in six communities that have provisions regarding making units available in residential developments for households whose incomes exceed 80% of AMI.

A. PROVINCETOWN, MASS.

Provincetown adopted its Growth Management Bylaw in 1986 and then modified it in 1997 in order to provide additional incentives to create affordable and community housing. Affordable housing has two components: low income housing is defined as housing for households at or below 65% of AMI, while moderate income housing is for households at or below 80% AMI. Community housing also has two components: medium income for those at or below 100% of AMI, and middle income housing for those at or below 150% of AMI.

The bylaw was intended both to address the impacts of development and also to promote the creation of affordable housing. The bylaw is basically structured by allocating so much wastewater gallonage over a variety of use categories, e.g. affordable and community housing, market rate residential units within projects that have at least 33% affordable units, the expansion of existing residential properties and market rate properties, commercial uses, and economic development uses. If the Board of Health agent determines that any new development or improvement will increase the property's Title V design flow, then the applicant must obtain a Growth Management Allocation Permit sufficient to allow the increase. The bylaw provides that once an applicant has applied for all of their other necessary permits, they then apply for a Growth Management Allocation Permit to the Town's Permit Coordinator.

The overall gallonage for the Affordable and Community Housing use category is subdivided among three categories: affordable housing units; median income units; and middle income units. Affordable and Community Housing permits are authorized on a priority basis using criteria developed by the Town's Community Housing Council that includes housing quality standards, quality of design, degree of affordability, financial feasibility, etc. The Council also must approve/authorize all Affordable and Community Housing permits. Developments that are 100% affordable and/or community housing are considered a public service and are exempt from growth management regulations.

B. BARNSTABLE, MASS.

In three zoning districts in Hyannis, density bonuses are provided for the creation of workforce housing, defined as housing for households with incomes between 81-120% of AMI. Any workforce housing units are to remain affordable in perpetuity, and that affordability is enforced through a deed restriction, regulatory agreement, and monitoring agreement.

The amount of the density bonus varies by district. In the Office-Multifamily district, 12 units per acre are permitted by right. If 25% of the units are designated for workforce housing, then 16 units per acre are allowed by special permit. In the Medical Services district, 6 units per acre are allowed by right; if 25% of the units are designated for workforce housing, then up to 12 units per acre are allowed by special permit. In the Hyannis Gateway district, 4 units per acre are allowed by right; if 25% of the units are designated for workforce housing, then up to 12 units per acre are allowed by special permit.

Barnstable also has an inclusionary housing zoning bylaw that requires that 10% of units in projects of ten units or more be affordable to households at 80% of AMI or less. The inclusionary housing zoning bylaw applies to projects of ten units or more in the Office-Multifamily and Hyannis Gateway districts, but it does not apply in the Medical Services district.

C. NEWTON, MASS.

Newton's inclusionary zoning bylaw is triggered whenever a special permit is needed for residential development in excess of what is allowed by right or when redevelopment will create three or more new or additional housing units and requires that 15% of the units in the project be conveyed to eligible households. The bylaw defines an eligible household as one whose income does not exceed 120% of AMI for ownership housing and 80% of AMI for rental housing.

The bylaw provides that when three or more Inclusionary Units are required in an ownership development, then one-third of the units shall be offered for sale to households at or below 120% of AMI. The pricing of all ownership Inclusionary Units, whether to households at 80% or less or 120% or less of AMI, is set at what a household at 70% of AMI can afford and uses a methodology that is similar to that of DHCD's Local Initiative Program. The bylaw allows the option of a cash payment for projects of six units or less. Off site development is only allowed when an applicant has entered into an agreement with a non-profit entity that can demonstrate that the Inclusionary units will be completed within the same time frame as had they been provided on site.

D. KEY WEST, FLORIDA

Key West's inclusionary zoning bylaw requires that for developments of ten units or more that 10% of units be provided for low income households (80% AMI or below) and 10% for moderate income households (100% or less of AMI). Developments of less than ten units are required to provide at least 30% of the units for moderate income households or to make a cash payment in lieu of the units to the town's affordable housing trust fund.

E. HIGHLAND PARK, ILLINOIS

Highland Park's inclusionary zoning bylaw is triggered for all developments that result in five or more new or additional residential units and requires that at least 20% of the units be affordable housing units. The bylaw requires that units be created on site and allows cash in lieu of units in very limited circumstances. Finally, the bylaw incorporates a required density bonus of one market rate unit for every affordable unit that is required.

Highland Park's bylaw targets a variety of incomes for both rental and ownership developments. For rental developments, at least one-third of the affordable units are reserved for households at or below 50% of AMI at rents that on average are affordable to households at 45% of AMI; at least one-third of the affordable units are reserved for households between 51-80% of AMI at rents that on average are affordable to households at 65% of AMI; and up to one-third of the affordable units are reserved for households between 81-120% of AMI at rents that on average are affordable to households at 100% of AMI. For ownership developments, at least 50% of the affordable units are reserved for households at or below 80% of AMI at sales prices that on average are affordable to households at 65% of AMI; and up to 50% of the affordable units are reserved for households at or below 120% of AMI at sales prices that on average are affordable to households at 100% of AMI;

F. JACKSON HOLE/TETON COUNTY, WYOMING

The County's inclusionary zoning bylaw is triggered by any residential development greater than a single unit and requires at least 15% of the units be affordable. The bylaw allows off site units or land only in cases where the applicant demonstrates that it is impractical or inequitable (as defined in the bylaw) to produce units on site. Finally, a cash in lieu of units payment is allowed for any development in which less than one affordable unit is required, i.e. projects of six or fewer units. The bylaw requires that the affordable units be apportioned as follows: at least one-third low income units (up to 80% AMI), at least 1/3 moderate income units (up to 100% AMI), and up to 1/3 middle income units (up to 120% AMI).

SECTION 4. POLICY AND PROGRAMMATIC ISSUES

The critical policy and programmatic issues that must be considered and resolved for any affordable or workforce housing bylaw are described below.

A. POLICY ISSUES

1. Density

The primary policy issue that needs resolution is to determine how much density is needed in order to create an incentive for developers to create the type of workforce housing that the Town desires. Given the analysis of the real estate market in Chatham and of the housing needs of very and extremely low income renters and for even upper moderate income homebuyers, it seems clear that current residential zoning standards in town have not been adequate to produce enough housing that is affordable for these groups.

Regionally, excluding units that have been added as a result of a technical counting change, i.e. residential group home units, 84% of the affordable units added to the region's Subsidized Housing Inventory since 2001 have been permitted via the Chapter 40B comprehensive permit process that allows relief from local density requirements if at least 25% of the proposed units are affordable to households at or below 80% of AMI. This extensive use of Chapter 40B is an indicator that most local zoning in the region makes it simply economically infeasible to create affordable or moderate income housing. In general the level of density required by both for and non-profit applicants for Chapter 40B developments regionally have ranged from 4-8 units per acre for ownership developments and from 8-12 units per acre for rental developments.

2. By Right or Special Permit

The development community always prefers a prompt and predictable permitting process, and to the extent that the Town can clearly articulate the type and design of development that it wants in any particular zoning district and to the extent that the requirements make economic sense for an applicant, the greater the likelihood that the workforce housing will be created. A special permit process provides the Town with the flexibility to address special circumstances in any particular application or site. The trade off is that special permits create more uncertainty for applicants and hence could lead to less workforce housing being created.

3. Mandate or Incentives

The inclusionary zoning bylaws in Newton, Key West, and Jackson Hole are simply requirements that mandate a certain level of affordable/workforce housing to be created in developments in excess of a certain size. Highland Park's inclusionary bylaw is also a mandate; however, it allows a density bonus in order to somewhat compensate the applicant for the cost of producing the public good of affordable housing.

Both Barnstable and Provincetown's bylaws use the incentive approach. Barnstable's bylaw varies the incentives by zoning district, i.e. a much greater density bonus is provided in the Hyannis Gateway district (an additional 8 units per acre) than in the Office/Multifamily district (an additional 4 units per acre that would in effect provide the required 25% workforce housing units). Provincetown's bylaw, through the amount of allocations of gallonage that it provides to various uses and sub-categories within each use, provides a very strong incentive to create affordable and community housing rather than market rate housing.

4. Bylaw Threshold and Affordability Requirement

The threshold at which any workforce housing bylaw will take effect will largely be determined by a combination of the extent of the housing need, the real estate market, including the amount and type of available land and/or redevelopment opportunities, and the general economic environment in any community and region. In all of the examples described in Section 3, the highest threshold was Highland Park's five units or more. The same combination of need, real estate market, and economic environment will also impact the affordability requirement. The examples cited in Section 3 typically had a 15-20% affordability requirement.

5. Allow Off-Site Units or Land and/or Cash Contributions as Options

Most inclusionary housing bylaws typically allow off-site unit or land contributions and/or cash in lieu of units as options to the on site development of the affordable/workforce units. Use of alternatives provides flexibility for applicants; however, care should be taken that any alternative to on site units provide at least the same public benefit by specifying that off site units or lots create at least the same number of units, of comparable design with comparable public amenities, and within the same time frame as had the units been created on site. A cash contribution option in lieu of units should be approached with caution. The Commission's experience is that a cash contribution can work as long as the contribution is substantial enough to create the needed number of units and as long as there is a clear and credible development plan presented that demonstrates that the affordable units will be created in approximately the same time frame as had they been developed on site.

For example, the 2009 Regional Policy Plan (RPP) allows a contribution of land for the equivalent number of units/lots needed to meet the 10% requirement; however, a development plan needs to be submitted as well in order to enable the Commission to assess whether the off site units will be equivalent to those proposed on site and whether they will be developed within approximately the same time frame as had they been done on site. The 2009 RPP also allows a cash contribution as long as the cash contribution will result in more affordable units being created than had they been created on site and as long as the off site units will be created in roughly the same time frame as had they been done on site. A cash contribution that results in additional affordable units was seen as an acceptable policy trade off by the Commission in recognition of the shifting of the

responsibility for producing the units from the applicant to the Town or some other development entity.

6. Income Eligibility/Type of Development

The final policy issue to be resolved is the income eligibility criteria for the type of housing that is desired. Most communities described in Section 3 have required a certain percentage of units for certain income ranges and have also set different affordability requirements for rental projects than for ownership projects. As noted in Section 2, there appears to be a need in Chatham for rental housing for households at or below 80% of AMI, but especially for households at or below 30- 50% of AMI. For ownership housing, the need and affordability gap extends to households up to 150% of AMI.

B. PROGRAMMATIC ISSUES

Most of the programmatic issues described on the following pages for any workforce housing bylaw will be familiar to the Town as they have been discussed and incorporated into recent affordable housing bylaw efforts.

1. How Ownership Pricing and Rents are Calculated

The bylaw should clearly describe how pricing for the ownership units will be determined as well as what the standard rent levels will be. For ownership housing for affordable units, i.e. 80% or less of AMI, there is a pretty standard methodology for calculating affordable pricing that is used by Massachusetts public funders that sets prices based upon 30% of gross income spent on housing costs and a 10% marketing window, i.e. prices are set for what a household at 70% of AMI can afford. The 30% housing cost standard and a marketing window of at least 10% is reasonable to apply for pricing for income ranges above 80% of AMI as well. For rental housing, the same principles apply with respect to housing cost (30% of gross income for rent and utilities is the standard) and for having some sort of marketing window, e.g. using HOME or fair market rents as the standard when tenant income eligibility is 80% of AMI or below.

2. Design and Integration of Units

Most inclusionary zoning bylaws require that the affordable units have similar exterior design and materials as the market rate units; that there be proportionally the same number of different types or sizes of units between the affordable and market rate units; and often that there be minimum square footage requirements for the different bedroom size units. For example, Newton's bylaw requires a minimum of 650 square feet for a one bedroom unit and 300 square feet for each additional bedroom or a minimum of 60% of the square footage of the similar bedroom size market rate unit, whichever is greater. Highland Park's bylaw has different square footage requirements for attached units than for detached single family units and also uses a minimum of 75% of the size of the market rate units, whichever is greater.

3. Long Term Affordability Covenants

Most inclusionary bylaws in Massachusetts require that the affordable units remain affordable in perpetuity through the mechanism of a deed rider or affordable housing restriction that is recorded separately. Key West's bylaw has a 25 year affordability period, while Highland Park's requires perpetuity for ownership projects and 25 years for rental developments.

One issue to take into consideration is that the few ownership projects that have been done in the region that have included moderate income units (eligibility up to 120% of AMI) have had difficulty marketing those units. While all the moderate income units in those projects were sold, it took longer to sell those than the affordable (80% of AMI) units. Part of the marketing challenge stemmed from the fact that the moderate income units were deed restricted with a limited resale price. It appears that this will be a concern in those markets where the price for a new moderate income/workforce home is within \$50,000 or so of an existing market rate home of comparable size.

In Chatham's current single family real estate market, the deed restriction as a barrier would perhaps only seem to come into play for those four person, 150% of AMI households who can afford to purchase a \$400,000 home. To the extent that single family homes in the lowest quartile are available in the \$400,000- \$450,000 range, it is likely that many of those 150% of AMI buyers would opt for the potential of more long term equity by purchasing an existing home than for the lower price and lack of concern about costly repairs in the new deed restricted unit.

4. Monitoring

For both ownership and even more so for rental developments, there needs to be provisions in any bylaw for the long term monitoring of the affordability of the units. For ownership projects, inclusionary bylaws typically require applicants to enter into a monitoring agreement with an experienced entity that is acceptable to the locality. In the Newton and Highland Park bylaws, the monitoring agent is identified. The monitoring agent is responsible for ensuring that the units were sold to eligible households and that the approved marketing plan was implemented. In the deed restriction, there will be provisions for how the resales of affordable units are handled, and the Town can either designate an entity to handle the resales or simply reserve the right to assign that responsibility when the time comes.

For rental developments, again the applicant is typically required to enter into a monitoring agreement with an experienced entity that is acceptable to the locality. This is an ongoing contract however as tenant incomes and rents should be verified annually, and regular property inspections should also be included as part of the scope of work for the monitoring agent.

5. Marketing Plan

For affordable units that the Town is interested in having count for its Subsidized Housing Inventory, there is a very explicit format that DHCD requires for the affirmative marketing plan, and the bylaw could simply state that the plan must be consistent with DHCD's requirements and secure DHCD's approval. That plan should be applicable, perhaps with added targeted outreach for the 80% and above of AMI population, for any moderate income/workforce units included in the development.

**APPENDIX 1- OWNERSHIP SALES PRICE AFFORDABILITY
ANALYSIS**

AFFORDABILITY ANALYSIS- SINGLE FAMILY- CHATHAM

Affordability Worksheet- 1bdrm; 1 person hh

		70%	90%	110%	140%
AMI	\$ 54,300.00	\$ 38,010	\$ 48,870	\$ 59,730	\$ 76,020
divide by 12		\$ 3,168	\$ 4,073	\$ 4,978	\$ 6,335
times 30%		\$ 950	\$ 1,222	\$ 1,493	\$ 1,901
minus tax rate per \$1000 (Cha)	\$4.05	\$ 44	\$ 57	\$ 70	\$ 90
minus house insurance	\$ 1,200	\$ 100	\$ 120	\$ 133	\$ 150
minus .pmi (.006)	0.006	\$ 65	\$ 84	\$ 104	\$ 134
minus condo/assn fee					
available for mtg		\$ 741	\$ 961	\$ 1,186	\$ 1,526
Interest Rate	6.00%				
Mortgage term years	30				
Total mortgage		\$ 123,655	\$ 160,225	\$ 197,823	\$ 254,567
Total Sales Price Affordable	divide by 95%	\$ 130,163	\$ 168,658	\$ 208,235	\$ 267,966
approximate sales price		\$ 130,000	\$ 168,500	\$ 208,000	\$ 267,750

Affordability Worksheet- 1bdrm; 2 person hh

		70%	90%	110%	140%
AMI	\$ 62,100.00	\$ 43,470	\$ 55,890	\$ 68,310	\$ 86,940
divide by 12		\$ 3,623	\$ 4,658	\$ 5,693	\$ 7,245
times 30%		\$ 1,087	\$ 1,397	\$ 1,708	\$ 2,174
minus tax rate per \$1000 (Cha)	\$4.05	\$ 51	\$ 66	\$ 81	\$ 105
minus house insurance	\$ 1,200	\$ 100	\$ 120	\$ 133	\$ 150
minus .pmi (.006)	0.006	\$ 76	\$ 98	\$ 121	\$ 155
minus condo/assn fee					
available for mtg		\$ 860	\$ 1,113	\$ 1,373	\$ 1,764
Interest Rate	6.00%				
Mortgage term years	30				
Total mortgage		\$ 143,489	\$ 185,698	\$ 228,990	\$ 294,241
Total Sales Price Affordable	divide by 95%	\$ 151,041	\$ 195,471	\$ 241,042	\$ 309,728
approximate sales price		\$ 151,000	\$ 195,700	\$ 241,000	\$ 309,700

Affordability Worksheet- 2bdrm; 3 person hh

		70%	90%	110%	140%
AMI	\$ 69,800.00	\$ 48,860	\$ 62,820	\$ 76,780	\$ 97,720
divide by 12		\$ 4,072	\$ 5,235	\$ 6,398	\$ 8,143
times 30%		\$ 1,222	\$ 1,571	\$ 1,920	\$ 2,443
minus tax rate per \$1000 (Cha)	\$4.05	\$ 58	\$ 75	\$ 92	\$ 118
minus house insurance	\$ 1,200	\$ 100	\$ 120	\$ 133	\$ 150
minus .pmi (.006)	0.006	\$ 86	\$ 111	\$ 137	\$ 175
minus condo/assn fee					
available for mtg		\$ 978	\$ 1,265	\$ 1,558	\$ 1,999
Interest Rate	6.00%				
Mortgage term years	30				
Total mortgage		\$ 163,100	\$ 210,921	\$ 259,783	\$ 333,458
Total Sales Price Affordable	divide by 95%	\$ 171,685	\$ 222,022	\$ 273,455	\$ 351,008
approximate sales price		\$ 171,500	\$ 222,000	\$ 273,400	\$ 350,750

AFFORDABILITY ANALYSIS- SINGLE FAMILY- CHATHAM

Affordability Worksheet- 3bdrm; 4 person hh

		70%	90%	110%	140%
AMI	\$ 77,600.00	\$ 54,320	\$ 69,840	\$ 85,360	\$ 108,640
divide by 12		\$ 4,527	\$ 5,820	\$ 7,113	\$ 9,053
times 30%		\$ 1,358	\$ 1,746	\$ 2,134	\$ 2,716
minus tax rate per \$1000 (Cha)	\$4.05	\$ 65	\$ 84	\$ 103	\$ 133
minus house insurance	\$ 1,200	\$ 100	\$ 120	\$ 133	\$ 150
minus .pmi (.006)	0.006	\$ 96	\$ 124	\$ 153	\$ 196
minus condo/assn fee					
available for mtg		\$ 1,097	\$ 1,418	\$ 1,745	\$ 2,237
Interest Rate	6.00%				
Mortgage term years	30				
Total mortgage		\$ 182,934	\$ 236,456	\$ 290,971	\$ 373,125
Total Sales Price Affordable	divide by 95%	\$ 192,562	\$ 248,901	\$ 306,285	\$ 392,763
approximate sales price		\$ 192,500	\$ 248,750	\$ 306,250	\$ 392,750

AFFORDABILITY ANALYSIS- CONDO- CHATHAM

Affordability Worksheet- 1bdrm; 1 person hh

		70%	90%	110%	140%
AMI	\$ 54,300.00	\$ 38,010	\$ 48,870	\$ 59,730	\$ 76,020
divide by 12		\$ 3,168	\$ 4,073	\$ 4,978	\$ 6,335
times 30%		\$ 950	\$ 1,222	\$ 1,493	\$ 1,901
minus tax rate per \$1000 (Cha)	\$4.05	\$ 43	\$ 55	\$ 68	\$ 86
minus house insurance	\$ 300	\$ 25	\$ 25	\$ 25	\$ 25
minus .pmi (.006)	0.006	\$ 63	\$ 82	\$ 100	\$ 128
minus condo/assn fee		\$ 100	\$ 130	\$ 160	\$ 200
available for mtg		\$ 720	\$ 930	\$ 1,141	\$ 1,461
Interest Rate	6.00%				
Mortgage term years	30				
Total mortgage		\$ 120,044	\$ 155,156	\$ 190,268	\$ 243,699
Total Sales Price Affordable	divide by 95%	\$ 126,362	\$ 163,322	\$ 200,282	\$ 256,526
approximate sales price		\$ 126,000	\$ 163,000	\$ 200,000	\$ 256,000

Affordability Worksheet- 1bdrm; 2 person hh

		70%	90%	110%	140%
AMI	\$ 62,100.00	\$ 43,470	\$ 55,890	\$ 68,310	\$ 86,940
divide by 12		\$ 3,623	\$ 4,658	\$ 5,693	\$ 7,245
times 30%		\$ 1,087	\$ 1,397	\$ 1,708	\$ 2,174
minus tax rate per \$1000 (Cha)	\$4.05	\$ 50	\$ 64	\$ 79	\$ 101
minus house insurance	\$ 300	\$ 25	\$ 25	\$ 25	\$ 25
minus .pmi (.006)	0.006	\$ 74	\$ 95	\$ 117	\$ 149
minus condo/assn fee		\$ 100	\$ 130	\$ 160	\$ 200
available for mtg		\$ 839	\$ 1,083	\$ 1,328	\$ 1,699
Interest Rate	6.00%				
Mortgage term years	30				
Total mortgage		\$ 139,878	\$ 180,656	\$ 221,435	\$ 283,366
Total Sales Price Affordable	divide by 95%	\$ 147,240	\$ 190,164	\$ 233,089	\$ 298,280
approximate sales price		\$ 147,000	\$ 190,000	\$ 233,000	\$ 298,000

Affordability Worksheet- 2bdrm; 3 person hh

		70%	90%	110%	140%
AMI	\$ 69,800.00	\$ 48,860	\$ 62,820	\$ 76,780	\$ 97,720
divide by 12		\$ 4,072	\$ 5,235	\$ 6,398	\$ 8,143
times 30%		\$ 1,222	\$ 1,571	\$ 2,111	\$ 2,443
minus tax rate per \$1000 (Cha)	\$4.05	\$ 56	\$ 72	\$ 98	\$ 114
minus house insurance	\$ 300	\$ 25	\$ 25	\$ 25	\$ 25
minus .pmi (.006)	0.006	\$ 82	\$ 107	\$ 146	\$ 169
minus condo/assn fee		\$ 120	\$ 150	\$ 180	\$ 210
available for mtg		\$ 939	\$ 1,217	\$ 1,662	\$ 1,925
Interest Rate	6.00%				
Mortgage term years	30				
Total mortgage		\$ 156,545	\$ 202,934	\$ 277,226	\$ 321,096
Total Sales Price Affordable	divide by 95%	\$ 164,784	\$ 213,615	\$ 291,817	\$ 337,996
approximate sales price		\$ 164,700	\$ 213,500	\$ 291,750	\$ 337,750

AFFORDABILITY ANALYSIS- CONDO- CHATHAM

Affordability Worksheet- 3bdrm; 4 person hh

		70%	90%	110%	140%
AMI	\$ 77,600.00	\$ 54,320	\$ 69,840	\$ 85,360	\$ 108,640
divide by 12		\$ 4,527	\$ 5,820	\$ 7,113	\$ 9,053
times 30%		\$ 1,358	\$ 1,746	\$ 2,134	\$ 2,716
minus tax rate per \$1000 (Cha)	\$4.05	\$ 61	\$ 80	\$ 99	\$ 127
minus house insurance	\$ 300	\$ 25	\$ 25	\$ 25	\$ 25
minus .pmi (.006)	0.006	\$ 91	\$ 118	\$ 146	\$ 189
minus condo/assn fee		\$ 150	\$ 175	\$ 200	\$ 225
available for mtg		\$ 1,031	\$ 1,348	\$ 1,664	\$ 2,150
Interest Rate	6.00%				
Mortgage term years	30				
Total mortgage		\$ 172,031	\$ 224,824	\$ 277,616	\$ 358,590
Total Sales Price Affordable	divide by 95%	\$ 181,085	\$ 236,656	\$ 292,228	\$ 377,463
approximate sales price		\$ 181,000	\$ 236,500	\$ 292,000	\$ 377,400

Article __ Zoning Bylaw Amendment – Workforce Housing Overlay District

To see if the Town will vote to amend its Protective (Zoning) Bylaw, SECTION _____:

Note:

This section is completely new to the Bylaw.

Add Section _____ as follows: Workforce Housing Overlay District

Purposes

The purposes of this section are to promote the public health, safety, and welfare by encouraging diversity of housing opportunities in Chatham; to provide for a full range of housing choices throughout Chatham for households of all incomes, ages, and sizes in order to meet Chatham's goal of preserving its character and diversity; to mitigate the impact of residential development on the availability and cost of housing, especially housing affordable to low and moderate income households; to increase the production of affordable housing units to meet existing and anticipated housing needs within Chatham; to ensure that residential developments that include some affordable housing are located in areas with the infrastructure to accommodate the increased density that will be required; and to set forth standards and conditions for workforce housing units required in developments.

Definitions

Eligible Household shall mean: for rental housing, any household whose total income does not exceed 80 per cent of the median income, adjusted for household size, as reported by the United States Department of Housing and Urban Development (HUD) for the HUD designated statistical area that includes Chatham at the time of rental of a Workforce Housing Unit; and in the case of for sale housing, any household whose total income does not exceed 150 per cent of the median income, adjusted for household size, as reported by HUD for the HUD designated statistical area that includes Chatham at the time of sale of a Workforce Housing Unit.

Twenty Percent, used in reference to the mandatory provision of workforce housing dwelling units, shall mean two tenths rounded to the nearest whole number. For example, any number below 1.5 would be rounded to 1, while any number between 1.5 and 1.9 would be rounded to 2.

Workforce Housing Unit(s) shall mean any finished dwelling unit required to be for rental or sale to eligible households under section _____ of the zoning ordinances. Any dwelling approved under this Bylaw as a Workforce Housing rental unit shall be rented subject to a minimum 12-month lease.

- a) For Workforce Housing Units that are rented to Eligible Households, the monthly rent payment, including utilities, shall not exceed the “high HOME” rent as reported by HUD for the HUD designated statistical area that includes Chatham.
- b) Where two or more Workforce Housing Units are provided in a rental development under section _____, every second Workforce Housing Unit shall be rented to an Eligible Household whose income does not exceed 50% of median income, adjusted for household size, as reported by HUD for the HUD designated statistical area that includes Chatham, and the monthly rent payment, including utilities, shall not exceed the “low HOME” rent as reported by HUD for the HUD designated statistical area that includes Chatham; every third Workforce Housing Unit shall be rented to an Eligible Household whose income does not exceed 30% of median income, adjusted for household size, as reported by HUD for the HUD designated statistical area that includes Chatham, and the monthly rent payment, including utilities, shall not exceed the 30% rent for the geographical area that includes Chatham as reported by the Massachusetts Housing Partnership;
- c) For Workforce Housing Units that are sold to Eligible Households, the sales price of a Workforce Housing Unit at the time of marketing shall be affordable to a household earning no more than 70% of the median income, adjusted for household size, as reported by HUD for the HUD designated statistical area that includes Chatham. The sales price shall be determined in accordance with the Local Initiative Program (LIP) guidelines of the Mass Department of Housing and Community Development (DHCD) in which the monthly housing costs of mortgage principal and interest, property taxes, private mortgage insurance, and condominium or homeowners’ association fees do not exceed 30 % of the monthly income of an appropriately sized household at the time of marketing for a Workforce Housing Unit.
- d) Where two or more Workforce Housing Units are provided in a for sale development under section _____, every second Workforce Housing Unit shall be sold to an Eligible Household whose income does not exceed 150% of median income, adjusted for household size, as reported by HUD for the HUD designated statistical area that includes Chatham and at a sales price that at the time of marketing shall be affordable to a household earning no more than 100% of the area median income, adjusted for household size, as reported by HUD for the HUD designated statistical area that includes Chatham. The sales price shall be determined in accordance with a calculation in which the monthly housing costs of mortgage principal and interest, property taxes, private mortgage insurance, and condominium or homeowners’ association fees do not exceed 30 % of the monthly income of an appropriately sized household at the time of marketing for a Workforce Housing Unit.

Location and Authority

Workforce housing units in the Workforce Housing Overlay District will be permitted by special permit by the Planning Board as the Special Permit Granting Authority.

The Workforce Housing Overlay District is located in the following zones:
(TO BE DETERMINED)

To be consistent with the Land Use goals of the 2009 RPP, Commission Staff recommends that the Workforce Housing Overlay District be drawn to encompass existing concentrated development areas such as existing village centers and economic centers. The overlay should not include outlying areas with less dense development patterns.

Applicability

The provisions of this section of the bylaw shall apply to the following uses:

- a) Any project that results in a net increase of five (5) or more dwelling units, whether by new construction or by the alteration, expansion, reconstruction, or change of existing residential or non-residential space; and
- b) Any residential subdivision or division of land resulting in five (5) or more buildable lots; and
- c) Any congregate living facility or independent living facility containing five (5) or more units.

Mandatory Provision of Workforce Housing Units

As a condition of approval for a Special Permit the applicant shall contribute to the local stock of workforce housing unit(s) in accordance with the following requirements:

- a) At least twenty (20) percent of the units in a division of land or multiple unit development subject to this bylaw shall be established as Workforce Housing units in any one or combination of methods provided for below:
 - **On-Site.** Constructed or rehabilitated on the locus subject to the Special Permit;
 - **Off-Site.** Constructed or rehabilitated on a locus different than the one subject to the Special Permit provided that the off-site location shall be within the Workforce Housing Overlay District. In addition, the location of the off-site units shall be approved by the Planning Board as an integral element of the development review and approval process.

- **Land Donation.** An applicant may offer, and the Planning Board may accept, subject to approval of the Board of Selectmen, a donation of land in fee simple, off-site yet within the Workforce Housing Overlay District, that the Planning Board determines is suitable for the construction of at least an equivalent number of Workforce Housing units. Prior to accepting land as satisfaction of the requirements of this Bylaw, the Planning Board may require the applicant to submit an appraisal or opinion of value to determine the suitability of the land for an equivalent number of Workforce Housing units.

The applicant may offer, and the Planning Board may accept, any combination of the methods above to satisfy the Workforce Housing requirement provided that in no event shall the total number of units or land area be less than the equivalent number of Workforce Housing units required by this bylaw.

Any development or subdivision of land that creates or is phased to create five (5) or more dwelling units within a five (5) year period shall be subject to these requirements.

The Planning Board shall solicit comments and recommendations on the proposal from other Town regulatory agencies that have jurisdiction in the particular case, and prior to acting upon the application the Planning Board shall consider any comments and recommendations received from such agencies.

Density Bonus

To facilitate the objectives of Section ____, modifications to the dimensional requirements, minimal lot area, or floor area ratios shall be permitted for any projects under this bylaw, as the applicant may offer and the Planning Board may accept, subject to the following conditions:

- a) A density bonus of one additional unit shall be permitted for each Workforce Housing rental unit designated to be rented to an Eligible Household whose income is 80% of median income or less, adjusted for household size, as reported by HUD for the HUD designated statistical area that includes Chatham;
- b) A density bonus of two additional units shall be permitted for each Workforce Housing rental unit designated to be rented to an Eligible Household whose income is 50% of median income or less, adjusted for household size, as reported by HUD for the HUD designated statistical area that includes Chatham;
- c) A density bonus of three additional units shall be permitted for each Workforce Housing rental unit designated to be rented to an Eligible Household whose income is 30% of median income or less, adjusted for household size, as reported by HUD for the HUD designated statistical area that includes Chatham;

d) A density bonus of one additional unit shall be permitted for each Workforce Housing for sale unit designated to be sold to an Eligible Household whose income is 150% of median income or less, adjusted for household size, as reported by HUD for the HUD designated statistical area that includes Chatham.

Provisions Applicable to Workforce Housing Units On-Site

- a) Siting- All Workforce Housing Units constructed or rehabilitated under this bylaw shall be dispersed throughout the development and shall, on average, be no less accessible to public amenities, such as open space, as the market rate units;
- b) Minimum Design and Construction Standards- Workforce Housing units shall be integrated with the rest of the development and shall be compatible on the exterior in design, construction, and quality of materials with other units;
- c) Size of Units- Workforce Housing units shall have a habitable space of not less than 650 square feet for a one bedroom unit and an additional 250 square feet for each additional bedroom or 60% of the average square footage of the market rate units with the same number of bedrooms, whichever is greater; provided that Workforce Housing units shall not exceed 1,600 square feet of habitable space;
- d) Bedroom Mix- The bedroom mix of Workforce Housing units shall be proportionate to that of the market rate units in the development;
- e) Timing of Construction or Provision of Units or Lots- The construction or provision of Workforce Housing units shall take place at the same rate and within the same time frame as the construction or provision of the market rate units or lots.
- f) Marketing and Tenant/Buyer Selection Plan- The applicant shall submit and receive approval from the Mass Department of Housing and Community Development (DHCD) of the required Affirmative Fair Housing Marketing Plan.
- g) Long Term Use Restrictions- All Workforce Housing Units rented or sold to Eligible Households, including those with incomes from 80-150% of median income, adjusted for household size, as reported by HUD for the HUD designated statistical area that includes Chatham, shall be required to record use restrictions in perpetuity or the longest period allowed by law.

Provisions Applicable to Workforce Housing Units Off-Site

An applicant subject to this bylaw may develop, construct, or otherwise provide Workforce Housing units equivalent to those required by Section ____ off-site, provided that the off-site units are located within the Workforce Housing Overlay District. All requirements of this bylaw that apply to on-site provision of Workforce Housing units shall apply to provision of off-site units.

Design Guidelines/Requirements:

The town of Chatham has numerous historic neighborhoods defined by 18th and 19th century buildings that tell the story of the community's past and define the community's character. Design Guidelines are needed for workforce housing developments to insure the town meets its goal of preserving its distinctive character while providing for diversity.

The following design guidelines shall be used to guide the design and review of all workforce housing developments by the Special Permit Granting Authority (SPGA) to insure that they are consistent with the town's distinctive community character. Since workforce housing developments will vary in size depending on the number of units being provided, the guidelines address a range of building scales and spatial arrangements.

Criteria:

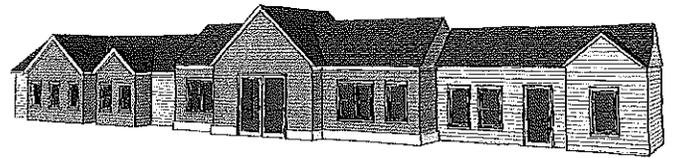
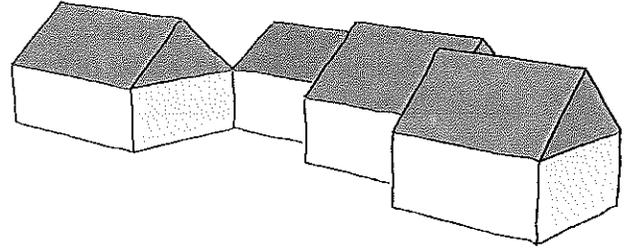
1. Contextual design: New workforce housing developments shall follow a compact site plan that reflects the established context of the surrounding neighborhood, whether it is an existing village center or a more densely developed economic center. The context of the surrounding neighborhood is defined by the general density of buildings, the height of buildings, the scale and massing of buildings, and the buildings' orientation to the street.



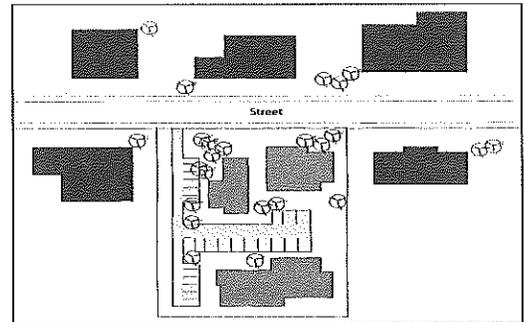
2. Building Height: The height of any new or expanded structure shall be consistent with the general height of buildings in the surrounding neighborhood. A maximum height of 25-30 feet and two stories is appropriate in most instances. In areas where the existing neighborhood character is defined by numerous taller buildings, additional building height may be appropriate.



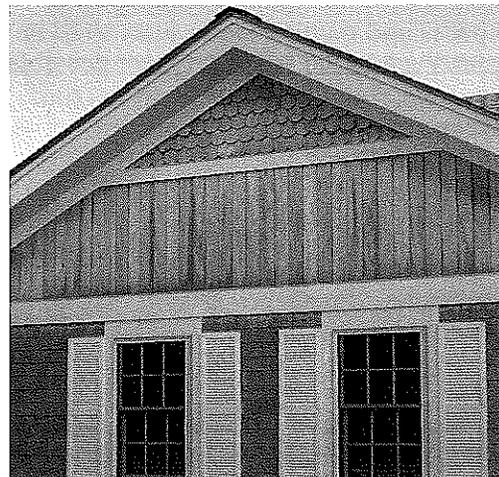
3. **Building scale or massing:** The footprint and total square footage of any new or expanded structure shall be consistent with the neighborhood's overall scale and character of buildings. Individual building footprints shall not exceed 10,000 square feet. Large development plans shall be broken down into several smaller buildings with footprints that reflect the scale of existing structures, or shall be shielded from view by frontage buildings that are consistent with the prevailing neighborhood building scale and form. Any structures fronting on the roadway or visible from the roadway shall be designed to reflect the scale and height of surrounding buildings. Buildings that are located further back on the lot and are shielded from view by other structures and landscaping may be more varied.



4. **Building setback:** The front yard setback of any new or expanded structure shall be consistent with established setback patterns in the neighborhood. If the structure fronts on a roadway, the street setback shall not exceed 50 feet unless the additional setback area is designed as common green space or a community park. No parking shall be allowed within the street setback.



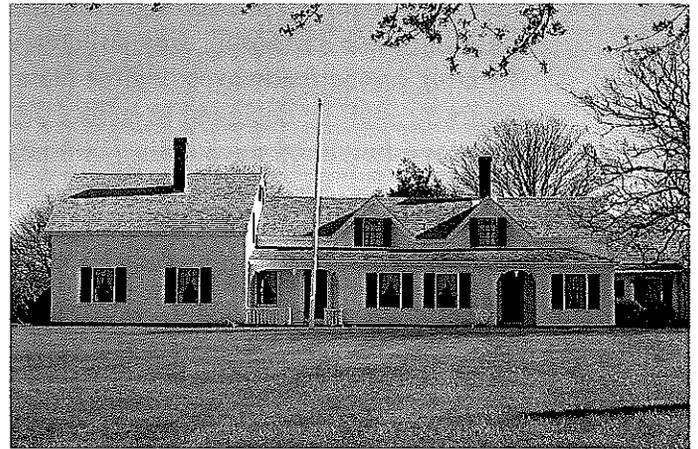
5. **Building materials:** Any new or expanded structure shall utilize high quality, traditional building materials that weather naturally, such as wood shingle, wood clapboard, brick or stone. Contemporary or nontraditional materials may be appropriate if they can be shown to be compatible with the character of the surrounding neighborhood. Use of cementitious clapboard and similar wood composite materials are generally appropriate on new structures.



6. Site Amenities: All new developments shall provide pedestrian amenities such as common green or park space, sidewalks or pathways connecting to neighborhood facilities, and landscaping. Masses of plants of various heights are best at reducing the perceived scale of buildings and shielding parking areas.



7. Work on Historic structures: Adaptive reuse of historic buildings is encouraged, but must be sensitive to preserve the community history these buildings represent. Any alteration or expansion of an historic structure shall retain the original character-defining features of the building, including its basic form, massing, materials, and architectural details. Distinguishing original stylistic features and examples of skilled craftsmanship of historic or aesthetic significance shall be preserved and maintained. Additions to historic buildings shall be on less prominent facades and shall involve limited removal of original building materials.



8. Work within Historic Districts: Historic districts are particularly sensitive to new development. In these distinctive areas, new construction or expansion shall include roof forms and fenestration patterns that are traditional to the region and that are common to the surrounding neighborhood. Distinguishing open spaces and cultural landscapes shall be preserved to the greatest extent possible by clustering development away from these areas.



Conditions for Approval of Workforce Housing Units

It is the intent of this bylaw that all Workforce Housing units sold or rented to Eligible Households with income at or below 80% of median income, adjusted for household size, as reported by HUD for the HUD designated statistical area that includes Chatham, shall qualify for the Subsidized Housing Inventory. The following conditions shall be met and provided to the Zoning Officer prior to the issuance of a building permit for the development:

- a) The applicant shall provide the Town with the information necessary to submit a Local Action Units application to DHCD.
- b) The applicant shall submit and receive approval from DHCD of the required Affirmative Fair Housing Marketing Plan.
- c) An executed Regulatory Agreement and/or deed restriction between the applicant, the Town, and DHCD.
- d) An executed monitoring agreement between the applicant and a third party organization with experience in affordable housing income verification acceptable to the Planning Board.

Conflict with Other Bylaws/Ordinances

The provisions of this bylaw shall be considered supplemental of existing zoning bylaws/ordinances. To the extent that a conflict exists between this bylaw and others, the more restrictive bylaw/ordinance, or provisions within, shall apply.

Severability

If any provision of this bylaw is held invalid by a court of competent jurisdiction, the remainder of the bylaw shall not be affected thereby. The invalidity of any section or sections or parts of any section or sections of this bylaw shall not affect the validity of the remainder of the zoning bylaw.



CAPE COD COMMISSION

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CHATHAM WORKFORCE HOUSING BYLAW

POLICY AND PROGRAMMATIC RECOMMENDATIONS

The following is a brief description of the rationale for the policy and programmatic recommendations that Commission staff incorporated into the draft bylaw.

A. POLICY ISSUES

1. Density

Given the analysis of the real estate market in Chatham and of the housing needs of very and extremely low income renters and even for upper moderate income homebuyers, it seems clear that current residential zoning standards in town have not been adequate to produce enough housing that is affordable for these groups. This situation is not unique to Chatham as about 84% of the region's affordable housing created since 2001 has required the zoning relief that is allowed under Chapter 40B.

The creation of workforce housing requires some type of public subsidy- either monetary, donated or bargain sale priced land, and/or zoning relief, particularly with respect to density requirements. Given the limitations on both the amounts of public affordable housing monetary subsidies and also of appropriate Town-owned land, this bylaw uses the third tool- zoning relief through the provision of density bonuses and potential modifications of other zoning standards. One of the purposes of the creation of this overlay district is both to address a public need and also to provide an incentive to for profit entities to meet that need; therefore, the use of density bonuses and other zoning relief seemed to be the most appropriate tool to accomplish these purposes.

The amount of the density bonus was set to provide an applicant with an opportunity to approximately offset the cost- in terms of profit margin- of providing the required workforce units. For ownership projects, one additional market rate unit is provided for each workforce unit required. For rental projects, the density bonus increases for each unit provided to a lower income household at the lower rent. Thus, one added market rate unit for each 80% of area median income (AMI) unit provided; two added market rate units for each 50% of AMI unit; and three added market rate units for each 30% of AMI units.

Depending upon the overlay district considered and the potential amount of development that could be permitted, the Town could consider a cap on the number of bonus units, e.g. Orleans has a limit of 12 additional units.



2. By Right or Special Permit

The bylaw provides flexibility for an applicant to meet the workforce housing requirements either on or off site; therefore, a special permit process is the most appropriate permitting mechanism to accommodate that flexibility. In addition, since the applicant is allowed to request other zoning relief depending upon the nature of the site and of the proposed development, the special permit process can accommodate special site or particular development issues in a way that a by right permitting process cannot.

3. Mandate or Incentives

A state-wide study conducted by Mass Housing Partnership in 1999 found that the Commonwealth added about 114,000 housing units from 1990-1997 with 20,000 of those units considered affordable to count toward a community's 10% affordable housing goal. Approximately 1,000 units- about 5% of the total- were permitted as a result of affordability zoning; however, the study did not distinguish whether those affordability bylaws relied primarily on mandates or incentives. While there has been no definitive study for the region or the state with respect to the effectiveness of affordability mandates versus incentives, the experience over the last decade in the region indicate that for the 15% of the new affordable units added to the region's affordable housing inventory that were not permitted via Chapter 40B have primarily been as a result of mandates (Barnstable's inclusionary zoning bylaw, Dennis' and Yarmouth's motel conversion bylaws) or very significant incentives (Provincetown's growth management bylaw, Dennis' local 40B affordable housing bylaw). It takes an applicant with a very strong commitment to affordable/workforce housing to use incentive-based bylaws, e.g. Sandwich's conditional density bonus bylaw has been used just twice, including one time by a non-profit developer that secured public subsidies to create additional affordability.

Since the workforce housing need and affordability gap in Chatham is so great, it seems as if a mandate is needed in order to have any impact upon the local workforce housing need. The proposed bylaw mandates 20% workforce housing units; however, it provides density bonuses for the applicant to offset either the reduced rents or sales prices for providing the public good that is required under the bylaw. Chatham's current inclusionary zoning bylaw is a mandate with the possibility of density bonuses. As the threshold is lower and the affordability requirement higher in the workforce bylaw than in the inclusionary bylaw, Commission staff believed that requiring density bonuses struck an appropriate balance. The density bonuses for rental developments were structured to provide more bonus units for units targeted to lower income households; whereas, there were the same amount of bonus units for homeownership developments, no matter which income group was targeted.

4. Bylaw Threshold and Affordability Requirement

Although more research should be conducted with respect to available land, build out potential, and redevelopment opportunities in any prospective overlay district, Commission staff believed that given Chatham's small size and the fact that no units have been produced under the current inclusionary bylaw with its 10 unit threshold that setting the threshold at 5 net new units (thus also capturing redevelopment scenarios) or lots was appropriate. The significant workforce ownership and rental affordability gap led staff to recommend the 20% affordability requirement although with the density bonuses the applicant's actual workforce affordability percentage will range from 12% to 20% (an 8 unit ownership project with 2 bonus units is the only scenario under which the full 20% affordability will occur). On all rental developments, the percentage of workforce units that will count towards the Town's Subsidized Housing Inventory (SHI) will be at least 12%; therefore, the bylaw enables the Town to stay ahead of the 10% affordability goal. On homeownership developments, approximately half of the developments will result in 8% or 9% of the units being eligible for the SHI, while the other half will result in 10% or more of the units eligible for SHI purposes; therefore, overall on ownership developments, the Town should stay even with the 10% affordability goal.

5. Allow Off-Site Units or Land and/or Cash Contributions as Options

As is common in affordability bylaws both in the state and nationally, CCC staff believed that applicants should have the opportunity to propose off-site options to fulfill the 20% requirement; however, that flexibility needed to have some definite boundaries attached. The first boundary is that any off site proposal must be located within the overlay district as one of the purposes of the bylaw is to encourage smarter, more compact growth patterns in areas of Town with the infrastructure to accommodate that growth. The second boundary is that any off site proposal needs to meet the same standards with respect to siting, design and construction standards, size of units, bedroom mix, etc. as units or lots provided on site. The final boundary is that off-site units need to be completed within the same time frame as had they been done on site. Thus, any off site option will be located within the same general area, with the same standards, and completed within the same time frame as those units provided on site.

The bylaw does not include a cash contribution option however as CCC staff believed that, given the need, the units needed to be created as soon as possible. The CCC's experience with cash in lieu of units in its regulatory program has been that the creation of affordable units, if done at all, has happened years after the development was completed. Should the Town desire to include a cash option, CCC staff recommends the approach used in the 2009 Regional Policy Plan (RPP). The RPP allows a cash contribution as long as the cash contribution will result in more affordable units being created than had they been created on site and as long as the off site units will be created in roughly the same time frame as had they been done on site. A cash contribution that results in additional affordable units was seen as an acceptable policy trade off by the Commission in recognition of the shifting of the responsibility for producing the units from the applicant to the Town or some other development entity.

6. Income Eligibility/Type of Development

As described in the needs assessment, there appears to be a need in Chatham for rental housing for households at or below 80% of area median income (AMI), but especially for households at or below 30- 50% of AMI. For ownership housing, the need and affordability gap extends to households up to 150% of AMI. Therefore, the bylaw requires rental developments to provide units affordable to households at 80%, 50%, and 30% of area median in order to address the wide range of need; whereas, ownership developments are required to alternate workforce units between those for up to 80% of AMI and 150% of AMI.

B. PROGRAMMATIC ISSUES

The following is a brief summary of the Commission's rationale for the various programmatic recommendations in the workforce housing bylaw. In general, the programmatic requirements were made consistent with those of the Massachusetts Department of Housing and Community Development (DHCD) in order to allow the town to be able to add those units rented or sold to households at or below 80% of AMI to the Subsidized Housing Inventory.

1. How Ownership Pricing and Rents are Calculated

For ownership units, the bylaw uses the standard methodology for calculating affordable pricing for the 80% of AMI units that is used by state and County public funders that sets prices based upon 30% of gross income spent on housing costs and a 10% marketing window, i.e. prices are set for what a household at 70% of AMI can afford. For the 150% of AMI units, the bylaw uses the 30% housing cost standard but provides a much larger marketing window as pricing is set at what a household at 100% of AMI can afford. Given the difficulty developers have had marketing moderate income units with a deed restriction that limits future equity, Commission staff believed that there needed to be a significant pricing difference between workforce and market prices in order to attract a significant pool of potential buyers.

For rental housing, the bylaw sets rents based upon easily and consistently available information from public funders, i.e. HUD's HOME program and the Mass Housing Partnership. The same principles apply with respect to housing cost (30% of gross income for rent and utilities is the standard) and for having some sort of marketing window, e.g. the "high" HOME rent is set as what a household at 65% of AMI could afford. For informational purposes, the 2009 monthly rent levels for the various income ranges are listed on the chart on the following page. Note that these rents include the cost of utilities.

2009 RENTS (INCLUDES UTILITIES)

	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
80% of AMI- "high" HOME rent	\$774	\$906	\$1,113	\$1,278	\$1,405
50% of AMI- "low" HOME rent	\$678	\$727	\$872	\$1,008	\$1,125
30% of AMI	\$407	\$436	\$523	\$605	\$676

2. Design and Integration of Units

The general principle for affordable and workforce housing developments is that a visitor should not be able to distinguish the workforce from the market rate units from the exterior. Therefore, the bylaw requires that the workforce units have similar exterior design and materials as the market rate units; that there be proportionally the same number of different types or sizes of units between the workforce and market rate units; and that there are minimum square footage requirements for the different bedroom size units. Commission staff used a variation of the standards in Newton's bylaw- a minimum of 650 square feet for a one bedroom unit and 250 square feet for each additional bedroom or a minimum of 60% of the square footage of the similar bedroom size market rate unit, whichever is greater.

3. Long Term Affordability Covenants

Since it is so difficult to create affordable and workforce housing, it is important that any such housing created with public subsidies, e.g. zoning relief in this case, remain a public resource as affordable for as long as possible; therefore, the bylaw stipulates the use of recorded instrument that requires the units to remain permanently affordable, or the longest period allowed by law.

4. Monitoring

For both ownership and rental developments, the bylaw requires that the applicant enter into a monitoring agreement with an experienced entity that is acceptable to the locality. This provision ensures that the Town's interest in preserving affordability will be monitored and enforced over time.

5. Marketing Plan

For affordable units that the Town is interested in having count for its Subsidized Housing Inventory, there is a very explicit format that DHCD requires for the affirmative marketing plan, and the bylaw simply states that the plan must be consistent with DHCD's requirements and secure DHCD's approval prior to the issuance of a building permit.