

Cape Cod Year-Round Housing Financial Incentive Study

February 2026

Cape Cod Commission

Outwith Studio

Acknowledgements

This research and report were made possible by the work of Cape Cod Commission staff and members of the consulting team, and by the efforts of local stakeholders to provide data and input into this research. The project was funded through the District Local Technical Assistance program of the Executive Office of Housing and Livable Communities.

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Introduction

The Cape Cod Regional Housing Strategy (2024) identified regional challenges to providing affordable and attainable housing for current and future Cape Cod residents. Among these challenges were the high household income (\$210,000) necessary to afford the median home for sale, the gap between that income needed and the median household income, the growth of sales prices outstripping growth in income, profitability of short-term rentals versus long-term rentals, and the difficulties year-round renters and homebuyers have finding available housing.

The Regional Housing Strategy identified several guiding principles to address those challenges on the Cape, including the need to support the year-round population. It then offered a recommendation to “provide financial incentives to convert and preserve year-round housing.” To advance that recommendation, the Cape Cod Commission hired Outwith Studio to research the structure and implementation of these financial incentives nationally. This report is the result of that research, and it provides information and guidance to those who may wish to implement year-round housing incentives on Cape Cod.

This research intends to:

- Understand the year-round incentive program landscape;
- Understand the scale of subsidy needed for such programs on Cape Cod;
- Understand non-financial barriers and solutions to implementation and program participation; and
- Provide program design guidance for potential implementers.

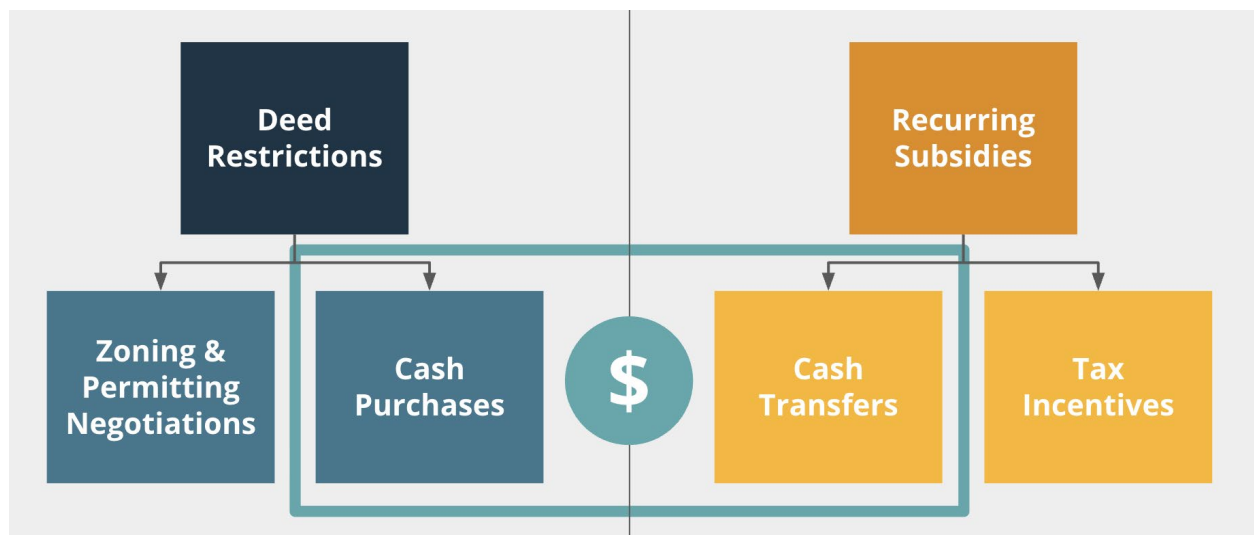
What Kinds of Incentives?

This research project focused on two types of incentives for year-round housing: **deed restrictions and recurring rental subsidies**.

In this case, **deed restrictions** refers to permanent or semi-permanent agreements attached to the property deed that **require year-round occupancy** (either by owner-occupants or year-round renters). This research focuses on deed restrictions **directly purchased by local/county governments with government funds** (as opposed to deed restrictions acquired in exchange for zoning entitlements). Some program models may be administered by nonprofit partners or other nongovernmental entities, but this is unusual. Most of these programs are aimed at preserving year-round housing stock.

Recurring rental subsidies are **temporary (annual) incentives**, in which a local/county government or its designee contracts with a **landlord, who agrees to rent their property on a year-round basis**. While sometimes these subsidies are delivered through the local property tax code, this research focuses on the more common method of **direct cash transfer**. These programs are largely aimed at pulling housing stock from the short-term rental market into the year-round rental market (though they are sometimes used to preserve year-round rentals).

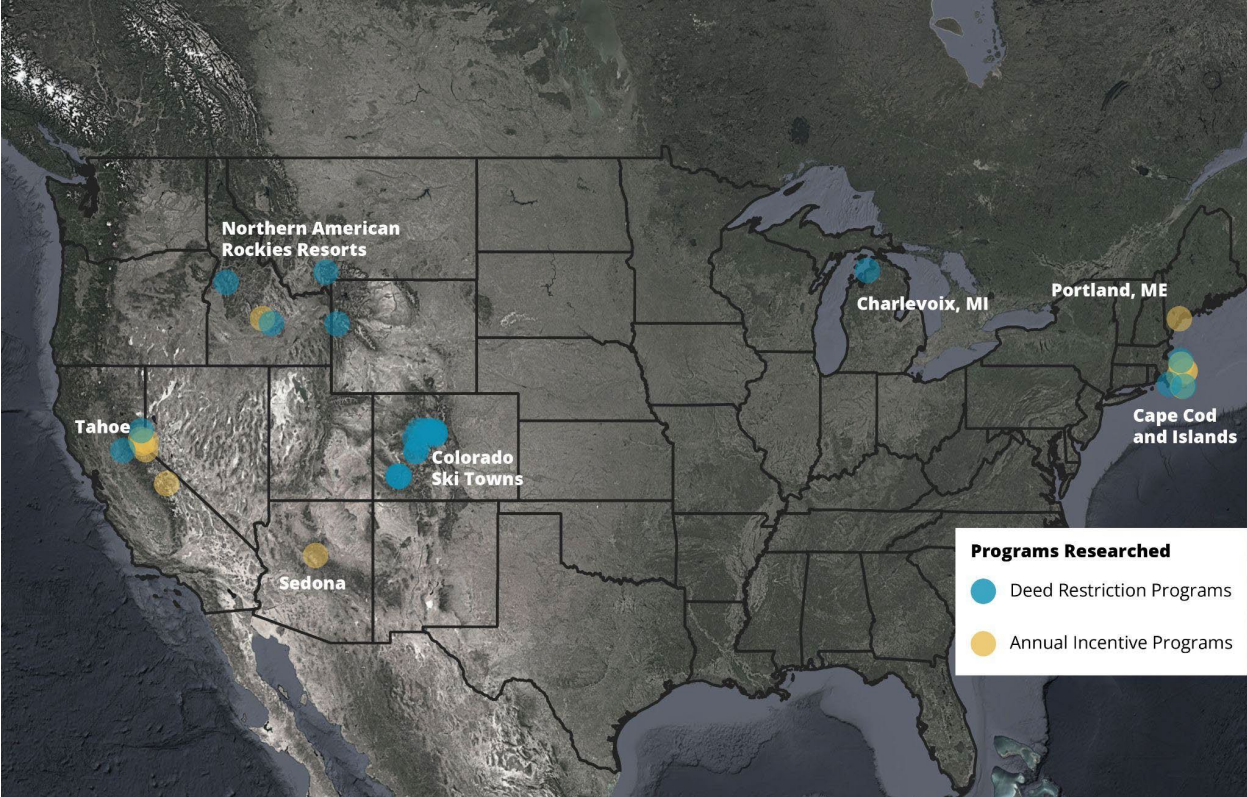
Figure 1: Types of programs studied



Research Methods

This study used mixed methods to address the range of questions involved related to implementation. The research team used documentary research methods to understand the broad national landscape and interviewed a subset of program administrators to glean nuances in program implementation and change over time. The team reviewed 30 programs from across the country (mapped in Figure 2). The team also interviewed local government officials, real estate professionals, and homeowners working on Cape Cod to understand the goals, desires, and perceived constraints to adoption and participation. (See the appendix for a standalone summary of interview themes.) The researchers complemented that qualitative work with quantitative and geospatial methods, which were used to address questions of subsidy scale and (sub)market nuances.

Figure 2: Programs researched



Deed Restriction Programs

Across seasonal communities in the US, there exists a family of programs for governments to purchase or otherwise obtain deed restrictions for local year-round residents and workers. Year-round deed restriction programs work to preserve housing stock in seasonal resort communities where year-round residents and workforce are routinely priced out by the seasonal market. The number of programs has grown due to increased demand for housing in seasonal communities, driven by the growth of the short-term rental market, changes in remote work patterns, increased investment pressure on real estate generally, and other local factors. Housing has become unattainable for many year-round households earning too much for traditional affordable housing. In response, communities have directly purchased deed restrictions on existing and new homes.

In order to frame research and program design for Cape Cod, this analysis reviewed the following deed restriction programs:

- Nantucket Year-Round Deed Restriction Pilot Program
- Vail InDEED (CO)
- Summit County Housing Helps (CO)
- Breckinridge Housing Helps (CO)
- Frisco Housing Helps (CO)
- Crested Butte Good Deed (CO)
- Gunnison Valley Good Deed (CO)
- Mountain Village YES (CO)
- Truckee Housing Assistance Program (THAP) (CA)
- East Placer Workforce Preservation Program (CA)
- Placer County Workforce Preservation Program (CA)
- McCall County Local Housing Incentive Program (ID)
- Big Sky Good Deed (MT)
- San Miguel County Deed Restriction Programs (CO)

- Avon ¡Mi Casa! (CO)
- Charlevoix County Housing North Deed Restriction Program (MI)
- Eagle County Good Deeds (CO)

Research included a review of marketing materials, program guidelines, program applications, and reporting data. Five follow-up interviews were conducted with experts on six of these programs. Findings from this research offer lessons for potential programs on Cape Cod, including program design parameters, trade-offs of design decisions, and administrative ease.

Program Parameters

Every year-round deed restriction program is unique, but most vary along a similar set of factors (“parameters”). If policymakers on Cape Cod want to pursue a year-round deed-restriction program or programs, they will need to make decisions about each of these parameters.

Target Participants

Policymakers should have a sense of program goals, including identifying ideal program participants and what kind of housing the program should target.

- One reasonable approach would be to target **all year-round residents** as participants and all kinds of housing. A broad goal like this will result in a program with relatively few restrictions. (Administrators may find that fewer restrictions ultimately preferences one group over another, and may want to carve out restrictions later on.)
- Programs could choose to focus on creating opportunities for homebuyers who are more likely to work on the Cape. In this case, the program would be targeted to the home purchase process.

Occupancy Restrictions

- **Full-time residency:** All year-round residency programs require full-time residency at the restricted home.
 - Definitions of full-time occupancy are typically 10-11 months out of the year, allowing some flexibility for occupants.
 - Deed restrictions typically have separate short-term rental prohibitions.
- **Work location:** Most programs nationally require one or more members of a household to work within their program area.
 - Only workers in organizations with bona fide business locations in the given area are eligible. Remote workers are ineligible.
 - In some cases, local deed restrictions allow participants to work within a wider area than the local government unit (e.g., within the county or within a school district).
 - Proof of work is typically shown through attestation from a local employer, pay stubs, or an offer letter for employment.
 - Work location restrictions create fair housing concerns, as age, disability status, and familial status can all impact one's ability to work. To maintain equitable treatment, prevent discrimination, and uphold the fair housing obligations of government and property owners, deed restriction programs typically offer multiple pathways for eligibility. Besides working in a given location, programs are often open to seniors receiving Social Security in that given location, people with disabilities, and (sometimes) people who have demonstrated commitment to civic or cultural life in that given area. Many programs wish to add local residency requirements for new participants that don't meet the work location requirement, thus ensuring participants already live in the community. This may be reasonable, since there is a history of people moving into seasonal communities and driving up costs. However, it should be noted that requiring non-working

households to already be residents in the locality could create Fair Housing problems of their own in Massachusetts, as the Commonwealth has recognized the potential disparate impacts of local preference policies in affordable housing programs. The state does allow local preference policies for some affordable housing developments and programs, but those policies must be approved by state regulators. It is not yet determined how the state government (or courts) would view local residency options for year-round deed restrictions. Nonetheless, several year-round deed restriction programs have moved forward in Massachusetts where eligibility pathways are meant to promote inclusion overall.

- Monitoring of work location restrictions varies by tenure and by programs. For renter occupants, work location is typically monitored annually. Some programs may choose to monitor work location on an ongoing basis (e.g., annually), though others may choose to only verify work location for owner-occupants when the restriction is placed. Policymakers will want to balance program goals (such as supplying worker housing) with combatting unintended consequences (such as triggering enforcement or eviction upon a job loss).
- **Tenure:** These programs are typically agnostic on whether occupants own or rent the home.
- **Short-term rentals:** Year-round deed restrictions do not typically allow for any short-term renting at the restricted home.

Economic Restrictions

- **Household Income:** Many year-round deed restriction programs include income restrictions, though not all.
 - These restrictions limit household incomes to some percentage of Area Median Income (AMI, which is a federal formula for regional household income that is used in affordable housing programs). Because AMI is regional, local programs often vary income restrictions to their local, sub-regional needs.

- Income restrictions are typically set as an upper threshold (e.g., a household can earn no more than 150% AMI).
- **Household Assets:** In addition to annual income, programs may include an asset cap for participants. This is typically designed to prevent participation by those who already own property or those who could use assets to participate in the market without the program. An asset cap is only viable for programs that wish to have owner-occupants. Programs that also seek to address year-round rentals should not include an asset cap.

Tiered Programs

Some governments tiered their deed restriction programs, so that there was a “light” version with minimal restrictions and a “heavy” version with greater restrictions. For instance, Eagle County, CO has a light “Resident-Occupied” deed restriction program that does not include an appreciation cap, but where future buyers must be approved by the program administrator though the administrator does not facilitate resale. In contrast, the same program’s heavy, “price-capped deed restriction” has a set resale price appreciation cap between 0-3% simple interest annually, and where the program administrator facilitates resale, a 2% brokerage fee applies to resales. Resale price caps are the most frequent difference between light and heavy deed restrictions, although tiered programs may also differentiate the two based on income limits or occupancy/employment requirements.

Point of Intervention

Programs can choose when to purchase deed restrictions at different points in the sale cycle. Most programs focus on deeds restricting existing homes, and this research is largely focused on those programs. However, one program researched (McCall, ID) used year-round deed restrictions as a part of the new development process. Members of the Cape Cod real estate industry interviewed expressed interest in exploring year-round deed restrictions as part of the development ecosystem.

- **Existing Homes**

- **At Sale:** Limiting deed restriction purchases to the point of sale is a common approach. Here, a local government typically partners with a homebuyer to purchase the home, essentially becoming downpayment assistance in exchange for the deed restriction.
- **Any Time:** *Not* limiting deed restriction purchases to the point of sale opens the program to existing homeowners who may wish to participate. In this case, the program essentially cashes out existing home equity in exchange for the deed restriction.
- **New Development:** Programs can choose to intervene before homes are built, though this type of deed restriction program was only found in McCall, ID. In this program, the local government provided cash and/or in-kind infrastructure investment (building sewer line connections to new homes) in exchange for the year-round deed restriction. This program acts as a small part of the developer's capital stack and participation can signal to the local permitting board the developer's good faith participation in building community-focused projects.

Deed Restriction Price

One major consideration for policymakers is the price assigned to the deed restriction—that is, how much the government will pay for each individual deed restriction. This price will impact the number of restrictions that can be purchased, the number and type of program participants, and the administrative capacity needed to run the program. Deed restriction prices are determined as a flat percentage of home value, a flat dollar amount, or as a negotiated price for each deal.

- **Flat Percentage of Value:** Many programs offer a deed restriction for a flat percentage of the home value.
 - When a program writes deed restrictions at the point of sale, this can be straightforward: a percentage of the sale price. These programs may want to specify the percentage can be calculated on sale price or

appraised value, whichever is lower. Incorporating appraised value ensures that there is no incentive to artificially bid up the sale price. (This was not identified as a risk by program administrators, but some programs did include the option to use appraised value.)

- When a program writes deed restrictions at any time (and therefore there is not necessarily a current sale price), the deed restriction price should be calculated from an appraised value.
 - A flat percentage should be paired with a maximum incentive price. For example, Summit County, Colorado's deed restriction program pays 16% of the home value, up to \$150,000.
- **Flat Dollar Amount:** One program (McCall, ID) offers a flat dollar amount (\$10,000) for its deed restriction. This program is different from many others, in that it is focused on new development. A similar approach could be used, though, for existing homes. Offering a flat dollar amount could ease program administration for deed restriction purchases and is very easy to understand for potential participants. A flat dollar amount (especially a small dollar amount) could also help policymakers "test the waters" for a new deed restriction market, providing context on market size and price discovery.
 - **Negotiated Pricing:** Some programs negotiate the price of each deed restriction with the property owner or homebuyer. Negotiation can help a program mitigate the risk associated with any given home. For instance, the Vail INDEED program will negotiate prices with reference to comparable home sales and the physical condition of a home. Other communities have flexible policy preferences for deed restrictions in certain geographical areas, which they express through price negotiations. All negotiation necessarily adds more administrative burden on program administrators and potential participants.

Resale Formulas

- **Indirect resale caps:** Most year-round deed restriction programs do not directly limit the home price growth and do not include a resale price

formula. Instead, by limiting who can occupy the property, the programs assume resale prices will be naturally limited by local wage growth.

- This allows more flexibility for program participants, since they can sell their deed-restricted home at any price the market will bear. However, because the impact of the deed restriction on price is unknown for any given unit, sellers may overprice or underprice their home, resulting in trouble finding a buyer or losing out on home value.
 - Most deed restriction programs are too new to have a significant number of resales, so the effect is unknown.
 - Anecdotal evidence suggests participants may initially overestimate the potential resale price.
 - Existing program administrators say that education for program participants and local real estate professionals is required to mitigate resale difficulties.
- **Direct resale cap options:** Should Cape Cod policymakers want to limit resale growth directly, this can be achieved by resale methods typical of other housing deed restriction programs.
 - The simplest method is setting a flat annual price growth rate on the price at restriction. This is the only resale formula method currently observed for year-round deed restriction programs. For example, a program could place a maximum 3% annual increase in price, calculated using simple interest on the purchase price. Flat annual price growth is the simplest resale formula to administer, but may change the attainability of the home over time.
 - Other methods include
 - Pinning price growth to wages (the percentage increase in observed wages, measured by the ES-202 unemployment insurance data);

- Pinning price growth to incomes (the percentage increase in Area Median Income);
 - Pinning price growth to inflation (the percentage in the Consumer Price Index); and
 - Limiting price growth to a percentage of appraised value (i.e., make appraisals at purchase and then at sale, and limit resale to 25% of appraised value growth).
- Formulas pinned to outside metrics differ in their policy impacts. For instance, wage-pinned resale formulas will preserve attainability, while inflation-pinned formulas may decrease the attainability of the home considerably, since inflation (and especially housing inflation) tends to be greater than wage growth.
 - Pinned formulas are also more difficult for participants to understand and calculate.
 - Appraisal-based formulas are the most expensive to administer and may also decrease the attainability of a home.
 - All resale price cap methods will need to make allowances for capital improvements to be incorporated into the base price to ensure property upgrades are not disincentivized and so that the price cap does not unreasonably restrict use of the property.

Program Administration

Marketing

The first step in administering the program is marketing the opportunity to potential participants. Some existing program administrators noted that word of mouth was the most important marketing tool, regardless of participant type. However, the initial marketing push must be intentional, in order to reach the first participants. Existing programs did not identify any extraordinary marketing campaigns or paid media. Rather, the program was marketed through other levels of government, existing housing nonprofits, real estate professionals, chambers of commerce and other business bodies, and similar channels.

Participant Education

Once potential participants are interested in the program, the next step is to educate them about the program mechanics. Existing program administrators identified a need to educate on core concepts (deeds, deed restrictions, grants vs. loans, mortgages and subordination, household income, assets, etc.) along with the specifics of the program (eligibility, monitoring and enforcement, resale formulas, etc.). One program required potential participants to take a class on the program before moving forward with participation.

A corollary to participant education is education for real estate professionals. While agents and brokers will be familiar with core housing concepts, they may be less familiar with deed restrictions, monitoring, and resale formulas. Conducting education workshops at real estate professional gatherings can help prevent confusion down the line.

Eligibility Screening

Potential participants will need to be screened for eligibility. This process will vary by the type of participant (i.e., owner-occupant homebuyer vs. existing homeowner vs. landlord vs. employer). Programs targeting more than one type of participant should create separate processes. Particularly for owner-occupant homebuyers, participants should be pre-screened before a home is identified, to ensure they can move quickly and confidently in the housing market.

Dealmaking

Once participants are deemed eligible, program administrators can move forward with making deals. This process will vary by the type of participant and the process for valuing the deed restriction. For example, if a program targets owner-occupant homebuyers, participants are pre-qualified, and the deed restriction value is set by a flat percentage, then the deal can be made once the participant finds a home to purchase, makes a bid on the home, and submits documentation about the purchase to the program administrator. (Examples of purchase documentation include a purchase and sale agreement, mortgage loan prequalification, and proof of title insurance.) Programs that have negotiated prices (such as Vail InDEED) will

require more research and back-and-forth, including finding comparable sales, running appraisals and/or physical inspections ordered by the program administrator, proposing prices and seeking approval for those prices, etc.

Monitoring and Enforcement

Deed restrictions require ongoing monitoring to ensure compliance. Programs typically pursue annual certifications, which includes attestations by the property owners and/or current occupants. Program administrators may supplement attestations with investigations into short-term rental registrations and advertisements, tax filings, postal delivery, and other means. Enforcement typically takes the form of fines, often amounting to several hundred dollars per day the restriction is violated.

Regionalism

Though deed restriction programs are often managed and funded by a single unit of government, most of these programs have some level of regionalism built into program design. For instance, many municipal deed restriction programs do not limit occupants to working within those municipal boundaries, instead opting for more expansive school district boundaries, county boundaries, or some other more general area. A smaller set of local programs will fund deed restrictions for properties located outside local municipal boundaries (instead limited by county or regional lines). The Town of Breckinridge, CO, for instance, will purchase deed restrictions through its sub-region (the Upper Blue Basin). Some programs will also split costs with other nearby programs or programs serving overlapping areas, like Summit County, CO's relationship with some local programs within that county.

Funding

Programs were largely funded by a mix of general fund appropriations, rooms excise taxes, sales taxes, and real estate transfer fees. Overall, funding for these deed restriction programs was markedly less political than housing funding debates in Massachusetts. For instance, Avon, CO's Mi Casa program was piloted in 2020, then funding was increased to \$1.3m in 2022, and continues at \$600,000 in 2025.

The program was funded through their Community Housing Fund, which draws funding from their rooms excise tax analog and a real estate transfer fee.

Program Review Summary Tables

Community	State	Name	Per-unit investment	% Value	Participant Max AMI	Tiered	Resale Price Cap	Appreciation method	Regionalism	Funding Source	Notes
Nantucket	MA	Year-Round Housing Pilot			240%	N	-	-		Affordable Housing Trust (including funds from a 2023 property tax override for year-round housing)	This is a pilot program launched in 2025.
Vail	CO	InDEED	\$72,339 (average)	15-20%	-	N	-	-	Y - Workers can work anywhere in Eagle County	Town General Fund	
Summit County	CO	Housing Helps		10 -15 %	N	N	-	N	-	Summit Combined Housing Authority's 5A fund (a dedicated sales tax)	
Breckinridge	CO	Housing Helps	\$133,000 (in 2024)	15% for Light (no price cap), 25-30% for Heavy (price capped)	N	Y - light restriction (15%) and heavy restriction (25-30%)	Sometimes	3% for Heavy Restrictions	Y - Workers can work anywhere in Summit County	Summit Combined Housing Authority's 5A fund + town general fund	

Community	State	Name	Per-unit investment	% Value	Participant Max AMI	Tiered	Resale Price Cap	Appreciation method	Regionalism	Funding Source	Notes
Frisco	CO	Housing Helps		10-15%	N	-	-	-	Y - Workers could work anywhere in the Ten Mile Basin	Summit Combined Housing Authority's 5A fund	Program suspended due to funding constraints
Gunnison Valley	CO	Good Deed		10 -15 %	N	Y	Sometimes	2% for price capped		Gunnison Valley Regional Housing Authority (GVRHA) 2.5% Short term rental tax	
Mountain Village	CO	YES	max \$200,000	15-18%	N	N	-		Y- Occupant can work anywhere in School District		
Truckee	CA	Housing Assistance Program (THAP)	max \$150,000	max 16%	245%				Y- Occupant can work anywhere in School District	Measure K, a Transient Occupancy Tax (TOT)	
East Placer County	CA	Workforce Preservation Program	max \$150,000	max 16%		N	-	-	Y- Occupant can work anywhere in School District	GF and TOT funds	

Community	State	Name	Per-unit investment	% Value	Participant Max AMI	Tiered	Resale Price Cap	Appreciation method	Regionalism	Funding Source	Notes
Placer County (county-wide)	CA	Workforce Preservation Program	max \$150,000	max 16%	120%	N	-	-	Y- Countywide program	Initially funded through development impact fees. Revenues were lower than projected and the program was discontinued.	Must not have owned a home in the last 12 months. Must work within 20 miles of property.
McCall County	ID	Local Housing Incentive Program	\$10,000-20,000		100%			3% or CPI-based calculation		General funds, development fees, utility hookup fees, building permit fees, receipts from city-owned property	City offsets development costs (building fee waivers or public infrastructure cost offsets, e.g., for sidewalks and city water connections)
Big Sky	MT	Good Deed	max \$200,000	20% max	N	N	-			In 2022: ~\$1.3m (\$800,000 resort tax, \$500,000 from a local fund that mixes private foundation money and resort tax funds)	
San Miguel County	CO	Deed Restriction Programs			250%				Y - applies in four-county region		Several variants since 1990
Avon	CO	iMi Casa!	max \$100,000	8-12%	N	N	-		Y - occupant can work anywhere in the county	In 2022: \$1.3m from Community Housing Fund. Reduced to \$600,000 in 2025. Community Housing fund draws from a short-term rental tax and real estate transfer fee	

Community	State	Name	Per-unit investment	% Value	Participant Max AMI	Tiered	Resale Price Cap	Appreciation method	Regionalism	Funding Source	Notes
Charlevoix County	MI	Housing North Deed Restriction Program	<\$10,000		N	N	-	-	Nonprofit works in 10-County Lakeshore region, but the deed restriction program is focused on City of Charlevoix	One small philanthropic donation from a local foundation, otherwise deed restrictions donated from the property owners	The program was initiated and run by a private housing nonprofit. Growth is limited due to lack of direct funders.
Eagle County	CO	Good Deeds	max \$62,500 for year-round occupancy, max \$187,500 for year-round occupancy and a resale price cap	5% for resident-occupant, 15% for price capped	140% for resale of price-capped units	Y - Resident-Occupant and Price Capped	Sometimes	0-3% Annual Simple Interest for Price Capped	Y (Workers can work in other counties for homes located in some parts of Eagle Co)		

Case Studies

Vail InDEED (Vail, CO)

Overview:

Vail InDEED is a deed restriction program focused on preserving affordable year-round housing in a seasonal resort community with high real estate costs and demand. Their deed restrictions started at 15%, and are now a maximum of 20% of the property's assessed value.

Program Design

- **Deed Restrictions:** Vail's deed restrictions require year-round occupancy by a local resident, defined as employment for at least 30 hours per week within Eagle County. The program targets a gap in affordability programs for a higher range of incomes from 120% up to 200% AMI.
- **Funding:** The program is funded through the Town's general fund and capital improvement fund (\$2.5M) and a new portion of the sales tax (\$5M per year). While the program cost is high, the per-unit cost of deed restrictions is still lower than building new housing.
- **Target Audience:** The program has seen success in targeting first-time homebuyers (as a form of downpayment assistance) but existing owners have also benefited from the program. Employers have also participated by purchasing housing and deed restricting it to lease to their employees.
- **Flexible Design:** The deed restrictions allow for some flexibility by not including an appreciation cap. Looking forward, one future strategy the program is considering is moving into offering low interest mortgages and/or partnering with Habitat for Humanity.
- **Longevity:** The Vail InDeed program is one of the original programs of its kind in the country and a real model for wider adoption of similar programs and policies. Their robust funding base has created significant long-term results that other programs look to. Still, the Vail program has slowed down

substantially since its initial launch and uptake due to overall high real estate prices and increasing costs of maintenance, HOAs, and insurance.

Challenges and Insights

- **Market Conditions:** High real estate prices have made it difficult to expand the Vail InDEED program. Program administrators have pivoted more of their housing funding to new development, which is now having disproportionately more impact.
- **Carrying Costs:** Vail InDEED lowers the purchase price of a home, but the overall costs of ownership are increasingly making housing unattainable. The impact of deferred maintenance, rising HOA costs, and nationally skyrocketing insurance costs can make deed restricted homes unaffordable to year-round occupants. Given the impacts of carrying costs, investment in new housing can be more impactful.

Truckee Home Access Program (Truckee, CA)

Overview

Since 2022, the Truckee Home Access Program (THAP) has addressed rising second-home ownership and increasing housing demand from the tourist economy of the region around Lake Tahoe. The program prioritizes housing preservation for year-round occupancy through deed restrictions. Truckee also has an annual incentive program of the Lease to Locals/Rooted Renters model.

Program Design

- **Deed Restrictions:** THAP offers incentives of 16% of a home's appraised value in exchange for a 55-year deed restriction, up to a maximum of \$150,000. The restriction requires resale to buyers who meet local work requirements. Homes must be priced under \$937,500 (i.e., \$150,000 maximum restriction price / 16% maximum restriction value), and household assets cannot exceed 30% of the home's value. Additional program eligibility requirements include an income cap at 245% AMI (or approximately \$305,000 for a family of four). These broader income restrictions include families and households not typically eligible for traditional affordability programs. Renting a deed-restricted home is permitted for long-term tenants

as long as the household still meets eligibility requirements. THAP for local business also offers local business owners with three or more employees deed restrictions to employers who purchase multifamily properties to be used as workforce housing with no purchase price cap.

- **Target Audience:** The program has been promoted to local government agencies, hospitals, and town employees as ideal participants. Most deed restriction buy-downs have been for early- to mid-career buyers, and although the deed restriction can be conceived as a type of downpayment assistance, the THAP program in particular is not limited to first-time homeowners.
- **Funding:** The deed restriction program is funded through a 2% increase in the town's transient occupancy tax on hotels and short-term rentals (now 12%) generating enough revenue for roughly 10-15 deed restrictions annually.
- **Administration:** The town of Truckee does its own monitoring and administration of the program, including verifying occupancy. Program administrators are employed by the town and underwrite and manage deed restrictions. Their light annual monitoring consists of verifying occupancy, not income. The program's work requirements allow for hours to be averaged over the year to accommodate seasonal workers.

Challenges and Insights:

- **Unique Market Conditions:** THAP highlights both the promise and complexity of deed restriction buy-down programs in the year-round housing market. The high AMI cap reflects Truckee's unique housing market as a high-end seasonal resort community, but raises questions about the distribution of limited resources and its relationship to traditional affordability programs.
- **Community and Real Estate Professional Education:** Realtors often lack familiarity with deed restrictions, creating friction at the point of sale. Realtors and loan officers play a critical role in the execution of these programs, though knowledge gaps around deed restrictions remain. Despite these hurdles, demand remains steady, and early results suggest owners will

retain these properties long-term. The program's flexibility, layering with other down payment assistance or adapting for business owners, offers lessons for other seasonal resort communities nationally.

- **Asset Cap:** Program administrators find that the asset cap (30% of the home's value) prevents participation by very high-wealth individuals.

Housing North (Charlevoix, MI):

Overview

Northwest Michigan's 10-county region, anchored by lakeshore resort communities, faces acute workforce housing shortages due to seasonal demand and limited year-round supply. Housing North, a nonprofit intermediary, has piloted small-scale deed restriction efforts and provided technical assistance to local governments through its Housing Ready program. The approach blends deed restrictions, local tax tools, and state advocacy to preserve homes for full-time residents.

Program Design

- **Deed Restrictions:** This program employs one-time payments to owners in exchange for permanent year-round occupancy restrictions. Payments are relatively modest, at \$13,000 for three apartments in the first deal, compared to much higher incentives in other programs nationally. These deed restrictions require occupancy at least 10 months per year, with compliance verified through affidavits and annual checks. The state offers four new housing tools and developers who use those tools are then required to build year-round housing as well.
- **Funding and the Nonprofit Model:** Funding is a primary challenge of the program, which remains one reason for relatively low incentive amounts. Housing North receives small donations from individuals, local Downtown Development Authority grants tied to mixed-use redevelopment, and continues to advocate for a state-level revolving loan fund. Municipalities in Northwest Michigan have been reluctant to hold restrictions directly, so nonprofits are expected to take on monitoring and administration of such programs in the region.

- **Additional Advocacy Work:** Technical assistance, zoning reform advocacy (including use of the National Zoning Atlas), and higher tax rates for second home owners (homestead vs. non-homestead rates) such as in Charlevoix, are key additional components of Housing North's work.

Challenges and Insights

- **Funding Limitations:** Despite strong local interest, scaling has been slow: only six deed restrictions have been secured to date. Realtors often discourage owners from pursuing restrictions due to concerns over their impact on resale value, and without a dedicated funding base, offers remain too small to compete with seasonal demand.
- **Need for a Bigger Toolbox:** For maximum impact, deed restrictions must be paired with additional housing tools including zoning reform, and need a reliable state funding source to see greater uptake.

Massachusetts Legal Context

Year-round deed restrictions are an emerging tool for seasonal communities across the US. Their use in Massachusetts is still novel, and their legal basis there is evolving.

In 2024, Massachusetts passed the [Affordable Homes Act](#), which created a “Seasonal Communities” designation for municipalities, which impacts year-round deed restriction programs. Barnstable County communities with 35% or more of their housing stock used as seasonal housing were initially eligible for designation. EOHLC, in reviewing seasonal housing stocks, ultimately designated all Cape Cod towns as Seasonal Communities, although towns still need to accept the designation and not all have done so. Among other rights and duties, Seasonal Communities may acquire year-round deed restrictions and create a trust fund for supporting year-round housing. Cape Cod communities that have not accepted the Seasonal Communities designation may be able to acquire private deed restrictions that are similar to statutory year-round deed restrictions, but the extent of this ability is unknown.

Most year-round deed restriction programs found nationally limit occupancy to those working in the community. In order to avoid discrimination by age, familial status, or disability, these restrictions must also make eligible retirees and people with disabilities. For those later classes, in order to avoid wealthy people retiring into a seasonal community and taking advantage of the program, retirees and people with disabilities are typically required to have lived in the target community before. Such residency requirements are largely frowned upon under Massachusetts law, as some communities historically used residency requirements to exclude racial minorities and others. Housing units eligible for a town’s Subsidized Housing Inventory and any housing subsidized by the state have a strictly limited local preference framework. Workplace location restrictions are also expressly prohibited for those units. Any state-assisted units with year-round deed restrictions will need to comply with these requirements and limit restrictions to occupancy only.

There is potentially a fair housing case for work-location-restricting year-round deed restrictions. In the communities where they have been implemented, they are attempts to prevent displacement and recurring housing insecurity, which disproportionately impacts households of color, immigrant households, and families. A neutral policy that does not account for workplace location may in fact exacerbate fair housing concerns. So far, there have been no fair housing challenges to workplace-location restrictions in year-round deed restriction programs at a national level. For its part, Nantucket's pilot year-round housing program includes workplace location provisions and allows eligibility for existing residents who are active in civic life and cultural activities, as well as people with disabilities.

Deed Restriction Price Analysis

As noted above, the price of a deed restriction paid by the program to a property owner can be set by a number of methods: flat dollar amount, flat percent of value, and negotiated pricing. Each of these methods is valid and carries administrative trade-offs. Regardless of which method a program chooses, administrators should be informed about the gap between what households can afford and the existing housing market. The gap between what typical households can afford and the market price of housing can be the first step in setting a deed restriction price. This section of the memo addresses that gap.

Typical Household Incomes

The analysis looked to define the income of a typical household, looking at both typical workers and percentages of the federally-defined area median income (AMI). Both the earnings and AMI approaches to estimating affordability have pros and cons. Using earnings can better align programs with the needs of local workers, while AMI is the standard approach for housing programs.

Table 1: Area Median Income by Household Size

	Household Size					
AMI %	1 person	2 people	3 people	4 people	5 people	6 people
30%	\$28,700	\$32,800	\$36,900	\$41,000	\$44,300	\$47,600
50%	\$47,850	\$54,700	\$61,550	\$68,350	\$73,850	\$79,300
60%	\$57,420	\$65,640	\$73,860	\$82,020	\$88,620	\$95,160
80%	\$74,800	\$85,450	\$96,150	\$106,800	\$115,350	\$123,900
100%	\$95,700	\$109,400	\$123,100	\$136,700	\$147,700	\$158,600
120%	\$114,840	\$131,280	\$147,720	\$164,040	\$177,240	\$190,320
150%	\$143,550	\$164,100	\$184,650	\$205,050	\$221,550	\$237,900
200%	\$191,400	\$218,800	\$246,200	\$273,400	\$295,400	\$317,200

Source: HUD and Outwith Studio Calculations

AMI percentages are then transformed from household size to bedroom count. This transformation is borrowed from the rent-setting process in Low-Income Housing Tax Credit Projects.

Table 2: Area Median Income Percentage by Bedroom Count

Bedroom Size†	Studio	1bed	2bed	3bed	4bed
30%	\$28,700	\$30,750	\$36,900	\$42,650	\$47,600
50%	\$47,850	\$51,275	\$61,550	\$71,100	\$79,300
60%	\$57,420	\$61,530	\$73,860	\$85,320	\$95,160
80%	\$74,800	\$80,125	\$96,150	\$111,075	\$123,900
100%	\$95,700	\$102,550	\$123,100	\$142,200	\$158,600
120%	\$114,840	\$123,060	\$147,720	\$170,640	\$190,320
150%	\$143,550	\$153,825	\$184,650	\$213,300	\$237,900
200%	\$191,400	\$205,100	\$246,200	\$284,400	\$317,200

† AMI-based incomes typically vary by household size. Calculations for units by bedroom count assume 1.5 household members of any earner status per bedroom

Next, average weekly wages for Barnstable County are drawn from ES-202 reports issued by EOLWD. The 2024 average weekly wages are extrapolated to annual figures and multiplied to estimate average earnings for multi-earner households. The AMI household size and multi-earner approaches are not directly comparable, as AMI is given as a function of household size, which includes non-earners. This analysis brings the two methods into conversation for illustrative purposes.

Table 3: Average Annual Wages by Earner Count

Earner count	1.0	1.5	2.0	2.5	3.0
Income (earner count * avg. weekly earnings)	\$64,688	\$97,032	\$129,376	\$161,720	\$194,064

Source: Mass EOLWD, ES-202, 2024 Annual Data for Barnstable County; Outwith Studio Calculations

To broadly compare the two income-estimate methods: a household with two average earners earns roughly \$129,000, which is between 80% and 100% AMI for a four-person household and between 80% and 100% AMI for the assumed household size of a three-bedroom home.

Maximum Affordable Housing Costs

Housing is often considered “affordable” when it costs 30% or less of a given household’s income. Using this standard, the analysis backs into maximum monthly housing costs for various households (using bedroom count for the AMI-based income approach and earner count for the earnings-based income approach).

Table 4: Maximum Monthly Housing Costs by AMI

	Bedroom Count (for AMI-based Estimates)	Studio	1-bed	2-bed	3-bed	4-bed
	AMI Approach	30%	\$718	\$769	\$923	\$1,066
50%		\$1,196	\$1,282	\$1,539	\$1,778	\$1,983
60%		\$1,436	\$1,538	\$1,847	\$2,133	\$2,379
80%		\$1,870	\$2,003	\$2,404	\$2,777	\$3,098
100%		\$2,393	\$2,564	\$3,078	\$3,555	\$3,965
120%		\$2,871	\$3,077	\$3,693	\$4,266	\$4,758
150%		\$3,589	\$3,846	\$4,616	\$5,333	\$5,948
200%		\$4,785	\$5,128	\$6,155	\$7,110	\$7,930
Earnings Approach	Earner Count	1-earner	1-earner	1.5-earner	2-earner	2.5-earner
	Average Earner Household	\$1,617	\$2,426	\$3,234	\$4,043	\$4,852

Source: HUD; EOLWD, ES-202, 2024 Annual Data for Barnstable County; Outwith Studio Calculations

Maximum Home Price

From maximum monthly owner costs, the analysis then estimated a maximum home price for each income category by estimating non-mortgage costs, identifying maximum costs left over for the mortgage, and using mortgage term assumptions to estimate home price.

Homeowners’ insurance costs were assumed to be \$4,000 annually, based on researchers’ spot quotes in August 2025. This elides over significant variation that exists across the Cape for insurance policies, but is workable for the scale of this analysis.

Taxes were estimated using Cape-wide assumptions. This also elides over significant variation from town-to-town in base rates and exemptions, but is workable for the scale of this analysis. This analysis assumes a 6.00% property tax on each \$1,000 of assessed value, with an exemption of 27% of the assessed value (based on the average exemption size for the seven Cape Cod towns that have adopted residential exemptions as of this writing). Assessed values are estimated as the Zillow Home Value Index (ZHVI) for each geography and bedroom count. Depending on the overall property value and the specific assessors' office, the ZHVI may diverge from both the market value and the assessed value of a home. For the scale of this analysis, however, ZHVI is a workable estimate.

Table 5: Property Tax and Insurance Assumptions

Tax rate per \$1000	\$6.00
Residential Exemption	27%
Insurance / year	\$4,000

Utility cost assumptions were drawn from Housing Assistance Corporation's Section 8 Utility allowances for single-family homes in 2025.¹ Notably, this analysis does not include costs for wastewater disposal, but does include costs for water.

¹ <https://www.mass.gov/info-details/2025-regional-section-8-utility-allowances#housing-assistance-corporation-hac>

Table 6: Utility Cost Assumptions

Utility Category	Studio	1-bed	2-bed	3-bed	4-bed	5-bed
Heating	\$111	\$130	\$152	\$173	\$194	\$215
Cooking	\$9	\$11	\$16	\$21	\$26	\$31
Electric	\$82	\$96	\$134	\$171	\$209	\$247
AC	\$8	\$10	\$22	\$34	\$46	\$58
Water Heating	\$24	\$34	\$41	\$59	\$65	\$78
Water	\$60	\$63	\$78	\$103	\$127	\$152
Sewer	\$0	\$0	\$0	\$0	\$0	\$0
Trash	\$20	\$20	\$20	\$20	\$20	\$20
Refrigerator	\$55	\$55	\$55	\$55	\$55	\$55
Total Utilities	\$370	\$419	\$518	\$635	\$742	\$855

Source: HAC Section 8 Utility Allowances

This analysis **did not include HOA or condominium fee assumptions in estimating maximum attainable home price**. Any home subject to those fees would need to be less expensive to remain attainable for each income category.

Participant mortgages were assumed to be typical 30-year fixed rate mortgages with low downpayments (5%) and private mortgage insurance (PMI). The interest rate was assumed to be 6.25%, based on rate spot checks performed by the research team. PMI was assumed to be 1.5%. As one might expect, the mortgage rate significantly impacted the maximum attainable home price calculations given below.

Table 7: Mortgage Cost Assumptions

Mortgage Rate	6.25%
Downpayment	5%
PMI	1.00%

Source: Outwith Studio Calculations

Using all of the assumptions given above, this analysis estimated the maximum home price for year-round residents. This analysis was first performed using the

estimated household incomes from earnings data (ES-202), and repeated for each of the percent AMI thresholds.

Table 8: Maximum Home Price, Earnings-based

Bedroom Count	1-bed	2-bed	3-bed	4-bed
Earner Count	1.0	1.5	2.0	2.5
Max. Monthly Costs	-\$1,617	-\$2,426	-\$3,234	-\$4,852
Insurance + Taxes + Utilities	-\$898	-\$1,059	-\$1,251	-\$1,460
Remaining for Mortgage + PMI	-\$719	-\$1,366	-\$1,983	-\$3,392
Estimated Principal	\$117,000	\$222,000	\$322,000	\$550,000
Max Home Price	\$123,000	\$234,000	\$339,000	\$579,000

Source: Outwith Studio Calculations

Table 9: Maximum Attainable Home Price Calculation by Income (rounded)

AMI Approach†	Bedroom Count	1-bed	2-bed	3-bed	4-bed
	30%*	-\$22,000	-\$23,000	-\$32,000	-\$46,000
	50%	\$66,000	\$82,000	\$90,000	\$89,000
	60%	\$109,000	\$134,000	\$151,000	\$157,000
	80%	\$189,000	\$230,000	\$261,000	\$280,000
	100%	\$285,000	\$345,000	\$394,000	\$428,000
	120%	\$372,000	\$450,000	\$515,000	\$563,000
	150%	\$504,000	\$608,000	\$697,000	\$767,000
	200%	\$723,000	\$870,000	\$1,001,000	\$1,105,000
Earnings Approach	Bedroom Count	1-bed	2-bed	3-bed	4-bed
	Earner Count	1 earner	1.5-earner	2-earner	2.5-earner
	Average Earners	\$123,000	\$233,000	\$339,000	\$579,000

Source: Outwith Studio Calculations

* Negative values indicate that a home would be unaffordable at any price for a household in this income bracket, given lending and utility assumptions, because the carrying costs of ownership exceed their maximum housing costs.

† AMI-based incomes typically vary by household size. Calculations for units by bedroom count assume 1.5 household members of any earner status per bedroom.

The maximum attainable home price varied significantly by assumed interest rates. For a household with two average earners, each half-percent increase in the interest rate led to a decrease in attainable home price of \$12,000–\$18,000.

Table 10: Interest Rate Sensitivity Analysis for Maximum Home Price (Three-Bedroom) by Income (rounded)

% AMI / Earnings	4.0%	4.5%	5.0%	5.5%	6.0%	6.5%	7.0%
30% AMI	-\$41,000	-\$38,000	-\$36,000	-\$34,000	-\$32,000	-\$31,000	-\$29,000
50% AMI	\$116,000	\$109,000	\$103,000	\$98,000	\$92,000	\$88,000	\$83,000
60% AMI	\$194,000	\$183,000	\$173,000	\$163,000	\$155,000	\$147,000	\$139,000
80% AMI	\$336,000	\$317,000	\$299,000	\$283,000	\$268,000	\$254,000	\$241,000
100% AMI	\$508,000	\$478,000	\$451,000	\$427,000	\$404,000	\$383,000	\$364,000
120% AMI	\$664,000	\$626,000	\$591,000	\$559,000	\$529,000	\$502,000	\$477,000
150% AMI	\$899,000	\$847,000	\$800,000	\$756,000	\$716,000	\$679,000	\$645,000
200% AMI	\$1,291,000	\$1,216,000	\$1,148,000	\$1,085,000	\$1,028,000	\$975,000	\$926,000
2 Average Earners	\$437,000	\$412,000	\$389,000	\$367,000	\$348,000	\$330,000	\$314,000

Source: Outwith Studio Calculations

Market Values

The analysis then assessed housing prices in the market. The research team prefers to use the Zillow Home Value Index (ZHVI), which applies trends in recent home sales to the whole of the local housing stock and estimates the average resale value for homes in the middle of the value range. ZHVI tries to overcome recency bias in the types of homes that are sold. For comparison purposes, this analysis also reviewed recent arms-length transaction data collected on PropertyRadar.com. Despite methodological differences, ZHVI figures are roughly comparable to the recent median sales prices by bedroom count. This is especially true for one- to three-bedroom homes.

Table 11: Home Value Estimate Comparison

Estimation Method	Bedroom Count			
	1	2	3	4
Zillow Home Value Index	\$398,000	\$571,000	\$773,000	\$1,054,000
Recent Sale Price, Average	\$555,000	\$630,000	\$933,000	\$1,362,000
Recent Sale Price, Median	\$425,000	\$549,000	\$745,000	\$960,000
Recent Sale Price, 33rd Percentile	\$310,000	\$470,000	\$640,000	\$750,000

Source: Zillow Home Value Index, July 31, 2025; Property Radar sale data for August 2024–July 2025; Outwith Studio Calculations

Affordability Gap

The gap between the maximum affordable home price and the market price is one way to estimate the maximum value of a deed restriction. A year-round deed restriction limits the value of a home to a price affordable to year-round residents, who can be assumed to have less income than buyers in the general market.

Across nearly all income and bedroom combinations up to 120% Area Median Income, there was a gap of at least \$100,000 (and sometimes several hundreds of thousands) between what households can affordably/attainably pay and what is available on the market. For a household with average earnings for Barnstable County, the median gap across bedroom sizes was \$386,000 (58%). According to this analysis, households earning more than 150% AMI are generally able to afford the typically priced one- or two-bedroom home, but not homes with three or more bedrooms.

Table 12: Affordability/Attainability Gap by Income by Bedroom (rounded)*

AMI Approach†	Bedroom Count	1-bed	2-bed	3-bed	4-bed	Average	Median
	30% AMI	-\$420,000	-\$594,000	-\$805,000	-\$1,100,000	-\$729,750	-\$699,500
	50% AMI	-\$332,000	-\$489,000	-\$683,000	-\$965,000	-\$617,250	-\$586,000
	60% AMI	-\$289,000	-\$437,000	-\$622,000	-\$897,000	-\$561,250	-\$529,500
	80% AMI	-\$209,000	-\$341,000	-\$512,000	-\$774,000	-\$459,000	-\$426,500
	100% AMI	-\$113,000	-\$226,000	-\$379,000	-\$626,000	-\$336,000	-\$302,500
	120% AMI	-\$26,000	-\$121,000	-\$258,000	-\$491,000	-\$224,000	-\$189,500
	150% AMI	\$106,000	\$37,000	-\$76,000	-\$287,000	-\$55,000	-\$19,500
	200% AMI	\$325,000	\$299,000	\$228,000	\$51,000	\$225,750	\$263,500
Earnings Approach	Bedroom Count	1-bed	2-bed	3-bed	4-bed	Average	Median
	Earner Count	1-earner	1.5-earner	2-earner	2.5-earner	Average	Median
	Average Earners	-\$275,000	-\$338,000	-\$434,000	-\$475,000	-\$380,500	-\$386,000

* **Negative values** indicate maximum attainable prices that are **less** than market prices.

Positive values indicate maximum attainable prices that are **greater** than market prices.

† AMI-based incomes typically vary by household size. Calculations for units by bedroom count assume 1.5 household members of any earner status per bedroom.

Source: Outwith Studio Calculations

Table 13: Affordability/Attainability Gap by Income by Bedroom (rounded), given as a percentage of the market price*

AMI Approach†	Bedroom Count	1-bed	2-bed	3-bed	4-bed	Average	Median
	30% AMI	-106%	-104%	-104%	-104%	-105%	-104%
	50% AMI	-83%	-86%	-88%	-92%	-87%	-87%
	60% AMI	-73%	-77%	-80%	-85%	-79%	-78%
	80% AMI	-53%	-60%	-66%	-73%	-63%	-63%
	100% AMI	-28%	-40%	-49%	-59%	-44%	-44%
	120% AMI	-7%	-21%	-33%	-47%	-27%	-27%
	150% AMI	27%	6%	-10%	-27%	-1%	-2%
	200% AMI	82%	52%	29%	5%	42%	41%
Earnings Approach	Bedroom Count	1-bed	2-bed	3-bed	4-bed	Average	Median
	Earners Count	1-earner	1.5-earner	2-earner	2.5-earner	Average	Median
	Average Earners	-69%	-59%	-56%	-45%	-57%	-58%

* **Negative values** indicate gaps where maximum attainable prices are **less** than market prices.

Positive values indicate gaps where maximum attainable prices are **greater** than market prices.

† AMI-based incomes typically vary by household size. Calculations for units by bedroom count assume 1.5 household members of any earner status per bedroom.

Source: Outwith Studio Calculations

Affordability Gap by Municipality

Though Cape Cod is one regional housing market, there are significant variations across subregional, local, and hyperlocal submarkets. This analysis here repeated its analysis of the gap between what a household can reasonably pay and market prices, breaking out wages² and home prices³ by town.

The analysis, shown in Table 14, demonstrates a range of home attainability gaps across the Cape. At the low-end is Bourne, with a 41% gap (~\$284,000) between what a household of two Bourne earners can pay and the typical cost of a three-bedroom home in the town. At the high-end is Provincetown, with an 89% gap (~\$1.62 million) between what a household of two Provincetown earners can pay and the typical cost of a three-bedroom in town. Provincetown, Chatham, Orleans, and Wellfleet have gaps of greater than 70%. Barnstable, Bourne, Falmouth, and Yarmouth each have gaps less than the Cape-wide gap.

This analysis is limited. Households can have many permutations of number of earners and number of bedrooms. Earners may not all make average wages, and home prices vary considerably. With some combinations, the attainability gap disappears. For two-earner households seeking one-bedroom homes, for instance, there is no gap in many towns. For earner-bedroom permutations more typical of families (earners and larger bedroom counts), the gaps intensify. Despite these limitations, this cut into town-based analysis demonstrates the geographic variability of the affordability gaps. Towns would need to make very different scales of investment in deed restriction programs if they were to base deed restriction prices purely on the affordability gap of typical worker households and typical home prices.

² The team continues its use of ES-202 wages.

³ For home prices, this portion of the analysis continues to use ZHVI for consistency. For all towns but Sandwich and Harwich, ZHVI geographies are the same as town boundaries. There are three Sandwich geographies on Zillow: "East Sandwich," "Forestdale," and "Sandwich," the last of which includes the western and southern parts of the town and totally includes Forestdale. This analysis uses a simple average of the Sandwich and East Sandwich ZHVI figures to create a town ZHVI. There are also three Harwich geographies on Zillow: "Harwich Port," "West Harwich," and "Harwich," the last of which includes the northeast and central parts of the town. This analysis uses a simple average of all three Harwich ZHVI figures to create a town ZHVI.

Table 14: Home Attainability Gap by Town (3-bed home, 2-average-earner household)

	Average Weekly Wages	Annual Wage Est.	2-Earner Household Income	Max housing costs /yr	Max housing costs /mo	3-bed utilities /mo	3-bed taxes (based on ZHVI) /mo	Insurance /mo	Remaining for Mortgage + PMI	Max Loan Principal*	Max Home Value*	ZHVI 3-bed**	3-bed gap \$	3-bed gap %
Barnstable	\$1,319	\$68,588	\$137,176	\$41,153	\$3,429	-\$635	-\$258	-\$333	\$2,203	\$357,000	\$376,000	\$707,000	-\$331,000	-47%
Bourne	\$1,333	\$69,316	\$138,632	\$41,590	\$3,466	-\$635	-\$244	-\$333	\$2,253	\$366,000	\$385,000	\$669,000	-\$284,000	-42%
Brewster	\$1,118	\$58,136	\$116,272	\$34,882	\$2,907	-\$635	-\$311	-\$333	\$1,627	\$264,000	\$278,000	\$852,000	-\$574,000	-67%
Chatham	\$1,166	\$60,632	\$121,264	\$36,379	\$3,032	-\$635	-\$441	-\$333	\$1,622	\$263,000	\$277,000	\$1,209,000	-\$932,000	-77%
Dennis	\$1,095	\$56,940	\$113,880	\$34,164	\$2,847	-\$635	-\$261	-\$333	\$1,618	\$263,000	\$277,000	\$714,000	-\$437,000	-61%
Eastham	\$1,151	\$59,852	\$119,704	\$35,911	\$2,993	-\$635	-\$307	-\$333	\$1,717	\$279,000	\$294,000	\$840,000	-\$546,000	-65%
Falmouth	\$1,353	\$70,356	\$140,712	\$42,214	\$3,518	-\$635	-\$295	-\$333	\$2,254	\$366,000	\$385,000	\$809,000	-\$424,000	-52%
Harwich	\$1,183	\$61,516	\$123,032	\$36,910	\$3,076	-\$635	-\$324	-\$333	\$1,783	\$289,000	\$304,000	\$887,333	-\$583,333	-66%
Mashpee	\$1,079	\$56,108	\$112,216	\$33,665	\$2,805	-\$635	-\$300	-\$333	\$1,536	\$249,000	\$262,000	\$823,000	-\$561,000	-68%
Orleans	\$1,155	\$60,060	\$120,120	\$36,036	\$3,003	-\$635	-\$395	-\$333	\$1,639	\$266,000	\$280,000	\$1,083,000	-\$803,000	-74%
Provincetown	\$1,100	\$57,200	\$114,400	\$34,320	\$2,860	-\$635	-\$668	-\$333	\$1,223	\$199,000	\$209,000	\$1,830,000	-\$1,621,000	-89%
Sandwich	\$1,169	\$60,788	\$121,576	\$36,473	\$3,039	-\$635	-\$276	-\$333	\$1,794	\$291,000	\$306,000	\$757,500	-\$451,500	-60%
Truro	\$1,340	\$69,680	\$139,360	\$41,808	\$3,484	-\$635	-\$427	-\$333	\$2,089	\$339,000	\$357,000	\$1,169,000	-\$812,000	-69%
Wellfleet	\$1,157	\$60,164	\$120,328	\$36,098	\$3,008	-\$635	-\$361	-\$333	\$1,678	\$272,000	\$286,000	\$989,000	-\$703,000	-71%
Yarmouth	\$1,196	\$62,192	\$124,384	\$37,315	\$3,110	-\$635	-\$241	-\$333	\$1,900	\$308,000	\$324,000	\$659,000	-\$335,000	-51%
Cape-Wide	\$1,244	\$64,688	\$129,376	\$38,813	\$3,234	-\$635	-\$282	-\$333	\$1,983	\$322,000	\$339,000	\$773,000	-\$434,000	-56%

* Rounded to the nearest \$1,000

** The Zillow Home Value Index is the estimated average value of all homes in the 33rd to 67th percentile, based on value growth of sold properties generalized to all homes. The ZHVI for Sandwich is the numerically averaged ZHVI for Zillow's "Sandwich" and "East Sandwich" geographies. This average excludes their "Forestdale" geography, since that is a subset of their "Sandwich" geography. The ZHVI for Harwich is the numerically averaged ZHVI for Zillow's "Harwich," "West Harwich," and "Harwich Port" geographies.

Deed Restriction Price Discussion

There is a vast gap between market prices and the prices Cape Cod's residents can afford. There is a 21% affordability gap (\$121,000) for households earning 120% of AMI in a two-bedroom home; that gap increases to 33% (\$258,000) for a three-bedroom home. The gaps are even larger when looking at the average earners working on Cape Cod. Housing affordability makes it challenging for many Cape Cod workers to live in the region. They therefore aren't counted in Barnstable County's Area Median Income (AMI), likely making the region's AMI greater than it would be if the whole Cape community (including workers) were counted. Whether looking at typical Cape Cod resident households or typical Cape Cod worker households, closing these affordability gaps would cost hundreds of thousands of dollars per unit.

Applying this analysis to deed restriction prices is not straightforward. The percentage of value paid for a deed restriction tends to be lower than what a pure gap-closing approach would yield. Most of the programs this research reviewed priced deed restrictions at 10–20% of home value. At the low end, Eagle County, CO pays only 5% of value for a deed restriction that is not income-restricted. At the high-end, Breckenridge, CO pays 25–30% for a price-capped deed restriction with no income requirements. These programs also typically have maximum deed restriction prices of \$150,000–\$200,000. The communities with year-round deed restriction programs are similar in many ways to Cape Cod, so how can they provide deed restrictions priced beneath what a gap analysis might imply is needed to close the gap?

Two straightforward answers are apparent in the qualitative analysis:

- a) Market structure matters. Year-round deed restriction programs are not looking at the median home in an area, but rather a less expensive home. For instance, the average home participating in Truckee, CA's year-round deed restriction program is roughly half the price of the median home price in town.
- b) These programs are small and marginal (in the context of the wider housing market). There are enough buyers and sellers in the market that a small

subset of transactions will work in a deed-restriction program. The reasons for this are illegible when looking at typical prices alone, and may have to do with the particular buyer and seller's motivations, access to capital, etc. A corollary to this is that at any (reasonable) deed restriction price point, a program is likely to find participants and is therefore more limited by its funding than by interested participants.

Given this context, the research team **does not** recommend directly tying deed restriction prices to observed gaps between maximum affordable home prices and typical market-rate home values. Instead, we recommend pricing restrictions as a flat percent of value with a relatively low maximum deed restriction price. This structure will allow flexible pricing at the low-end of the market while not over-spending on restrictions.

Deed Restriction Program Design

This research recommends that implementers set up a pilot deed restriction program. The pilot proposes a year-round deed restriction open to households earning less than 150% Area Median Income, with at least one household member who (a) works in Barnstable County, (b) is an active community member, or (c) is unable to work or who does not have a work history due to qualifying for disability as defined by the Americans with Disabilities Act (ADA). The recommended deed restriction price is 16% of the home value with a cap at \$125,000.

Pilot Status

This research encourages communities to implement pilot deed restriction programs to better understand local demand, community interest, and the nuances of execution. The pilot will give local programs a chance to experiment and then iterate on its findings.

Unit of Government

This proposed program is implementable directly by municipal government, as well as Year-Round Housing Trusts enabled through the Affordable Homes Act. Should a group of legally designated Seasonal Communities pursue the creation of a Regional Trust, this proposed program should be implemented there. Ongoing program administration is preferable by a regional trust, as this would reduce administrative costs in the long-term and enable easier monitoring of deed restrictions. Up-front costs associated with starting a Regional Trust may be too burdensome for this proposed pilot, unless one of the constituent communities in a Regional Trust would be otherwise unable to participate.

Beyond public administration, a deed restriction program could be managed by a third-party. Acquiring and holding deed restrictions is common practice for community development organizations and some housing nonprofits already working on the Cape. The program could also be administered by a community land trust, such as the Cape Cod Housing Trust (CCHT), researched by the Cape Cod Commission in 2025. Community land trusts are private nonprofit organizations

designed to hold land in perpetuity, and a year-round housing deed restriction program could be one aspect of that work. Since the CCHT research and recommendation process, private individuals have continued discussions about starting a community land trust. Those exploring a year-round deed restriction program may wish to join those discussions. Working with a nonprofit (whether a community land trust or existing organization) may make philanthropic funding for deed restrictions easier to raise.

Target Participants

At the earliest stages, year-round deed restriction programs should have expansive program goals, targeting new and existing year-round owner-occupants and year-round renters. The pilot program should be focused on acquisition of existing homes, rather than subsidizing new development. Targeted participants should include homebuyers, existing homeowners, employers seeking housing for employees, and real estate investors (landlords). New programs should use a pilot period to better understand which types of participants are showing the most interest in participation and assess the relative complexity of working with each type of participant. After the pilot, administrators should assess if programs should be more targeted, and if so, how to adjust program design and policies.

Occupancy Restrictions

Full-time residency

Programs should require the home to be the occupant's primary residence for at least 10 months of a 12 month period. This mirrors EOHLC's year-round occupancy restrictions in its draft Seasonal Communities regulations (760 CMR 76).

Work location and alternatives

Residents of deed restricted housing should meet one of the following criteria:

- At least one member of the household works at a business(es) or organization(s) located within Barnstable County, as long as the sum of that work is at least on average 30 hours per week and that work constitutes 75% or more of their earnings annually;

- At least one member of the household has been offered employment in a job that would meet the criteria given above;
- At least one member of the household is active on a local government board or committee within Barnstable County, volunteers with a Cape Cod nonprofit or community-based organization, or otherwise participates in Cape Cod's civic and cultural life, with such participation attested to by others;
- Does not work and/or has no work history due to a disability.

Under the Affordable Homes Act and related proposed Seasonal Communities regulations, legally designated Seasonal Communities are open to preferencing essential public employees. That category includes “teachers at public institutions, public works employees, public safety employees, publicly employed first responders, town administrators, and other employees essential for municipal operations.”⁴ Legally designated Seasonal Communities should pursue this preference in any year-round deed restriction program in addition to the above requirements.

These work restrictions and alternatives should be considered at the time of application. For renter-occupants, these restrictions should be considered for each lease with new tenants or at a regular interval (e.g., annually) at the discretion of implementers. For owner-occupants, these restrictions should be monitored reactively at the discretion of implementers or at a regular interval (e.g., annually). Implementers need to balance monitoring and enforcement on the one hand with administrative burden and flexibility around life changes on the other. Work location requirements should not result in undue evictions or otherwise exacerbate housing instability.

Tenure

Programs should not include tenure restrictions on year-round deed restrictions.

⁴ EOHLC, Seasonal Communities Draft Regulations

Short-term rentals

As is standard practice in year-round deed restriction programs, any Cape Cod deed restriction programs should place blanket ban on use of a restricted property as a short-term rental, vacation home, or any tenancy less than 10 months.

Occupant incomes

Programs should place a maximum household income restriction on deed restricted properties. This research suggests an income restriction at 150% Area Median Income for most communities on the Cape. This recommendation is loosely based on the observed gaps between maximum affordable home prices by income and typical home values on the Cape. Gaps were observed up to 150% AMI, with the most significant and pervasive gaps at 120% AMI and below. Though there are anecdotal reports of households with 200% AMI incomes having difficulty finding homes, market data suggests that these reports may be marginal or limited to the highest cost Cape towns. Communities that have housing costs greater than the Cape-wide average may want to raise the income restriction to 200% AMI.

Occupant assets

Asset caps are not recommended for program participants, given the recommendation of allowing renter-occupied housing. If a program were to limit its target audience to owner-occupants, asset caps equaling the maximum deed restriction price would be recommended.

Deed Restriction Price

This research recommends setting the deed restriction price at 16% of the home value with a maximum deed restriction price of \$125,000. This would support purchases up to \$781,250, which slightly exceeds the typical home value of \$754,000. This is both a reasonable starting point for pricing restrictions, and as home values increase, the program will target a lower segment of the housing market. This is an ideal setup for automatically adjusting to market changes. Should prices go down, subsidies will be capped by 16%, so the program will not overpay.

Point of Intervention

The goals of this proposed program (at least at the pilot stage) are to support homebuyers of existing homes and existing homeowners. Therefore, the program should be able to intervene at any time, including at sale.

Logistically, this implies two processes for vetting program participants: one process for people who are buying a property and another for people who already own a property. People who are buying a property will need to coordinate their application to the deed restriction program with both the seller and mortgage lender. People who already own a property will not need the same level of coordination (though they will need to coordinate with their mortgage lender, if applicable). Those who already own their home will need to have it appraised, whereas the mortgage lender may already require an appraisal in the case of a sale.

Tiering

At least initially, programs should not be tiered, in order to reduce confusion with initial messaging and administration.

Resale Price Formulas

This research does not recommend limiting resale price under the restrictions. On their own, year-round occupancy restrictions create a “natural” price restriction by creating a secondary market or submarket just for year-round residents. Furthermore, resale restrictions add administrative burden to implementers in terms of education and monitoring. Implementers should pilot a deed restriction program without resale price formulas and adjust the program in response to observed resale issues.

Funding

Funding will be the critical challenge for implementation of this pilot. The target income restrictions recommended by this program are greater than what is allowed by existing affordable housing programs (and those programs are also limited in

capacity and already set for low- and moderate-income housing). Looking beyond the Cape, existing deed restriction programs are typically funded through analogs to the rooms excise and short-term rental community impact fee, general fund appropriations, local sales taxes, or real estate transfer fees. Philanthropic funds are also used for deed restriction programs, though these are typically managed by private nonprofit organizations. Working with a third-party nonprofit (either an existing nonprofit or a community land trust, should one be established), would ease the path to philanthropic fundraising.

This research recommends a General Fund appropriation as the most direct method to fund the proposed pilot. Presently, Cape Cod towns only have the power to appropriate their General Funds or direct their rooms excise and STR community impact fee receipts to this type of program. Other communities nationally have leaned on their General Fund to address the housing crisis, and Cape Cod towns will likely need to do the same. Upon successful completion of the pilot, towns could consider recurring funding sources, such as recurring appropriations into a Year-Round Housing Trust Fund (as enacted through the Affordable Homes Act's Seasonal Communities designation).

In theory, rooms tax receipts and STR community impact fees are the most promising for ongoing funding. Many of the western year-round deed restriction programs rely on a Transient Occupancy Tax, which covers hotels, STRs, and other lodging. In some cases, though, this tax is much larger than what can be set in Massachusetts, with at least one town charging 12% in its Transient Occupancy Tax. A small set of Cape Cod STRs are charged rates similar to this amount, when considering the combined rooms tax, STR community impact excise taxes, and Cape Cod and Islands Water Protection Fund fees. However, that is not broadly the case. Furthermore, most communities do not have automatic transfer of these receipts into dedicated housing funds, so their impact on housing can be minimal.

Community impact fee receipts are small (though growing). Only four communities have adopted the fee, and they raised a combined \$427,306 in FY2025. If all Cape Cod towns adopted the fee and devoted all those funds to a deed restriction program, that would constitute considerable funding. Alternatively, the Community

Impact Fee could be reformed to capture more STRs, to default to the fee getting collected and direct funding more explicitly.

Annual Subsidy Programs

Seasonal communities in the US have recently been seeking solutions specifically for the year-round rental market. To address the lack of rental supply, some communities have created annual subsidy programs to incentivize existing seasonal homes and short-term rentals to become year-round rental homes. These programs create temporary opportunities for year-round renter households, who face persistent housing insecurity and may lack the savings to afford a home purchase. Subsidy programs supplement other housing policies, including efforts to build or secure more affordable and attainable housing.

In order to frame research and program design for Cape Cod, this analysis reviewed the following annual subsidy programs:

- Provincetown Lease to Locals (MA)
- Eastham Lease to Locals (MA)
- Orleans Lease to Locals (MA)
- Nantucket Lease to Locals (MA)
- Chilmark Lease to Locals (MA)
- HAC Rent365 (MA)
- Eastern Placer County Lease to Locals (CA)
- Truckee Lease to Locals (CA)
- South Tahoe City Long-Term Rental Incentive (CA)
- Eagle County Lease to Locals (CO)
- Breckenridge/Summit County Lease to Locals (CO)
- Woodstock Rent to Locals (VT)

Many of these programs are specifically linked to a third-party program administrator called Placemate, which spearheaded the model in Truckee, CA and brought the model to communities nationwide. While this research respects the value of Placemate's contributions to program design and administration, the research does not presuppose that organization will be involved in future

programs, and we leave room for many potential directions in design and administration.

The research process included a review of program marketing materials, program guidelines, program applications, and reporting data. This documentary research was supplemented with interviews of past and present program administrators; local government officials; and STR operators, managers, and brokers. Findings from this research offer lessons for potential programs on Cape Cod, including program design parameters, trade-offs of design decisions, and administrative ease.

Program Parameters

Program goals

Annual subsidy programs look to provide opportunities for year-round renters by bringing existing non-year-round housing into the year-round rental market.

Programs may adopt supplemental goals, which would impact how their program is designed and administered. These goals may include:

- Provide stop-gap year-round rental supply while new permanent supply is being developed;
- Provide rental opportunities for local workers, including local government workers;
- Provide rental opportunities for low-income residents/workers;
- Utilize unused bedrooms in owner-occupied homes;
- Stabilize neighborhoods impacted by growth in the short-term rental market; and
- Bring occupants into otherwise vacant seasonal properties and second homes.

These supplemental goals may impact who qualifies for participation, how the program is marketed, and how it is funded. A community should first decide its goals, then adjust program parameters accordingly.

Qualifying Properties

- **Housing Type**
 - Many programs explicitly include single-family housing, multifamily housing, and accessory dwelling units as qualifying housing types, but most programs do not limit participation by the type of housing offered.
 - Some programs prohibit participation for units in larger multifamily buildings (e.g., buildings with more than 4 units), mobile homes within a mobile home park, and hotel/motel rooms.

- A small group of programs qualify leases of individual rooms within a home.
 - Programs typically include provisions that the home be a legally permitted dwelling unit with complete living facilities and meeting building and fire codes. This protects against inadvertently subsidizing illegal dwellings.
- **New long-term rental**
 - Most programs will only allow participation from properties without a long-term lease in the last 12 months. This means the program targets short-term rentals, seasonal housing, or previously owner-occupied units. Some programs specify that only housing units without long-term tenants in the last 12 months may participate, including tenants on month-to-month leases. This prevents subsidy of units already in the long-term market, though it may incentivize termination of month-to-month tenancies.
 - In some communities, existing long-term landlords have complained these provisions punish them for already participating in the long-term market. To address this concern, some communities have established related programs that incentivize *staying* in the long-term market, rewarding existing long-term landlords and landlords drawn into the long-term market by the annual subsidy program.
 - **Housing Location:** Typically, qualifying properties may only be located within the jurisdiction funding the program (e.g., within a given town).
 - **Ownership:** To qualify, properties must typically be held in fee title and the landlord applicant must be the owner or their legal representative.
 - **Subsidy limit:** Some programs place a limit on the number of subsidies a landlord can receive, regardless of their units' locations and the ownership structures. For example, Provincetown only allows owners to have a maximum of three qualifying units.

- **Maximum rents:**

- Most programs place limits on the amount of rent charged for a qualifying property.
- This is sometimes a simple cap, regardless of unit size (e.g., Eastern Placer County's program limits rents to \$3,500 per month, which is greater than market rent for most unit sizes).
- In other places, maximum rents are stated as a function of bedroom count and/or qualified tenants.
- Maximum rents are typically not inclusive of utilities.
- Some programs state that ongoing or unreasonable supplementary charges will be counted toward rent for the purpose of circumventing maximum rent restrictions. Participating properties that levy such charges may be barred from future payments and/or be required to repay initial payments.

Qualifying Households

- **Family exclusion:** Programs typically will not qualify immediate relatives by blood or marriage (i.e., parents, children, spouses, in-laws).
- **Qualifying tenants**
 - In addition to qualifying a household for program eligibility, some programs create a category called "qualified tenants," which can be used to determine maximum rents and subsidy amounts.
 - These qualified tenants may include all members of a household, only the adults meeting work location requirements (see below), or some mix of adults and children. In some cases, each child in a household counts as a qualified tenant, while in others all children in a household are counted as a single qualified tenant.
 - Using the qualified tenant category adds to program complexity and can increase administrative burden, but it can help ensure that

housing units with more bedrooms are used by appropriately sized households.

- **Work location**

- Many (but not all) programs require at least one (or some minimum portion) of adult household members to work within a defined program area. Work location requirements can be important for some programs' goals, such as providing rental opportunities for local workers. However, they increase administrative complexity, create fair housing concerns that must be addressed, and may detract from core goals of creating year-round rental opportunities.
- For programs with work requirements, household member(s) must work at a bona fide business or organization with headquarters or a location within the program area. Proof of work is typically shown through attestation from a local employer, pay stubs, or an offer letter for employment.
- Some programs allow self-employed workers, verifying that self-employment through business registration documents within a program area and some program-defined mix of tax returns, financial statements, and client contracts.
- For most programs, the defined program area for work location is a region/subregion that encompasses the unit of government funding the program. For example, if a town is funding the program, the eligible work area may include the county or a group of nearby towns.
- Work location restrictions are typically caveated, so that the eligible program participants include people not of working age or ability. These caveats are important to maintain equitable treatment, prevent discrimination, and uphold the fair housing obligations of government and property owners. These provisions are typically structured to create several types of eligible participants, such as households with one member working in the region for at least 30 hours per week, resident retirees, and resident people with disabilities. Some programs

will allow eligibility for adults who are active in the civic life of that community, as attested by community organizations or leaders, regardless of their work location. It should be noted that requiring non-working households to already be residents in the locality creates Fair Housing concerns of their own in Massachusetts, as the Commonwealth has long recognized the potential disparate impacts of local preference policies generally.

- Monitoring of work location restrictions is typically done at the lease-up stage.

- **Household income**

- Many annual subsidy programs include income restrictions for qualifying households, expressed as some percentage of Area Median Income (AMI, which is a federal formula for regional household income that is used in affordable housing programs).
- Because AMI is regional, local programs often vary income restrictions to their local, sub-regional needs.
- Income restrictions are typically set as an upper threshold (e.g., a household can earn no more than 150% AMI).

Tiered Programs

In most annual subsidy programs, leases are required to have a minimum 12-month rental period to qualify. Some programs though—especially those in the western US—are tiered by lease length. In these cases, there is one tier of subsidy for leases of at least five months and another tier for leases of at least 12 months. Payments for shorter leases are less than that for 12-month leases, and are scaled to the lease duration. Communities with a lack of “winter lease” opportunities or that want to increase seasonal worker housing may want to consider a tiered program. However, tiering can lead to increased program complexity and detract from the core goal of increasing year-round rental opportunities.

Subsidy Amount

The amount of subsidy paid by the program to a landlord can be determined in a number of ways. The subsidy should reduce or eliminate the difference between market rents in the year-round market and market rents in the short-term or seasonal market.

- **Bedroom count:** Some programs scale their subsidy to the number of bedrooms. This is a simple way to align the subsidy size with variations in market rents and reduce over-subsidy of small units and under-subsidy of larger units.
- **Qualified tenants:** In some cases, the subsidy scales by the number of qualified tenants, a category of tenant defined by each program. Typically, qualified tenants include tenants who work locally, seniors, people with disabilities, and one or each dependent child. This definition is used to incentivize households with local workers or community members, and disincentivize large households of remote workers with a single local worker. Regardless, the precise definition of a qualified tenant in these schemes becomes very important, as programs can come to favor certain household structures over others (worker roommates, small or large families, etc.).
- **Bedroom x Qualified tenants:** Some programs combine the bedroom count and qualified tenant methods of scaling subsidies. For instance, a studio rented to two qualified tenants may receive an \$8,000 subsidy, while a one-bedroom rented to two qualified tenants may receive a subsidy of \$10,000. Typically, the bedroom count part of this method is only meaningful in that it reduces subsidies given for studio apartments and/or private rooms and may only allow larger qualified tenant counts in larger units.

Program Administration

Marketing and education

Annual subsidy programs require marketing to potential year-round landlords. Word of mouth marketing was identified by some programs as the most effective marketing method. Local media spotlights, marketing in the STR registration

process, and public notices were also given as marketing methods. Both landlords and potential tenants require education on the program mechanics. Some programs noted that potential participants often confused these year-round rental subsidies with traditional rental subsidy programs or other affordable housing programs.

Qualification

Program administrators must qualify both the property and the potential tenants for their eligibility in the program, based on specific program criteria (e.g., property location, tenant income, tenant work location, gross rent, etc.). Qualification typically includes collecting ownership and income documentation, assessing that documentation, reviewing local administrative records, and reviewing lease agreements. Beyond documentary review, qualification involves interviews of the property owner and prospective tenant, and may also include physical inspection of the property.

Qualification for the program can occur before or after lease-up. Pre-qualification can help landlords and tenants match themselves. One third-party administrator pre-qualifies landlords and hosts an online listing platform for pre-qualified properties. On the other hand, the time spent pre-qualifying participants also risks being wasted if no matches are found. Many programs choose to qualify participants only after a match has been made and a proposed lease is on the table.

Payment schedule

Programs typically split the payment of subsidies over the course of a tenancy. After a year-round lease is signed, the landlord can apply for the subsidy (with qualification documents for the property and the tenant household). After a subsidy is awarded (still toward the beginning of a tenancy), the first half of a payment is given. The remainder of the subsidy is only paid out after the tenancy is completed.

Monitoring and enforcement

Because these are annual subsidies, monitoring typically only occurs at lease-up and lease-end, but it can also be complaint-driven. Agreements between the program administrator and landlord should include notice that payment can be withheld for non-compliance with program guidelines, including adding supplemental charges above maximum rents, improperly ending a tenancy, failing to maintain the property, or other violations.

Third-party administration

Many programs are funded by local or county governments but administered by a third-party entity. Communities may wish to work with third-party administrators if they lack internal staff capacity to run the program or seek the experience/efficiency of existing program administrators.

- This entity could be a for-profit or nonprofit organization. Typically the third-party administrators have experience running similar programs nationally or run housing programs already in their program area.
- The third-party administrator markets the program, recruits participating properties and households, accepts and reviews applications for participation, qualifies properties and tenant households (either before or after a lease contract is signed), provides monitoring and enforcement services, and pays subsidies to the landlords.
- Third-party administrators may prequalify properties and tenant households and provide a platform for listing properties.
- Third-party administrators are not party to the lease between landlords and tenants, typically do not provide extensive matchmaking services, and are not typically involved in dispute resolution or mediation between landlords and tenants.
- Some government units have initiated programs with a third-party administrator and later transitioned to an internally administered program. Others have ongoing relationships with third-party administrators.

Regionalism

Most annual subsidy programs include some regionalism in their design through local work requirements. That is, most programs use employment location as one qualifying factor for tenants, and they tend to accept employment locations within the region surrounding the program location. For instance, Chilmark, MA's Lease to Locals program allows qualified tenants to work anywhere in Dukes County (Martha's Vineyard).

Beyond these regional structures, there is already one example on Cape Cod of two local governments initiating a program together. Orleans and Eastham launched a joint Lease to Locals program in 2025. Each town appropriated funds into twin programs administered by a third party. These programs enable both the property location and work location to be in either Orleans or Eastham. The joint administration of the programs recognized the intertwined nature of their housing and labor markets, and it lowered costs of implementing the program for both towns compared to starting these programs independently.

Funding

Most programs are funded through general fund appropriations, taxes on lodging including hotels, motels, and short-term rentals (often called a Transient Occupancy Tax in the West, and functionally similar to the Rooms Excise Tax for Massachusetts towns), or local option sales taxes. Nantucket uses Affordable Housing Trust dollars for its program, drawing from a pool of General Fund appropriations, property tax overrides, and bond funding.

A handful of programs were partly funded by philanthropic donations. For example, the Tahoe-Truckee Community Foundation's Housing Solutions Fund was a seed funder for the initial subsidy program in Truckee, California. At a different stage of program development, the local foundation Remain Nantucket funded 18% of Nantucket's 2024 Lease to Locals budget. These examples show how philanthropic dollars can be used to start or expand a subsidy program. Across the studied programs, however, government funding played a much larger and program-sustaining role.

Tax Programs

Property tax abatement or exemption programs reduce the local property taxes owed for a given property, given characteristics of the occupants. These programs are common across Massachusetts for owner-occupants, reducing taxes for property owners who use their property as their primary residence. There are few similar programs for renter-occupied housing. In addition to a cash transfer subsidy program from year-round renters, Provincetown offers property tax abatements for all year-round housing. These different kinds of subsidy stack together, extending what either program could do on its own. Property tax abatements require less up-front funding, and therefore could be more politically salable. However, real estate taxes alone are not typically large enough to cover the difference between short-term and year-round rental incomes. In most cases, therefore, a tax program would need to be accompanied by a cash transfer program to be effective.

Year-Round Rental Retention Programs

Annual subsidy programs are typically structured to bring homes from the seasonal/short-term market into the long-term market. They are not usually structured to retain homes in the long-term market. One community found that participating properties “relapsed” into the short-term market after their participation in their program. Similarly, some communities have felt a need to retain long-term rental properties, whether or not they had participated in an annual subsidy program. One community noted a perverse incentive for long-term landlords to convert homes to short-term rentals in part to become eligible for long-term subsidies (though no cases of this were identified).

To address these concerns, communities have taken two approaches. The first is to allow multi-year participation in annual subsidy programs. Both Provincetown and Nantucket award subsidies after the first year of participation if a property remains in the year-round market. Subsidies after the first year are less than the initial subsidy in both cases. The second approach is to create a parallel program that awards year-round rental landlords subsidies without having to transition from seasonal/short-term to year-round. One administrator calls this type of program

“Rooted Renters.” Politically, these programs are seen as rewarding the year-round property owners that exist, some of whom may be community members, rather than speculative short-term landlords.

Participation Considerations

This research project conducted Interviews with local government officials, property owners, short-term rental operators, rental brokers, developers, third-party administrators, and nonprofit officials. These interviews touched on annual subsidy programs, and each party's interest in and concerns about those programs. The following themes emerged from those interviews and are worthy of discussion by potential implementers:

- Some interviewees were concerned with the scale of subsidy funding required considering its temporary nature. One former program administrator saw that three years of subsidy for one unit exceeded what their office might typically spend on a permanent affordable housing unit (either in purchasing a deed-restriction or as an equity partner in developing a new unit).
- STR property owners and STR property managers expressed that many STR owners were reluctant to rent long-term. There were fears that long-term tenants did more damage to a unit and that tenancy laws were too favorable to tenants, resulting in high non-payment risk. This is the inverse of fears many long-term landlords have about renting short-term. Existing annual subsidy operators noted that having local government or some third-party administrator to act as an intermediary or support for new year-round landlords eased these fears, even if the administrator wasn't party to the contract.
- Some real estate professionals noted that some seasonal home owners highly valued the one or two weeks they spent in their home during vacation season. They noted that even if those property owners did not like short-term renting or altruistically wanted to year-round rent their unit, they might be reluctant to give up that time in their vacation home.

Program Review Summary Tables

Community	Name	Min Subsidy	Max Subsidy	Multi-year?	Seasonal Option	Home Location	Work Location	Max Rent	Max Rent Calculation	Admin Org	Third Party?	Max AMI	Funding Source
Provincetown	Lease to Locals	\$4,000	\$20,000	Yes	No	Provincetown	Outer Cape	\$3,800	By Bedroom	Placemate	Yes	Max QT Income of \$131k	General Fund (GF)
Eastham	Lease to Locals	\$5,000	\$15,000	No	No	Eastham or Orleans	Eastham or Orleans	-	-	Placemate	Yes	250%	GF
Orleans	Lease to Locals	\$5,000	\$15,000	No	No	Eastham or Orleans	Eastham or Orleans	-	-	Placemate	Yes	250%	GF
Nantucket	Lease to Locals	\$4,500	\$27,000	Yes	No	Nantucket	Nantucket	\$4,000	By Bedroom	Placemate	Yes	175%	Affordable Housing Trust, Philanthropy
Chilmark	Lease to Locals	\$4,000	\$12,000	No	No	Chilmark	Dukes County	\$4,250	By Bedroom	Placemate	Yes	150%	Rooms Excise Tax
Cape Cod	Rent 365	\$4,000	\$10,000	Yes	No	Cape Cod	n/a	-	-	HAC	No	-	Cape Associates, Barnstable County EDC License Plate Grant Program

Community	Name	Min Subsidy	Max Subsidy	Multi-year?	Seasonal Option	Home Location	Work Location	Max Rent	Max Rent Calculation	Admin Org	Third Party?	Max AMI	Funding Source
Eastern Placer County	Lease to Locals	\$2,000	\$18,000	No (but with Rooted Renters)	Yes	East Placer Transit Tax District	Tahoe-Truckee USD	\$3,500	Flat	Placemate	Yes	-	Transient Occupancy Tax
Truckee	Lease to Locals	\$2,000	\$18,000	No	Yes	Truckee	Tahoe-Truckee USD	\$3,500	Flat	Placemate	Yes	Average income of adults not > 150% AMI	GF, Transient Occupancy Tax
South Tahoe City	LTR Incentive	\$2,000	\$4,500 per Qualified Tenant	No	Yes	South Lake Tahoe City	South Shore	\$3,500	Flat	City Gov't	No	125%	unknown
Eagle County	Lease to Locals	\$4,000	\$16,000	No	Yes	Eagle County	Multi-county region	\$3,400	By Bedroom	Placemate	Yes	-	GF
Summit County	Lease to Locals	\$4,000	\$18,000	No	Yes	Town	Summit County	\$1,000–\$1,500 / bedroom	By Bedroom	Placemate	Yes	-	GF
Woodstock	Rent to Locals	\$3,000	\$18,000	No	Yes	Woodstock	Sub-region	\$2,800	By Bedroom	Town Gov't	No	-	Local option sales tax

Economic Analysis

This section estimates the annual subsidy needed to draw homes into the year-round rental market. To do this, the research team estimates median income from year-round rentals, median income from short-term rentals, and uses the difference between the two as a starting point for potential subsidies.

Determining the proper subsidy level is not an exact science. Seasonally used homes (the kind a subsidy program would target) are extremely varied in their character, location, amenities, and use. Some are second homes used by families. Others are short-term rentals operated as a business. Still others are a mix of the two, that is, second homes used occasionally by owners and otherwise short-term rented to cover costs. This analysis does not attempt to account for all of the homes a program could target. Instead, it makes subjective estimates based on the central tendency of short-term rentals.

Year-Round Rental Income

This research uses data from Rentometer.com to estimate year-round market-rate rents. Rentometer uses a proprietary process for compiling contracted rents, and it provides summary statistics of contracted rents for a given geography, broken out by bedroom count. To ensure enough listings to give an accurate picture of the rental market, this research uses the past 24 months of listings compiled by Rentometer. This means the rental data is lagged, but the 24-month lookback window mitigates the impact of outlier listings found in other point-in-time data sources.⁵

⁵ Other sources include Zillow's point-in-time rental averages, but most towns on Cape Cod do not have enough active listings at one time to make the average meaningful. Zillow does not publish its Observed Rent Index (ZORI) for Cape Cod towns, nor is that index broken out by bedroom count. The Census Bureau's American Community Survey (ACS) rental data does include an estimate for all geographies, but this estimate notoriously does not align with observed asking rents and is therefore unhelpful.

Rentometer lists median year-round rents for August 2023–August 2025 ranging from roughly \$1,500 for a one-bedroom housing unit to roughly \$3,700 for a four-bedroom unit. To estimate likely revenues, monthly rent is multiplied by 12 months, and a vacancy allowance of 8.33% (one month) is applied. We then subtract 50% of the potential earnings for operating expenses. The “50% rule” for operating expenses is a conventional estimating practice for small and scatter-site real estate and is meant to be inclusive of real estate taxes, insurance, and routine maintenance. Through this calculation, this research estimates roughly \$7,500 in net operating income for a one-bedroom long-term rental, which increases up to \$18,400 for a four-bedroom. Net operating income does not include the cost of mortgage financing.

Table 15: Year-Round Rental Income Calculations

Rental Type	Statistic	Bedroom Count			
		1-bed	2-bed	3-bed	4-bed
Year-Round	Median Monthly Rent, Aug 2023–25	\$1,490	\$2,000	\$3,000	\$3,688
Year-Round	Potential Gross Income	\$17,880	\$24,000	\$36,000	\$44,256
Year-Round	Vacancy Cost	-\$1,490	-\$2,000	-\$3,000	-\$3,688
Year-Round	Expected Gross Income	\$16,390	\$22,000	\$33,000	\$40,568
Year-Round	Operating Expenses*	-\$8,940	-\$12,000	-\$18,000	-\$22,128
Year-Round	Net Operating Income	\$7,450	\$10,000	\$15,000	\$18,440

Source: [Rentometer.com](https://rentometer.com) 24-Month Lookback, August 2025; Outwith Studio Calculations

* Operating Expenses assumed to be 50% of gross revenue

Table 16: Median Year-Round Rents versus HUD Rent Limits

AMI	Rent limits (less estimated utilities) by % of Area Median Income					Rentometer.com Median Rents
	60%	80%	100%	120%	200%	
1-bed	\$1,123	\$1,501	\$1,993	\$2,427	\$5,470	\$1,490
2-bed	\$1,329	\$1,769	\$2,336	\$2,838	\$6,155	\$2,000
3-bed	\$1,533	\$2,035	\$2,676	\$3,246	\$6,835	\$3,000
4-bed	\$1,698	\$2,249	\$2,951	\$3,576	\$7,385	\$3,688

Source: MassHousing; Rentometer; Outwith Studio Calculations

One important comparison for program design is between year-round market rents and rent limits established for Massachusetts affordable housing programs. MassHousing’s 2025 Income and Rent Limit Calculations⁶ show that affordable rents for households at 80% of Area Median Income range from \$2,000 for one-bedrooms to \$3,100 for four-bedrooms. These rent limits are greater than estimated market rents for one- and two-bedroom units and less than that for three- and four-bedroom units. Because the Rentometer market rent data is lagged over the last 24 months, these figures are not fully comparable, but they do offer a useful window into the type of income limits that would be required for a subsidy program. Program implementers could hew closely to market rents and limit tenants to 100% of the AMI. Increasing the AMI limit for tenants would reduce the risk of unnecessary program exclusions.

Table 17: Market Rent Affordability Gap for 80% AMI Households

	1-bed	2-bed	3-bed	4-bed
Affordable Rent for 80% AMI	\$2,003	\$2,403	\$2,776	\$3,097
Market Rent	\$1,490	\$2,000	\$3,000	\$3,688
Affordability Gap	-\$513	-\$403	\$224	\$591

Source: MassHousing; Rentometer; Outwith Studio Calculations

⁶ <https://www.masshousing.com/-/media/Files/Developers/Income-Rent-Limits/2025/2025-HUD-Income-Rent-Limits.pdf>

Short-Term Rental Income

Short-term rental (STR) incomes are estimated using observed rental revenues from popular online short-term rental platforms. The data is drawn from [AirDNA.co](https://airdna.co), which uses a proprietary mix of scraped data from AirBNB and VRBO supplemented with data directly from some STR operators. Revenue estimates are not extrapolations of average STR nightly/weekly rates, but account for observed rates for nights booked. To estimate income, we subtract 60% of revenue for operating expenses. Greater operating expenses for STRs compared to long-term rentals are a result of supply provision, the owner’s payment of utilities and entertainment, and greater maintenance costs associated with higher turnover and transient tenants. These greater operating expenses were attested by owners and brokers of STRs on Cape Cod.

Table 18: Short-Term Rental Income Calculations

Rental Type	Statistic	Bedroom Count			
		1-bed	2-bed	3-bed	4-bed
Short-Term	Gross Revenue, 2024	\$36,201	\$49,149	\$63,711	\$87,112
Short-Term	Operating Expenses*	-\$21,720	-\$29,490	-\$38,226	-\$52,267
Short-Term	Net Operating Income	\$14,480	\$19,660	\$25,484	\$34,845

Source: AirDNA; Outwith Studio Calculations

* Operating Expenses assumed to be 60% of gross revenue

Subsidy Estimate

With estimates for year-round rental income and short-term rental income in place, we now estimate the subsidy needed to bridge the income gap. The difference between Cape Cod STR income and YRR income ranges from roughly \$9,000 for a one-bedroom to roughly \$20,000 for a four-bedroom. A subsidy of roughly these amounts would essentially close the economic gap between the two types of rentals.

Addressing Qualitative Needs

In discussions with STR operators and real estate professionals on Cape Cod, this research identified several issues beyond raw incomes that would limit

participation by seasonal housing owners. These included the perceived risks of renting to long-term tenants (stated as increased wear-and-tear, non-payment risk, and costs of an eviction), which are measurable but unlikely. Another concern is the desire by second homeowners to use their home directly for a week or two each vacation season. They are able to do this now while sometimes short-term renting the home, but this would not be an option if the home was rented year-round.

To address these concerns, this calculation proposes an incentive payment equivalent to the typical one-week short-term rental cost. This was calculated using the Average Daily Rental rate from [AirDNA.co](https://www.airdna.co) multiplied by 7. This payment could offset the cost of vacationing at a different Cape Cod home, or otherwise be used to buffer the perceived risks of long-term renting.

Table 19: Short-Term Rental Income Calculations

Calculation	Statistic	Bedroom Count			
		1-bed	2-bed	3-bed	4-bed
Subsidy	STR NOI	\$14,480	\$19,660	\$25,484	\$34,845
Subsidy	YRR NOI	\$7,450	\$10,000	\$15,000	\$18,440
Subsidy	STR NOI - YRR NOI	\$7,030	\$9,660	\$10,484	\$16,405
Subsidy	Conversion Incentive	\$2,300	\$2,900	\$3,800	\$5,500
Subsidy	Subsidy Needed	\$9,300	\$12,600	\$14,300	\$21,900
Subsidy	Rounded Subsidy	\$9,000	\$13,000	\$14,000	\$22,000

Source: Rentometer; AirDNA; Outwith Studio Calculations

Using this method, the estimated Cape-wide subsidy (rounded to the nearest \$1,000) would be \$9,000 for a one-bedroom, \$13,000 for two-bedroom, and \$14,000 for a three-bedroom housing unit. For a four-bedroom unit, the subsidy would jump to \$22,000.

Subsidy By Town

The Cape-wide estimates obscure variation between the Cape's submarkets. For instance, areas of the Upper Cape and Mid-Cape are (anecdotally) more amenable to year-round renters (due to rental supply, typical rents, or both) than areas of the Outer Cape. However, town-level or even subregional rental market data is difficult to make use of. There are so few year-round rentals in some places, that "typical" rents are based on just a single reported rental. Some towns have zero rental units appearing in typical market data sources, meaning typical rents must be imputed from other towns. Without viable town-level rental market data, this research cannot make estimates of local variations in subsidy size. Local implementers will need to consult local real estate professionals and property owners to understand the current asking year-round rental rates and the size of subsidy needed for the program to work. As a starting point for this conversation, Table 20 shows local variations in the short-term rental market. The short-term rental market will be different than the year-round rental market in most (if not all) towns, so these variations should not be translated into variations in subsidy size on their own.

Table 20: Short-Term Rental Premium by Town

Town	STR Revenue	STR Premium
Barnstable	\$56,361	-12%
Bourne	\$73,546	15%
Brewster	\$55,936	-12%
Chatham	\$78,893	24%
Dennis	\$54,141	-15%
Eastham	\$60,216	-5%
Falmouth	\$55,120	-13%
Harwich	\$55,288	-13%
Mashpee	\$57,761	-9%
Orleans	\$75,197	18%
Provincetown	\$58,870	-8%
Sandwich	\$58,698	-8%
Truro	\$83,894	32%
Wellfleet	\$74,163	16%
Yarmouth	\$56,003	-12%
Barnstable County (simple average)	\$63,711	-

Discussion

This section has compared income estimates for year-round and short-term rentals as a starting point for setting subsidy levels. In essence, this analysis asks: *“What would it take for the typical short-term rental operator to enter the year-round rental market?”* In doing so, we take the market on its own terms. This approach differs slightly from the framing of existing annual subsidy programs, which often value the subsidy based on the number of “Qualified Tenants” housed in a given unit. Another way to pose the question of subsidy levels could be *“What is it worth to attract and retain year-round residents?”* That question may be more aligned with the “Qualified Tenant” category imagined by existing programs. That question would also lead to its own kind of analysis. It may try to value broad economic impact, municipal fiscal impact, and civic impact to arrive at a subsidy. Perhaps that would lead to different results. Implementers in existing programs use the Qualified Tenant framework for subsidies to ensure the subsidy is maximally impactful (in terms of workers housed).

Regardless, the subsidies estimated in this section roughly align with the subsidies awarded in existing programs. Eastham and Orleans’ program offer a subsidy of \$10,000 for a two-bedroom unit with two qualified tenants, while Provincetown’s offers \$18,000 in that circumstance. This section estimates a two-bedroom subsidy would be \$13,000, which lays between the existing programs on the Cape.

It may also be true that these subsidy estimates are too large. They have been calculated mostly using median figures. It is not necessary for implementers to target the median seasonal property, as lower-value and marginal properties may be more likely to exit the short-term market. Implementers may find that a lower subsidy still attracts program participants.

Annual Subsidy Program Design

This research recommends that annual subsidy programs may be appropriate under certain circumstances, when adding to or preceding other housing policies. Annual subsidy programs are expensive and (by design) temporary. They are useful tools when anticipating more permanent additions to the year-round rental market. These programs are best stacked with other efforts, such as increasing affordable and attainable housing stock generally.

Pilot Status

This research encourages communities, if implementing annual subsidy programs, to do so on a pilot basis. This pilot status will help the community to better understand the local market, property owner interest/uptake, and the nuances of execution before committing to ongoing programs and appropriations.

Unit of Government

This proposed annual subsidy program should be implemented by a third party or a dedicated organization that runs such programs. Where possible, municipal governments should jointly agree to begin the programs and contract with the third party to minimize administrative costs.

Target Participants

On the tenants' side, annual subsidy programs should target the year-round rental market generally. This implies a relatively high allowable income for qualifying households, relatively permissive requirements for local work or civic contributions, and significant carve-outs for those who cannot work. As a pilot program progresses, communities can learn from the types of tenants participating, and address any gaps in later program stages.

Qualified Properties

Housing type

Programs should not limit participating properties by housing type. The need for housing type limitations is unclear, and (given the limited supply of non-single-family-housing) is unlikely to be a major concern. Units should be legally compliant and include complete living facilities (kitchen, bathroom, bedrooms).

Communities should consider whether leasing of individual rooms within an owner-occupied home should be allowed to participate. Such configurations usually require more administrative work for all parties, and may be better suited to more administratively intensive matchmaking services. Still, there could be value in providing this pathway to participation. This research recommends exploring room rental participation after an initial pilot phase.

New long-term rental

During the pilot phase, the program should only be open to new long-term rentals, i.e., those without a long-term (12+ months) lease in the last 12 months. This targets the program to short-term rentals, seasonal housing, and previously owner-occupied units. Subsequent phases can address how to incentivize tenant retention among program participants and the wider market, either through an extended annual subsidy program or corollary tenant retention program.

Housing Location

This research recommends that programs target properties regionally (across Barnstable County) or sub-regionally. Subregions may want to include physically or economically adjacent towns, rather than official subregions (like the Upper Cape and Outer Cape), to ensure there are not missed opportunities at border towns.

Ownership

To qualify, properties must typically be held in fee title and the landlord applicant must be the owner or their legal representative.

Subsidy limit

Programs should limit the number of subsidies a single landlord can receive, to reduce oversubscription by larger landlords, especially during the pilot phase. Owners should be limited to two participating units annually. Implementers should ensure this restriction is placed on owners, regardless of ownership structure, and not property managers (who may apply for the subsidy on behalf of owners).

Maximum rents

Programs should set maximum rents at or near the market rent for homes in their community. As general guidance, implementers should consider the following median rents, based on data from [Rentometer.com](https://rentometer.com) for the period of August 2023 to August 2025. **This proposed schedule should be reviewed and interrogated by implementers, with consultation from local tenants and real estate professionals.** Hyperlocal market conditions, changes in market rents over time, the composition of the rental stock, and the limitations of data in the currently (small) year-round rental market must be considered and used to adjust maximum rents. Furthermore, these programs should ensure other supplementary charges are treated as part of rent.

Table 21: Barnstable County Median Rents, August 2023–August 2025

Bedroom Count	Median year-round monthly rent (rounded)
1-bed	\$1,500
2-bed	\$2,000
3-bed	\$3,000
4-bed	\$3,700

Source: [Rentometer.com](https://rentometer.com) data

Qualified Households

Qualified households should be any household with at least one Qualified Tenant, excluding households that include the landlord's immediate relatives by blood or marriage from tenancy in subsidized properties.

Qualified Tenants

A Qualified Tenant should be any person who:

- Works (or is offered employment for) at least an average of 30 hours per week in a business or organization headquartered in Barnstable County or with a location in Barnstable County (excluding the Qualified Tenant's home office).
- Has a disability covered under the Americans with Disabilities Act or similar federal or Massachusetts disability laws
- Is a retired person who receives monthly Social Security benefits to an address in Barnstable County⁷
- Is a full-time, single parent or guardian of a child under the age of 4

All dependent children of any adult in a Qualified Household should be collectively counted as an additional Qualified Tenant.

Household income

Qualified households should have no more than 150% Area Median Income. Given the competitive nature of the year-round rental market on the Cape, "natural" market filtering of high-income households to high-value properties does not always occur. It is therefore important to place income limits on qualified

⁷ Existing subsidy programs do not put additional guidelines on residency for retired seniors. If an implementer wanted to prevent the program being used by people retiring onto the Cape, they could monitor work history prior to retirement (e.g., stating that retirees must have "worked an average of 30 hours or more per week at a business in Barnstable County, Massachusetts for at least 4 of the 8 years prior to retirement"). Alternatively, implementers could allow for receipt of retirement or disability benefits at an address in Barnstable County for at least two years. These are viable guardrails against abuse of the program, though they may create more administrative burden than is needed without evidence that such programs are being abused.

households to ensure housing goes to the most housing-insecure Cape renters. Median market rents on Cape Cod are affordable for households between roughly 80% and 120% AMI, depending on the bedroom count.

Lease Length

Annual subsidies should only be available for leases of at least 12 months. At the pilot stage, no tiering or seasonal leases should be eligible for participation. After the pilot stage, if implementers see value in expanding the program for winter leases or seasonal labor, that option should be explored.

Subsidy Structure and Amount

This research recommends piloting relatively low subsidy amounts to test market uptake before committing to large subsidy amounts. Based on qualitative input from interviewees and subsidy estimates from the economic analysis, this research proposes a subsidy structure based purely on Qualified Tenant during the pilot phase.⁸ **Leases should be subsidized by \$4,000 per qualified tenant, with a maximum of three qualified tenants (\$12,000) subsidized.**

Funding

Annual subsidy programs are notably expensive for their impact, given that they are by nature impermanent and their direct economic beneficiaries are mostly already wealthy (landlords and second homeowners). Existing programs on the Cape and beyond are typically funded through General Fund appropriations. Some programs (those run by nonprofits and some municipal programs) are funded through philanthropic dollars.

This research recommends a General Fund appropriation as the most direct method to fund the proposed pilot. Presently, Cape Cod towns only have the power to appropriate their General Funds or direct their rooms excise and STR

⁸ If a community decides to move forward with qualifying leasing on private rooms within owner-occupied homes, this should be amended to account for the distinction between private rooms and entire homes.

Community Impact Fee receipts to this type of program. Upon successful completion of the pilot, towns could consider recurring funding sources, such as appropriations into a Year-Round Housing Trust Fund (as enacted through the Affordable Homes Act's Seasonal Communities designation).

To draw an explicit connection between the annual year-round rental subsidy and the seasonal economy, communities could designate Rooms Excise Tax or STR Community Impact Fee receipts for the purpose of funding the program. (Presently, these receipts go into towns' General Fund, so this designation would be more important politically than legally.) Community Impact Fee receipts are small (though growing). Only four communities have adopted the fee, and they raised a combined \$427,306 in FY2025. While too small to fund large permanent projects, these small receipts may be useful in funding a small annual subsidy pilot.

Appendix: Interview

Themes

This research included interviews with a range of stakeholders, including local real estate brokers, property owners, short-term rental operators, builders, local housing professionals including town planning staff, and housing-related nonprofit staff to understand their perspectives, preferences, and concerns regarding various year-round housing incentive programs. These conversations covered a number of different incentive structures including deed-restriction purchases, annual subsidies to landlords, and zoning incentives; as well as various possible funding sources, structures for program administration, and opportunities for regional collaboration.

Funding and Resources

A high priority and consistent feedback regarding the viability of year-round incentive programs consists of how these programs are funded. Both deed restrictions and annual incentives require significant Town resources, both for the incentives themselves as well as for administrative costs including monitoring. Municipal staff emphasized that annual incentive programs like Lease to Locals (L2L) in particular require significant staffing and management resources. Some towns reported spending close to \$1 million in administrative costs in the first two years of such programs. Some participants indicated a preference for programs that have longer-term (even permanent) benefits like deed restrictions rather than incentives that need to be re-upped and programs that need to be heavily monitored on an annual basis, continually.

Additional considerations were raised regarding the perception or actuality that funding for such programs would compete with or diminish already limited resources currently dedicated to affordable housing programs. In practice, these priorities need to come from separate sources. Year-round housing programs that are not income restricted, for example, cannot be funded by Affordable Housing

Trust Funds that have AMI requirements. Most local housing initiatives are funded through municipal general funds or analogs to a rooms tax.

Program Design

Stakeholders expressed varied preferences regarding program structure. Many were interested in deed restriction programs, particularly those that last into perpetuity rather than expiring after a fixed term. Deed restriction buy-downs were seen as appealing to certain homeowner segments, especially those in the region who are “house rich but cash poor,” second-generation owners, or older residents looking to age in place but needing funds for maintenance, upgrades, or accessibility renovations. Some felt these restrictions would be most effective if applied at the point of purchase or in connection with sewerage and infrastructure grants.

Conversely, advocates for annual incentive programs, similar to the Lease-to-Locals model, appreciated annual subsidy programs’ flexibility, allowing owners to participate for only the length of term that makes sense for their personal and financial needs without signing on to a long-term commitment with implications for their investment’s marketability or resale value. Still others raised the possibility of less prevalent incentive structures including zoning incentives, citing the large-lot zoning requirements of certain towns as a huge barrier to building smaller, more affordable year-round units. This discussion of right-sized year-round housing units also included interest in pairing year-round incentives with existing ADU programs.

Target Participants

Conversations illuminated several groups who could be ideal participants in potential year-round housing incentive programs. These include new and aspiring homeowners who may view a deed restriction as a form of downpayment assistance, those who recently purchased the property either with the intention of occupying it themselves or leasing it out, who may not fully understand the costs of maintaining a property and may welcome additional income, as well as owners of multiple STRs who could be encouraged to convert one or more properties to a year-round rental if given the proper opportunity and education on the benefits of year-round renting. Elderly or retiring homeowners needing to leave their long-time

home and looking to ensure its continued benefit to their community were also identified as potential participants, especially those whose heirs do not intend to continue occupying the home. Some participants noted that if faced with a potential need to sell their investment, cash incentives could help certain owners retain the property through challenging financial circumstances while converting to year-round use. Business owners were another group identified, as they have immediate needs and clear incentives to secure adequate housing for their employees.

Monitoring and Compliance

Monitoring and compliance emerged as a consistent challenge. Municipal representatives noted that tracking affordability restrictions and ensuring long-term compliance has historically been inconsistent. Some towns have recently contracted with regional organizations to manage monitoring but would like a more robust and coordinated system. The existing systems for monitoring the more ad-hoc (not utilizing major host platforms like AirBnB and VRBO) short term rentals are perceived by some to be insufficient, suggesting that more robust monitoring would increase associated fees and potential tax revenues for Towns, in turn improving viability of incentive programs. There is also a perception that one-time deed restrictions have a lower administrative burden than smaller annual incentives.

Housing Stock and Market Conditions

Much of the existing housing stock in the region is either too high-end/luxury to be a financially viable conversion to year-round for owners or requires significant maintenance and investment to be made suitable for year-round living, such as winterizing older homes or upgrading septic systems. In places where the existing housing stock is primarily of the higher-end of the market, new construction buy-downs may be more viable as they can be more tailored to creating the type of housing necessary to retain thriving year-round communities. It is also worth noting that short term rentals are a significant part of the regional economy, given the relatively limited extent of hotels on the Cape and the high tourist demand that remains a strong economic driver. The gap between STR income and potential year-round rental income is often significant, estimated at \$14,000 - \$15,000 annually in

some Towns. This means that incentive amounts for annual programs subsidizing landlords costs to operate year-round rentals may need to be quite high to make participation attractive. There is a perception, among some, that market dynamics are changing currently, and while current STR demand remains high, some owners are struggling with occupancy or costs and may be more open to alternative structures.

Community Support and Local Politics

Continued education and campaigning is necessary to make the benefits of prioritizing year-round housing evident throughout the region. There is a perception that programs are less broadly appealing if they appear to benefit a small number of individual households or residents rather than a larger population of community members. Tying the need for year-round housing to the ability to staff schools, hospitals, and other essential services appears to be an effective strategy to garner community support for such programs. STR regulations remain a polarizing political issue locally, and focusing on the positive impacts of increasing year-round housing stock rather than framing programs as penalizing STR owners is likely to be a more successful strategy.

Attitudes Towards Year-Round Renting

There is a need to assuage fears regarding year-round rentals among owners. Particularly, the perception of year-round renters as causing more wear and tear to a property and the perceived difficulty of evicting problematic tenants in Massachusetts, were common reservations for renting year-round. While these perceptions can be addressed with substantial education campaigning surrounding the relative personal and communal benefits of year-round tenancy, the income differential between peak season rental rates and year-round leases is more challenging to overcome. Some owners stated that peak season rates for a week rental are equivalent to about a month in the year-round market, and that they could make the same total rent in three to four months as a STR than they could on a full annual lease.

Workforce and Business Partnerships

Providing year-round housing to adequately meet municipal and local workforce needs is of high priority to municipalities and other regional stakeholders. Some towns are separately working to provide housing for seasonal workers, and would like to expand year-round municipal housing. Housing for public employees including teachers and first responders is essential to the local economy, and many employers may be willing and able to partner on providing units for these essential staff. Potential models include public-private partnerships where businesses buy property or master-lease housing and towns provide affordability restrictions and/or tax incentives. More consideration must be given to how these arrangements interact and comply with fair housing laws.

Regional Collaboration

Greater regional collaboration between towns and municipalities provides a strong opportunity for lowering program costs and increasing efficiency in administration and monitoring. While there is of course differentiation and variety between various towns and even submarkets that can make shared goals and priorities challenging, there appears to be strong desire and opportunity for sharing certain resources and staffing. Municipal representatives expressed interest in longer-term regional housing trust models to share costs and personnel.