

TRURO HOUSING AUTHORITY

TOWN OF TRURO AFFORDABLE HOUSING PLAN

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Funding support from the Cape Cod Commission's Technical Assistance Program (TAP) and Town of Truro's Community Preservation Fund

February, 2007

TOWN OF TRURO

AFFORDABLE HOUSING PLAN

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PREFACE

Glossary of Housing Terms¹

Adaptive Reuse

The conversion of vacant or underutilized institutional, commercial, or industrial properties into another use, typically residential use.

Affordable Housing

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

Area Median Income (AMI)

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

Chapter 40B

The state’s comprehensive permit law, enacted in 1969, which established an affordable housing goal of 10% for every community. In communities below the 10% goal, developers of low- and moderate-income housing can seek an expedited local review under the comprehensive permit process and can request a limited waiver of local zoning and other restrictions, which hamper construction of affordable housing. Developers can appeal to the state if their application is denied or approved with conditions that render it uneconomic, and the state can overturn the local decision if it finds it unreasonable in light of the need for affordable housing.

Chapter 44B

The Community Preservation Act Enabling Legislation that allows communities, at local option, to establish a Community Preservation Fund to preserve open space, historic resources and community housing, by imposing a surcharge of up to 3% on local property taxes. The state provides matching funds from its own Community Preservation Trust Fund, generated from an increase in certain Registry of Deeds’ fees.

Comprehensive Permit

Expedited permitting process for developers building affordable housing under Chapter 40B “anti-snob zoning” law. A comprehensive permit, rather than multiple individual permits from various local boards, is issued by the local zoning boards of appeals to qualifying developers.

Commonwealth Capital

The state established Commonwealth Capital as a policy to encourage communities to promote smart growth measures by utilizing the smart growth consistency of municipal land use regulations as part of the evaluation of proposals for state funding under a number of state capital spending programs.

¹ Heudorfer, Bonnie, “Taking the Initiative: A Guidebook on Creating Local Affordable Housing Strategies”, Citizens Housing and Planning Association with funding from the Massachusetts Housing Partnership Fund, November 2002.

Department of Housing and Community Development (DHCD)

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

Fair Housing Act

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

Inclusionary Zoning

A zoning ordinance or bylaw that requires a developer to include affordable housing as part of a development or contribute to a fund for such housing.

Infill Development

The practice of building on vacant or undeveloped parcels in dense areas, especially urban and inner suburban neighborhoods. Promotes compact development, which in turn allows undeveloped land to remain open and green.

Local Initiative Program (LIP)

A state program under which communities may use local resources and DHCD technical assistance to develop affordable housing that is eligible for inclusion on the state Subsidized Housing Inventory (SHI). LIP is not a financing program, but the DHCD technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. At least 25% of the units must be set-aside as affordable to households earning less than 80% of area median income.

MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)

A quasi-public agency created in 1966 to help finance affordable housing programs. MassHousing sells both tax-exempt and taxable bonds to finance its many single-family and multi-family programs.

Metropolitan Statistical Area (MSA)

The term is also used for CMSAs (consolidated metropolitan statistical areas) and PMSAs (primary metropolitan statistical areas) that are geographic units used for defining urban areas that are based largely on commuting patterns. The federal Office of Management and Budget defines these areas for statistical purposes only, but many federal agencies use them for programmatic purposes, including allocating federal funds and determining program eligibility. HUD uses MSAs as its basis for setting income guidelines and fair market rents.

Mixed Income Housing Development

Development that includes housing for various income levels.

Mixed Use Development

Projects that combine different types of development such as residential, commercial, office, industrial and institutional into one project.

Overlay Zoning

A zoning district, applied over one or more other districts that contains additional provisions for special features or conditions, such as historic buildings, affordable housing, or wetlands.

Public Housing Agency (PHA)

A public entity that operates housing programs: includes state housing agencies (including DHCD), housing finance agencies and local housing authorities. This is a HUD definition that is used to describe the entities that are permitted to receive funds or administer a wide range of HUD programs including public housing and Section 8 rental assistance.

Regional Non-profit Organizations

Nine private, nonprofit housing agencies which administer the Section 8 program on a statewide basis, under contract with DHCD. The Housing Assistance Corporation (HAC) serves as the regional non-profit for Barnstable County or Cape Cod. Each agency serves a wide geographic region. Collectively, they cover the entire state and administer over 15,000 Section 8 vouchers. In addition to administering Section 8 subsidies, they administer state-funded rental assistance (MRVP) in communities without participating local housing authorities. They also develop affordable housing and run housing rehabilitation and weatherization programs, operate homeless shelters, run homeless prevention and first-time homebuyer programs, and offer technical assistance and training programs for communities.

Regional Planning Agencies (RPAs)

Public agencies that coordinate planning in each of thirteen regions of the state. They are empowered to undertake studies of resources, problems, and needs of their districts. They provide professional expertise to communities in areas such as master planning, affordable housing and open space planning, and traffic impact studies. With the exception of the Cape Cod and Nantucket Commissions, however, which are land use regulatory agencies as well as planning agencies, the RPAs serve in an advisory capacity only. The Cape Cod Commission serves as Truro's RPA.

Request for Proposals (RFP)

A process for soliciting applications for funding when funds are awarded competitively or soliciting proposals from developers as an alternative to lowest-bidder competitive bidding.

Section 8

Refers to the major federal (HUD) program – actually a collection of programs – providing rental assistance to low-income households to help them pay for housing. Participating tenants pay 30% of their income (some pay more) for housing (rent and basic utilities) and the federal subsidy pays the balance of the rent. The Program is now officially called the Housing Choice Voucher Program.

Smart Growth

The term used to refer to a rapidly growing and widespread movement that calls for a more coordinated, environmentally sensitive approach to planning and development. A response to the problems associated with unplanned, unlimited suburban development – or sprawl – smart growth principles call

for more efficient land use, compact development patterns, less dependence on the automobile, a range of housing opportunities and choices, and improved jobs/housing balance.

Subsidy

Typically refers to financial assistance that fills the gap between the costs of any affordable housing development and what the occupants can afford based on program eligibility requirements. Many times multiple subsidies from various funding sources are required, often referred to as the “layering” of subsidies, in order to make a project feasible. In the state’s Local Initiative Program (LIP), DHCD’s technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. Also, “internal subsidies” refers to those developments that do not have an external source(s) of funding for affordable housing, but use the value of the market units to “cross subsidize” the affordable ones.

Subsidized Housing Inventory (SHI)

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

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

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

TOWN OF TRURO

AFFORDABLE HOUSING PLAN

EXECUTIVE SUMMARY

Besides being the smallest community on Cape Cod, Truro has additional distinctive features that set it apart from other places in Barnstable County and the state in general. Located on the wrist of Lower Cape Cod, Truro's small town character, miles of pristine beaches, rich historical connection to the sea, and rural nature have continued to lure visitors over the years – some who arrive for extended periods in the summer, others who have decided to purchase second homes, and those searching for a place to retire. Median housing prices for single-family homes are edging towards \$700,000, out of reach for almost all year round residents. More than any other community on the Cape, Truro now has two distinct populations, a permanent residential base and a larger, more affluent and part-time population, driving up housing prices and taxing local services. A summary of some of the resulting demographic and housing characteristics of this population shift is included in Table 1.

This information shows how very unique Truro is, with sizable differences from other communities in the county and the state, some of which can be explained based on the following factors:

- *National Seashore*
Approximately 70% of the town is located within the boundaries of the Cape Cod National Seashore, which, being perhaps the town's greatest physical asset, also substantially constrains future development as it is set-aside primarily for conservation and recreational purposes. Consequently, development opportunities are focused on only about eight acres outside of the National Seashore, fueling the high costs of available property.
- *Housing Growth and Density*
The Cape is experiencing significant housing growth, fifth highest among the state's 14 counties, which has resulted in higher density, the third highest among the 14 counties. Because the National Seashore restricts new development to only about 30% of the geographic area of Truro, housing growth and resulting densities are not substantially lower than the rest of the Cape or state despite the community's general rural character. In fact, housing growth has been higher in Truro than the rest of the Cape or state as a whole.
- *Seasonal Housing Pressures*
More than 60% of the town's housing stock is occupied by seasonal or occasional residents as compared to 32% in Barnstable County as a whole and a state average of only 3.6%. Consequently, in the summer months, Truro's population increases exponentially, putting substantial pressure on Town services and on the permanent population. Some say that the total summer population comes close to 25,000. This temporary population, however, has bolstered the local economy and employment has increasingly focused on servicing these residents.²

² Recent workforce data from the Massachusetts Department of Workforce Development indicate average weekly wages of \$616 per week, translating into an average annual salary of \$32,032. Data also indicated that most of the workforce was employed either in the construction trades, retail establishments or

Table 1
Summary of Demographic and Housing Characteristics for
Truro, Barnstable County and the State
2000

Characteristics	Truro	Barnstable County	Massachusetts
Household Characteristics			
% less than 18 years	17.4%	20.4%	23.6%
% 20 to 34 years	11.9%	13.2%	21.0%
% 45 to 54 years	20.5%	14.8% (20.8%)*	13.8%
% 65 years or more	17.0%	23.1% (34.4%)*	13.5%
Median age	45.7 years	44.6 years	36.5 years
% non-family households	43.2%	36%	36%
Average household size	2.18 persons	2.28 persons	2.51 persons
Median income 2000/2005 projections*	\$42,981/\$59,632	\$45,933/\$63,727	\$50,502
Individuals in poverty	11.2%	7%	9%
% earning less than \$25,000	27.8%	24.6%	24.6%
% earning more than \$100,000	8.0%	12.4%	17.7%
Housing Characteristics			
% owner-occupied	77.9%	77.8% (79.6%)*	61.7%
% renter-occupied	22.6%	22.2% (20.4%)*	38.3%
% occupied housing	35.6%	64.5%	93.2%
% seasonal or occasional use	60.8%	32.0%	3.6%
% in single-family, detached structures	91.2%	82.9%	52.4%
Housing growth 2000 to 2005*	8.4%	4.6%	2.5%
Housing density 2000 to 2005*	319.5 to 346.4 units/square mile	371.6 to 388.9 units/square mile	334.5 to 342.9 units/square mile
Median sales price	\$286,500/\$510,000*(05	\$178,800	\$185,700

*Data for the above table is derived primarily from the 2000 census, however, some updated estimates have been incorporated. For example, the numbers in parentheses indicate updated census projections based on the 2005 American Community Survey and demonstrate substantial trends towards an aging population and increased levels of owner-occupancy in Barnstable County. Projections are also included for median income. Data on housing growth and density were derived from the Cape Cod's Commission's analysis of census housing estimates for 2005 and there are also updated median house values.

accommodation/food services, and the unemployment rate was 13.5% to 14.5% during the winter months of 2005 as opposed to 6.5% to 6.9% for Barnstable County and 5.2% to 5.5% for the state confirming Truro's reliance on servicing seasonal resident needs.

- *Older Population*

In comparison to the Cape and state in general, Truro's population is older, with a median age of 46.7 years as opposed to 44.6 and 36.5 years for the county and state, respectively. The town also has significantly fewer school-age children with 17.4% of the population less than 18 years of age versus 20.4% and 23.6% for the county and state, respectively. The relatively smaller numbers of children relates directly to the increasing numbers of nontraditional households and dwindling numbers of those aged 20 to 34 who are forming new families and entering the labor market, 12% of all households in Truro but 13% for the Cape in general and 21% for the state. The high cost of living in Truro, the lack of affordable housing in particular, as well as limited employment opportunities are likely creating barriers for this age group and making it increasingly more likely that those who were raised in Truro will not be able to raise their own families locally. On the other hand, Truro had a substantially higher percentage of those 45 to 54 years of age who are entering the prime of their earning potential better able to afford the higher cost of housing. While there are fewer residents 65 years of age or older than the Cape as a whole, 17% as opposed to 23% (34% using 2005 census projections), Truro nevertheless has significantly more seniors than the state overall where those 65 years plus comprise only 13.5% of the total population.

- *Lower Incomes*

Incomes in Truro were lower, not quite \$43,000 as opposed to \$46,000 and \$50,500 for the county and state, respectively. Updated 2006 projections for Truro and the Cape are \$59,632 and \$63,727, respectively. Additionally, the percentage of those earning less than \$25,000 annually was higher in Truro, 27.8%, while it was 24.6% for the county and state. On the other hand, there were fewer year-round residents in Truro earning more than \$100,000, 8% as opposed to 12.4% for the county and 17.7% for the state.

- *Escalating Housing Market Conditions*

The 2000 median housing prices provides a comparison of Truro's housing market to that of Barnstable County and the state, with significantly higher market values -- \$286,500 for Truro, \$178,800 for the county and \$185,700 for the state. Since that time housing prices have soared. The median housing value in 2005 was \$638,000 for single-family homes and a \$510,000 average for all sales. To afford the median price of \$510,000 would require an income of approximately \$135,000 based on conventional lending practices, well beyond the means of most local residents. Escalating housing prices are also reflected in increased property taxes, which in combination with rising energy bills and insurance costs, cause a serious financial strain on long-term residents, particularly those with fixed incomes. Applying the updated median income estimate of \$59,632, based on the 38.74% change in the HUD median income levels for Barnstable County between 2000 and 2006, would result in an affordability gap of \$285,000, the difference between what the median income household could afford (\$225,000) and the median priced house (\$510,000). *This information points to a critical local concern, the divergence between the high costs of housing and residents' ability to pay for it.*

- *Scarce Supply of Workforce Housing*

The supply of housing for working families is dwindling as homes that were priced reasonably in the past have more than doubled in value given market pressures brought on by a buoyant regional economy and the demand from the seasonal, second home and retirement market. There

are currently no single-family homes priced below \$400,000. Based on the Massachusetts Department of Housing and Community Development's most recent data on the Chapter 40B Subsidized Housing Inventory, Truro had 999 year-round housing units, of which nine (9) can be counted as affordable, representing 0.90% of the year-round housing stock. To meet the state's 10% affordable housing goal under Chapter 40B of the Massachusetts General Laws, at least 99 of the existing units would have to be "affordable".³ This means that right now Truro is short of the 10% standard by 91 affordable housing units. Assuming future housing growth, this 10% figure is a moving target; the required minimum number of year-round units will increase over time.

Undertaking a more proactive housing agenda to promote workforce housing will be a significant challenge in Truro. First, the town's resources for absorbing growth are extremely limited as it has significant physical constraints. In addition to the considerable extent of the Cape Cod National Seashore within Truro's borders directed primarily to conservation and recreational uses – about 70% of the town's existing 26 square miles – Truro has limited water and no sewer services, making denser development more costly and difficult. Consequently, residents must rely largely on wells and on-site septic systems. This raises concerns among residents about water supply and quality impacts of any new development.

Second, local zoning provides substantial obstacles to housing for working families, and current regulations would have to be reformed or in many cases overridden through "friendly" comprehensive permits to overcome these barriers. Zoning for accelerated growth raises local questions concerning capacity and changing the very nature of the community with its small town distinctions.

Third, the town needs to establish the means of building its capacity to promote more affordable development by aggressively reaching out for necessary technical and financial resources and building the political support needed to get the job done. It must also strive to effectively manage the Town's limited assets as a whole, and direct growth most effectively for the overall environmental and social health of the community. Besides Community Preservation Funds, Truro has limited resources to support workforce housing. Because the Town has limited commercial and industrial uses, it relies predominantly on property taxes raised through its residential base. While tax revenues are increasing based on rising property values, Truro, like other nearby communities, just reduced to \$4.15 per thousand as opposed to more than \$15.00 per thousand in quite a few other communities in the Boston region. Besides limited financial resources, based on the small number of year-round residents, it is also challenging to attract needed volunteers to serve on Town boards and committees, including the Truro Housing Authority. Truro does not have the same number of municipal employees as larger municipalities. The Town recently hired an Assistant Town Administrator/Planner who is capable of coordinating planning functions.

³ Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

This Affordable Housing Plan suggests a range of options to meet pressing local housing needs and to bring Truro closer to the state's 10% affordable housing goal, presenting a proactive housing agenda of Town-sponsored initiatives. Due to the rising costs of homeownership, including escalating costs associated with taxes, insurance⁴ and utilities, some residents are finding it increasingly difficult to afford to remain in Truro. Children who grew up in the town are now facing the possibility that they may not be able to return to raise their own families locally. Long-term residents, especially the elderly, are finding themselves less able to maintain their homes and keep up with increased expenses, such as taxes and energy costs, but are unable to find alternative housing that better meets their needs. Families are finding it more difficult to "buy up," purchasing larger homes as their families grow. Town employees and employees of local businesses are increasingly hard pressed to find housing that is affordable in Truro and are confronted with longer commutes as the increasing affluence of the area squeezes them out of the housing market. In fact, it is becoming increasingly difficult to attract and retain teachers and members of the Police force. Therefore, candidates are usually already living somewhere on the Cape or have second homes here and are looking to "finish" their career in Truro – both situations result in applicants being very high on the experience/salary scale. Another trend is for residents to rent their homes in the summer months and camp or move in with relatives during this period in order to afford to live in Truro. Clearly more housing options are required to meet local needs and produce Truro's fair share of regional needs.

A. Housing Goals

The Town of Truro, through its 2005 Local Comprehensive Plan, identified the following housing goals that will serve as the basis for the strategies that will be proposed in the Affordable Housing Plan:

1. *Strive to meet 10% state affordable housing goal.* Truro will promote decent, safe, affordable housing for rental or purchase to meet the needs of present and future Truro residents. In accordance with state law, Truro will seek to raise its affordable housing stock to 10% of all year-round units at the rate of 0.75% per year.
2. *Serve a variety of housing needs.* Truro will encourage and support affordable housing that can serve a variety of needs, including elderly residents, families with children, couples, singles, and municipal employees.
3. *Work regionally where possible.* Truro will work with other towns and with state and regional agencies to support affordable housing at the regional level.
4. *Make zoning and regulatory reforms.* Truro will make the necessary zoning and regulatory changes to encourage the development of affordable rental units and homes needed for Truro residents. This includes measures to promote smart growth development. Smart growth development is a response to the problems associated with unplanned, unlimited suburban development – or sprawl – and calls for more efficient land use, compact development patterns, less dependence on the automobile, a range of diverse housing opportunities and choices, equitable allocation of the costs and benefits of development, and an improved jobs/housing balance.

⁴ Following Hurricane Katrina, more insurance companies are deciding to no longer offer insurance in "high risk" areas, including Truro, and as a result insurance costs are doubling. Many residents are now being referred to the state's Fair Plan, which is not designed to serve areas like Truro.

B. Summary of Affordable Housing Planned Production Goals

The State administers the Planned Production Program that enables cities and towns to adopt an affordable housing plan that demonstrates production of .75% over one year or 1.5% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (for details on Planned Production see Appendix 3). Truro will have to produce approximately seven (7) affordable units annually to meet these goals through 2010. When the 2010 census figures become available in 2011, this number will be somewhat higher. If the State certifies that the locality has complied with its annual goals, the Town may, through its Zoning Board of Appeals, deny comprehensive permit applications without opportunity for appeal by developers.

Using the strategies summarized under the Housing Action Plan described in Section VI, the Town of Truro has developed a Planned Production Program to chart affordable housing production activity over the next decade. The projected goals are best guesses at this time, and there is likely to be a great deal of fluidity in these estimates from year to year. The goals are based largely on the following criteria:

- To the greatest extent possible, at least 50% of the units that are developed on Town-owned parcels should be affordable to households earning at or below 80% of area median income (\$57,350 for a family of four) and at least another 10% affordable to those earning up to 150% of area median income, depending on project feasibility. The rental units will also target some households earning at or below 60% of area median income (\$43,000 for a family of four) depending upon subsidy program requirements.
- Projections are based on a minimum of four units per acre, currently not an allowed density. However, given specific site conditions and financial feasibility it may be appropriate to increase or decrease density as long as projects are in compliance with state Title V and wetlands regulations.
- Because housing strategies include some development on privately owned parcels, new housing creation will involve projects sponsored by private developers through the standard regulatory process or possibly “friendly” comprehensive permit process. The Town plans to promote increased affordability in these projects, working with developers to incorporate at least 30% of the units as affordable where feasible.
- The projections involve a mix of rental and ownership opportunities. The Town will work with private developers to promote a diversity of housing types directed to different populations with housing needs including families, seniors and other individuals with special needs to offer a wider range of housing options for residents.

Planned production goals over the next ten years include the creation of 93 affordable units and 18 middle-income units, 89 market units with a total projected number of housing units created of 200 units.

C. Summary of Housing Action Plan

The strategies outlined below are based on previous plans, reports, studies, the Housing Needs Assessment, and the experience of other comparable localities in the region and throughout the Commonwealth. The strategies are grouped according to the type of action proposed – Planning and Regulatory Reforms, Building Local Capacity, Housing Production, and Housing Preservation – and categorized by Two-Year, Five-Year Action Plans, and other possible actions for future consideration. Two-Year actions are those that will begin within the next two years, most of which will involve some

immediate actions. Those strategies included in the Five-Year Action Plan involve focused attention after the next couple of years, working towards implementation after Year 2 but before Year 5. Strategies listed for possible consideration do not involve priority actions. A summary of these actions is included in Table 2 on page 9. Also, a glossary of housing terms is included in the preface of this Affordable Housing Plan.

1. Encourage Planning and Regulatory Reforms

The Town of Truro should consider the following planning and zoning-related strategies to promote the creation of additional affordable units.

- Adopt inclusionary zoning
- Amend accessory apartment bylaw
- Amend condo bylaw
- Encourage cluster zoning
- Allow affordable development on nonconforming lots
- Encourage mixed-use development
- Adopt Affordable Housing Guidelines

Other possible strategies for future consideration

- Explore possible tax policy changes to promote affordable housing
- Explore the Transfer of Development Rights (TDR)

2. Build Local Capacity

In order to be able to carry out the strategies included in this Affordable Housing Plan and meet the Planned Production goals, it will be important for the Town of Truro to build on its capacity to promote affordable housing activities. This capacity includes gaining access to greater resources – financial and technical – as well as building local political support, developing partnerships with public and private developers and lenders, and creating and augmenting local organizations and systems that will support new housing production.

- Continue to conduct educational campaign
- Establish Annual Housing Summits

Other possible strategies for consideration

- Promote affordable housing organizations
- Improve Commonwealth Capital scoring

3. Housing Production

To accomplish the actions included in this Affordable Housing Plan and meet production goals, it will be essential for the Town of Truro to continue to reach out to the development community and sources of public and private financing to secure the necessary technical and financial resources to create actual affordable units. While some of the units produced will rely on the participation of existing homeowners, most of the production will require joint ventures with developers – for profit and non-profit – to produce new units. In addition to the active participation of the development community, it will be important for Truro to seek support from state and federal agencies.

- Continue to make suitable public land available for affordable housing

- Explore an amnesty program for accessory apartments
 - Continue to convert existing housing units to affordability
- Another possible strategy for consideration*
- Promote adaptive reuse

4. *Housing Preservation*

Housing production is critical, but the Town also needs to be concerned that it does not lose units already counted as part of its Subsidized Housing Inventory and provides resources to support the deferred home maintenance needs of lower income residents, including seniors.

- Monitor affordability of Subsidized Housing Inventory
- Help qualifying homeowners access housing assistance

A summary table of these actions is included on page 9.

D. Summary Description of Use Restrictions

Truro is committed to maintaining its Subsidized Housing Inventory for as long a period as possible. Affordable units must serve households with incomes no greater than 80% of the area median income for which the unit is located. Units must be subject to use restrictions or re-sale controls to preserve their affordability as follows:

- For a minimum of thirty years or longer from the date of subsidy approval or construction for new construction.
- For a minimum of fifteen years or longer from the date of subsidy approval or completion for rehabilitation.
- Alternatively, a term of perpetuity is encouraged for both new construction and completion of rehabilitation.

Units are or will be subject to an executed Regulatory Agreement between the developer and the subsidizing agency, and the units will be marketed in a fair and open process consistent with state and federal fair housing laws.

Table 2
Summary of Housing Actions

Actions	Type of Action		# Affordable Units	Page Number
	Priority	For Future Consideration		
A. Planning and Regulatory Reform				56
1. Adopt inclusionary zoning	X		6	56
2. Amend accessory apartment bylaw	X		9 (Also counted in C.2)	58
3. Amend condo bylaw	X		Under A.1 or A.7	59
4. Encourage cluster zoning	X		Under A.1. or A.7	60
5. Allow affordable housing on nonconforming lots	X		4	60
6. Encourage mixed-use development	X		18	61
7. Adopt Housing Guidelines/ other private dev.	X		14	62
Explore possible tax policy change		X		63
Explore TDR		X	-	63
B. Build Local Capacity				63
1. Continue educational campaign	X		*	64
2. Establish Annual Housing Summits	X		*	65
Promote affordable housing organizations		X	*	65
Improve Commonwealth Capital scoring		X	*	66
C. Housing Production				66
1. Continue to make suitable public land available for affordable	X		39	66
2. Explore Amnesty Program for accessory apartments	X		9 (also under A.2)	72
3. Continue to convert existing housing to affordability	X		3	73
Promote adaptive re-use		X	-	74
D. Housing Preservation				75
1. Monitor affordability of Subsidized Housing Inventory	X		*	75
2. Help qualifying homeowners access housing assistance	X		*	75

** Indicates actions that are unlikely to directly produce new affordable units by themselves but are key to creating the resources that will contribute to actual unit creation.*

I. INTRODUCTION

Truro is primarily a rural, residential community of Lower Cape Cod, approximately 40 miles north of Hyannis and 100 miles from both Boston and Providence. Approximately 70% of its 26 square mile land area lies within the Cape Cod National Seashore, which represents the town's greatest physical asset. Twenty miles of coast, a rich history, and quaint New England seaside charm continue to attract substantial numbers of seasonal visitors, second homeowners and retirees. However, significant population growth, particularly in the summer season, while stimulating the local economy, has also presented the town with a host of challenges. A compelling question is whether Truro will be able to sustain the diversity of ages, occupations, and incomes residents so treasure in light of escalating land and home values? This Housing Needs Assessment examines the issue of housing in Truro, particularly housing affordability, to present a documented snapshot of current conditions and trends. It also looks at the gaps between what housing is available to serve local residents and what is required to meet local needs including a survey of local, regional and state resources.

Population growth has put significant pressures on the town, local services and the housing market in particular, as the population has more than doubled in size between the years of 1960 and 2000, from 1,002 residents to 2,087, however future projections indicate only modest increases.

Table I-1
Population Change
1960-2000

Increase From Previous Period

Year	Population	Increase in # Residents	Percentage Change
1960	1,002	--	--
1970	1,234	232	23.2
1980	1,486	252	20.4
1990	1,573	87	5.8
2000	2,087	514	32.7
2005 (estimate)	2,164	77	3.7

Source: U.S. Census Bureau

While this growth in year-round residents has been substantial, it provides only part of the context for understanding local growth patterns. In fact, most of the housing growth has been attributable to seasonal residents, the second home market or retirement households. This seasonal or occasional housing stock increased from 868 units in 1980 to 1,349 units in 1990 and up to 1,552 units in 2000, an almost 80% increase during this time period. In 2000, this component of the housing stock represented about 61% of all Truro units. The seasonal and second home market has placed enormous pressures on Truro, causing dramatic increases in housing prices and taxing local infrastructure and services, particularly in the summer months when estimates indicate that there are up to 25,000 visitors. Despite the substantial demands of seasonal residents, 70% of the Town of Truro's operating budget is derived from nonresident taxpayers, and the nonresident population has been sizable enough to have their own association, the Truro Nonresident Taxpayers Association (TNRTA).

Spiraling housing prices, driven primarily by nonresidents, have depleted the affordable housing stock with the exception of tiny condominium units. As of May 31, 2006, there were no single-family homes

listed on the market for less than \$400,000. Consequently those with incomes of less than \$120,000 and without substantial financial assets are virtually shutout of the private housing market based on conventional lending requirements. The median single-family house price in 2005 was \$638,000, and the median price for all sales in 2005 was \$510,000, affordable to households earning at least \$135,000, more than triple the median income of \$43,000 in the last census.

Based on the Massachusetts Department of Housing and Community Development's most recent data on Truro's supply of affordable housing included in the state's Subsidized Housing Inventory, Truro has 999 year-round housing units, of which nine (9) can be counted as affordable, representing 0.90% of the year-round housing stock. To meet the 10% standard, at least 99 of the existing units would have to be "affordable" based on the state's definition. This means that right now Truro is short of the 10% standard by 91 housing units. Assuming future housing growth, this 10% figure is a moving target and ultimately the required minimum number of year-round units will increase over time.

This Housing Needs Assessment is the first phase of a planning process that will ultimately culminate in the completion of an Affordable Housing Plan that will suggest a range of options to meet pressing local housing needs and to bring Truro closer to the state's 10% affordable housing goal, presenting a proactive housing agenda of Town-sponsored initiatives. Due to the rising costs of homeownership, including escalating costs associated with taxes, insurance and utilities, some residents are finding it increasingly difficult to afford to remain in Truro. Children who grew up in the town are now facing the possibility that they may not be able to return to raise their own families locally. Long-term residents, especially the elderly, are finding themselves less able to maintain their homes and keep up with increased real estate taxes and energy costs but unable to find alternative housing that better meets their current life styles. Families are finding it more difficult to "buy up," purchasing larger homes as their families grow. Town employees and employees of local businesses are increasingly hard pressed to find housing that is affordable in Truro. In fact, it is becoming increasingly difficult to attract and retain teachers and members of the Police force. Therefore, candidates are usually already living somewhere on the Cape or have second homes here and are looking to "finish" their career in Truro – either situation resulting in applicants being very high on the experience/salary scale. Another trend is for residents to rent out their homes in the summer months and camp or move in with relatives during this period in order to afford to live in Truro. Clearly more housing options are required to meet local needs and produce Truro's fair share of regional needs.

A. Definition of Affordable Housing

There are a number of definitions of affordable housing as federal and state programs offer various criteria. For example, HUD generally identifies units as affordable if gross rent (including costs of utilities borne by the tenant) is no more than 30% of a household's net adjusted income (with a small deduction for each dependent, for child care, for extraordinary medical expenses, etc.) or if the carrying costs of purchasing a home (mortgage, homeowners association fees, property taxes and insurance) is not more than typically 30% of net adjusted income. If households are paying more than these amounts, they are described as experiencing housing affordability problems; and if they are paying 50% or more for housing, they have severe housing affordability problems and heavy cost burdens.

Affordable housing can also be defined according to percentages of median income for the area. Housing subsidy programs can be targeted to particular income ranges depending upon funding requirements. Extremely low-income housing is directed to households with incomes at or below 30%

of area median income as defined by the U.S. Department of Housing and Urban Development (\$21,500 for a family of four for the Barnstable area) and very low-income is defined as households with incomes less than 50% of area median income (\$35,850 for a family of four). Low- and moderate-income generally refers to the range between 51% and 80% of area median income (\$57,350 for a family of four at the 80% level). These income levels are summarized in Table I-2 below.

Table I-2
2006 TARGETED INCOME LEVELS FOR
AFFORDABLE HOUSING IN THE BARNSTABLE AREA

# Persons in Household	30% of Med Income	50% of Med Income	80% of Med Income
1	\$15,050	\$25,100	\$40,150
2	17,200	28,700	45,900
3	19,350	32,250	51,600
4	21,500	35,850	57,350
5	23,200	38,700	61,950
6	24,950	41,600	66,550
7	26,650	44,450	71,100
8+	28,400	47,300	75,700

2006 Median Household Income for the Barnstable Metropolitan Statistical Area (MSA) = \$66,800

The state established legislation for promoting affordable housing under Chapter 774 of the Acts of 1969, creating the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B).⁵ This legislation allows developers to override local zoning if the project meets certain requirements and the municipality has less than 10% of its year-round housing stock defined as affordable under 40B. In calculating a community's progress toward the 10% Chapter 40B goal, the state counts a housing unit as affordable if it is created by state or federal programs that support low- and moderate-income households earning at or below 80% of area median income or under.

⁵ Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

CHAPTER 40B: WHAT IS AFFORDABLE HOUSING?

1. Must be part of a “subsidized” development built by a public agency, non-profit, or limited dividend corporation.
2. At least 25% of the units in the development must be income restricted to households with incomes at or below 80% of area median income and have rents or sales prices restricted to affordable levels. Restrictions must run at least 15 years for housing rehabilitation and at least 30 years for new construction.
3. Development must be subject to a regulatory agreement and monitored by a public agency or non-profit organization.
4. Project sponsors must meet affirmative marketing requirements.

Source: CHAPA, February 2001

Additionally, most state-supported housing assistance programs are targeted to households earning at this same level, at or below 80% of area median income, however, others, particularly rental programs, are directed to those earning at lower income thresholds. For example, the Low Income Housing Tax Credit Program that subsidizes rental units are targeted to households earning within 60% of median income, \$43,000 for a family of four in Truro. First-time homebuyer programs typically apply income limits of up to 80% of area median income. The Community Preservation Act allows resources to be directed to those within a somewhat higher income range – 100% of area median income – however, units occupied by those above 80% of area median income cannot be counted as part of the Chapter 40B Subsidized Housing Inventory.

It is worth noting that according to the 2000 census, approximately 355 households or almost 40% of Truro’s total households would be income-eligible for affordable housing using the 80% of area median income criterion and more than 500 of Truro’s households, or 55%, had incomes within the Barnstable County’s 2000 median income level of \$47,700.

B. The Planning Process

This planning process builds on the work that was conducted in 2005 towards the completion of a Local Comprehensive Plan under the oversight of the Local Comprehensive Planning Committee appointed by the Board of Selectmen. The Truro Housing Authority has been designated to flesh-out the housing component of the Local Comprehensive Plan, update it and undertake a more comprehensive analysis of housing needs and strategies that will direct Truro’s future housing agenda.

This Affordable Housing Plan is divided into two phases. The first phase focuses on the Housing Needs Assessment – the review and assessment of documentation and research already compiled as well as the

collection and analysis of new information to identify local housing needs, to determine what resources are available to meet these needs and to obtain a comprehensive understanding of the remaining gaps in housing services and programs. Two public forums will be conducted to obtain input from local leaders and community residents on housing needs, concerns and priorities that bolstered this analysis and helped focus the planning effort on the second phase, the action plan. The first public forum on the Housing Needs Assessment took place on July 17, 2006. A summary of local input into this Affordable Housing Plan from this forum is included as Appendix 1.

The second phase provides specifics on how to preserve and create new workforce housing opportunities in Truro. Guided by the context established in phase one, Two-Year and Five-Year Action Plans will be presented, each including the rationale for the strategy, next steps, the timetable for implementation, the resources required, the estimated costs involved, and the projected number of units produced. These strategies will provide a blueprint to enable the Board of Selectmen, Housing Authority, Planning Board, and other key committees to chart a course for the future to make progress on local housing needs, the 10% state affordable housing threshold and production goals. Another public forum will be organized to present the draft Affordable Housing Plan and obtain feedback from the community at large.

C. Housing Goals

The Town of Truro, through its 2005 Local Comprehensive Plan, identified the following goals that serve as the basis for the strategies that are proposed in this Affordable Housing Plan:

1. *Strive to meet 10% state affordable housing goal.* Truro will promote decent, safe, affordable housing for rental or purchase to meet the needs of present and future Truro residents. In accordance with state law, Truro will seek to raise its affordable housing stock to 10% of all year-round units at the rate of 0.75% per year.
2. *Serve a variety of housing needs.* Truro will encourage and support affordable housing that can serve a variety of needs, including elderly residents, families with children, couples, singles, those with special needs and municipal employees.
3. *Work regionally where possible.* Truro will work with other towns and with state and regional agencies to support affordable housing at the regional level.
4. *Make zoning and regulatory reforms.* Truro will make the necessary zoning and regulatory changes to encourage the development of affordable rental units and homes needed for Truro residents. This includes measures to promote smart growth development. Smart growth development is a response to the problems associated with unplanned, unlimited suburban development – or sprawl – and calls for more efficient land use, compact development patterns, less dependence on the automobile, a range of diverse housing opportunities and choices, equitable allocation of the costs and benefits of development, and an improved jobs/housing balance. Some principles of smart growth development include:
 - Providing mixed-use development near the town and village centers;
 - Locating housing in close proximity to public transportation;

- Allowing higher density housing or mixed-use development near transit stops, along commercial corridors or in town and village centers;
- Redeveloping environmentally impacted or brownfields sites;
- Restoring vacant and abandoned residential buildings to productive use;
- Encouraging the development of housing and preservation of open space so that the goals of each will be mutually satisfied using techniques such as cluster zoning, transfer of development rights, or other innovative zoning or regulatory devices;
- Promoting the redevelopment of vacant infill parcels; and
- Participating in regional responses to addressing affordable housing needs.

As noted previously, smart growth is particularly challenging in more rural settings where infrastructure and transportation services are limited or altogether lacking. Nevertheless, the state is currently giving priority consideration to funding applications that promote smart growth, and it will be essential for the town of Truro to make every effort to integrate such principles into its housing initiatives.

The Local Comprehensive Plan also identified policies and performance standards for the development of affordable housing that included the following:

1. Affordable housing shall be encouraged in all areas that are appropriate for residential and mixed-use residential and commercial development.
2. Affordable housing should whenever possible be located in or near village and activity centers and convenient to transportation.
3. Truro will work with local and regional affordable housing organizations such as the Truro Housing Authority, the Lower Cape Cod Community Development Corporation, the Housing Assistance Corporation (HAC), and the Barnstable HOME Consortium. Private affordable housing efforts shall also consider working with these organizations to maximize the affordable housing impacts of their projects.
4. All affordable housing shall be compatible in design, appearance, construction and quality of materials with other units in the same neighborhood and with the general quality of housing in Truro.
5. Whenever possible, all affordable housing units shall be made available through a lottery or other similar methods, fairly targeting the local population in a manner consistent with state and federal fair housing standards.
6. In all of its actions the Town shall work to prevent discrimination in housing because of race, color, creed, religion, sex, national origin, primary language, age, political affiliation, disability, sexual orientation or any other consideration prohibited by law, and shall not knowingly approve any development that so discriminates.
7. Renovation or reuse of existing structures shall be encouraged as a means of addressing affordable housing needs.
8. Cluster development, of the type proposed near the new Town Library, shall be encouraged, and where possible, shall be used as a means of providing affordable housing. Development of five or more lots should offer a cluster development option for review by the Planning Board.
9. Bylaws allowing the creation of affordable housing units shall include provisions to insure permanent affordability. The granting of any variance or special permit creating such units shall be linked with acceptance of that permanence.

As housing and land values soar, it is becoming increasingly difficult for individuals and families to find affordable housing in the private market; and the private market, without subsidies or zoning relief, is unable to produce housing that is affordable to low- and moderate-income households. As a result, it becomes necessary to increasingly rely on regulatory relief and housing subsidies in some form to preserve affordable housing and to produce enough units to help meet existing affordable housing needs and demands.

II. HOUSING NEEDS ASSESSMENT

This Housing Needs Assessment presents an overview of the current housing situation in the town of Truro, providing the context within which a responsive set of strategies can be developed to address housing needs and meet production goals.

A. Demographic Data⁶

1. *Population, Race and Household Type*

For such a small town, Truro has experienced considerable growth in recent years in its year-round population. The 2000 census data indicates that the town of Truro had a total population of 2,087, a 33% increase over the 1990 population of 1,573 and a 40% increase since 1980 when the population was 1,486. Town records indicate that Truro had 2,057 residents in 2005, pointing to a slight loss of population since 2000 of 30 residents.⁷ The population has remained predominately White but minority residents are steadily increasing in number from 13 residents in 1980 to 102 in 2000. Approximately 40% of the 2000 minority population identified themselves as Black or African American, whereas almost one-quarter claimed Hispanic origin.

Table II-1
Demographic Characteristics
1980-2000

	1980		1990		2000	
	#	%	#	%	#	%
Total Population	1,486	100.0	1,573	100.0	2,087	100.0
Minority Population*	13	0.1	17	1.1	102	4.9
Total # Household	596	100.0	699	100.0	907	100.0
Family Household	406	68.1	454	65.0	515	56.8
Female Heads of Households with Children **	22	3.7	23	3.3	38	4.2
Non-family Households **	190	31.9	245	35.0	392	43.2
Average Household Size	2.49 persons		2.25 persons		2.18 persons	

Source of above table: U.S. Census Bureau, 1980, 1990 and 2000

*All non-White classifications ** Percent of all households

⁶ The bulk of the data that is available on social and economic information is through the U.S. Bureau of the Census and while old, dating back to 2000, is the most comprehensive source available.

⁷ U.S. Census Bureau projections, however, estimated a 3.7% increase in population to 2,164 residents in 2005.

Smaller, nontraditional⁸ family households are becoming a more significant part of Truro, increasing by 147 households between 1990 and 2000 and by more than 200 between 1980 and 2000, growing as a percentage of all households from about 32% in 1980 to 43% in 2000. While there was an increase of 100 families from 1980 to 2000, they decreased as a proportion of all households from about 68% to 57%. Correspondingly, the average household size decreased from 2.49 persons in 1980 to 2.18 persons in 2000, reflective of the fact that nontraditional family households are smaller in size as there are fewer children. This trend towards smaller, nontraditional household formation is part of a demographic shift that is occurring throughout the state and country. For example, the percentage of these households grew from 33% to 36% between 1990 and 2000 in both Barnstable County and the state as a whole.

As Table II-2 demonstrates, the school-age population is declining. Those under 18 years of age comprised almost one-quarter of the 1980 population, or 342 young persons, then decreased to 258 persons in 1990 and jumped up to 364 persons in 2000, but levels are down proportionately to 17.4% of the population in 2000 from 23% in 1980.

Table II-2
Age Distribution
1980 to 2000

Age Range	1980		1990		2000	
	#	%	#	%	#	%
Under 5 Years	77	5.2	87	5.5	72	3.4
5 – 17 Years	265	17.8	171	10.9	292	14.0
18 – 20 Years	68	4.6	35	2.2	42	2.0
21 – 24 Years	60	4.0	70	4.4	43	2.1
25 – 34 Years	260	17.5	211	13.4	198	9.5
35 – 44 Years	186	12.5	277	17.6	369	17.7
45 – 54 Years	113	7.6	213	13.5	427	20.5
55 – 59 Years	88	5.9	79	5.0	168	8.0
60 – 64 Years	96	6.5	109	6.9	122	5.8
65 – 74 Years	183	12.3	197	12.5	190	9.1
75 – 84 Years	67	4.5	96	6.1	129	6.2
85 Years and Over	23	1.6	28	1.8	35	1.7
Total	1,486	100.0	1,573	100.0	2,087	100.0
Under 18	342	23.0	258	16.4	364	17.4
Age 20 to 34	339	22.8	299	19.0	249	11.9
Age 65+	273	18.4	321	20.4	354	17.0
Median Age	--		--		45.7 years	

Source: U.S. Census Bureau, 1980, 1990 and 2000

Table II-3 provides comparative information for Barnstable County and the state. Barnstable County had a significantly lower percentage of children than the state, 20% as opposed to almost 24%, nevertheless, Truro had a notably lower level than most other communities on Cape Cod. Unless there

⁸ Referred to as non-family households in census data.

is an unexpected increase in housing units, it is probable the town's school-age population will unlikely increase substantially over the next few years.

Table II-3
Comparative Demographic Data
2000

Age Range	Truro		Barnstable County		Massachusetts	
	#	%	#	%	#	%
Under 18	364	17.4	45,440	20.4	1,500,064	23.6
Age 20 to 34	249	11.9	29,330	13.2	1,331,067	21.0
Age 45 to 54	427	20.5	32,802	14.8 (20.8)*	873,353	13.8
Age 65 +	354	17.0	51,265	23.1 (34.4)*	860,162	13.5
Median Age	45.7 years		44.6 years		36.5 years	

Source: U.S. Census Bureau, 2000; *Numbers in parentheses indicate updated census projections for Barnstable County based on the 2005 American Community Survey. This data includes substantial trends towards an aging population, including a revised figure of 10.1% of residents under the age of 35.

Demographic trends also suggest that those entering the labor market and forming new families are dwindling in numbers in Truro, reducing the pool of entry-level workers and service employees. For example, those between the ages of 20 and 34 decreased from 339 in 1980 to 249 in 2000, a 36% decline despite overall population growth. Table II-3 shows that this age group represented more than 20% of the state's population, but were only about 12% and 13% of the populations in Truro and Barnstable County, respectively, likely reflecting the high costs of living and the relative difficulty in finding jobs.

On the other hand, there was a substantial population increase of those between the ages of 45 and 54, from 113 residents or 7.6% of the population in 1980 to 427 residents and 20% of the population in 2000, involving a percentage change of 278%. Once again, this represents a divergence from the statewide level of those in this age group and even Barnstable County, with 13.8% and 14.8% (20.8% based on projected 2005 data for the county) levels respectively, significantly lower than Truro. This likely demonstrates that more residents must wait to enter their higher wage-earning years in order to purchase a home in Truro given current market conditions.

Many communities on Cape Cod have experienced a substantial increase in the number of seniors, however, while the number of those 65 years and older is increasing, 273 in 1980 to 354 in 2000, proportionately this group is decreasing from 18.4% of residents in 1980, up somewhat to 20.4% in 1990, and down to below the 1980 level, to 17% in 2000. Nevertheless, this represents a significantly higher level of seniors than that statewide level of 13.5% but substantially less than that for Barnstable County where seniors represent 23% of the total population (updated projections for 2005 indicate a sizable increase in the population of those over 65 for Barnstable County, up to 34.4%). With a median age of 45.7 years, both Truro and Barnstable County, with a median age of 44.6 years, have an older population than the state as a whole, which had a median age of 36.5 years. This is correlated with higher than average levels of seniors as well as those in the prime of their earning potential who are attracted to the town as a place to retire and can afford the high costs of living.

2. *Income*

Incomes for Truro residents lag behind other communities on the Cape and the state as a whole. There are substantial numbers of households with incomes below \$25,000, almost 30% of all households, who

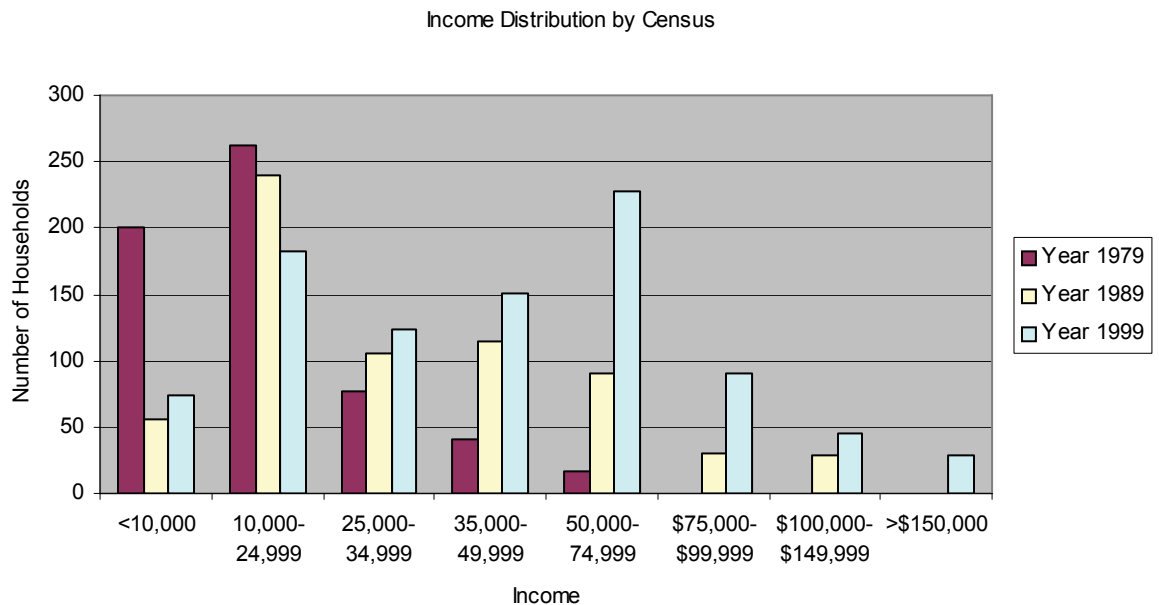
are challenged to compete in Truro's very tight housing market. Those earning more than \$100,000 grew from 29 households or 4.4% in 1989 to 74 households or 8% in 1999, not a substantial increase given the economic boom of the 1990's and the surge in real estate prices. The income distribution for those households that include children – families – is somewhat higher with a median family income in 1999 of \$51,389, with almost 10% of all families earning more than \$100,000 and 2.3% earning more than \$200,000. A comparison of 1979, 1989 and 1999 income figures is presented in Table II-4 below.

Table II-4
Income Distribution by Household, 1979-1999

	1979		1989		1999	
	#	%	#	%	#	%
Under \$10,000	200	33.6	56	8.4	74	8.0
10,000-24,999	262	44.0	239	35.9	183	19.8
25,000-34,999	77	12.9	106	15.9	123	13.3
35,000-49,999	40	6.7	115	17.3	151	16.4
50,000-74,999	17	2.8	91	13.7	228	24.7
75,000-99,999	0	0	30	4.5	90	9.8
100,000-149,999			29	4.4	45	4.9
150,000 or more			0	0	29	3.1
Total	596	100.0	666	100.0	923	100.0
Median income	\$13,723		\$28,333		\$42,981	

Source: U.S. Census Bureau, 1980, 1990 and 2000

The chart below shows the shift in income levels from 1979 to 1999.



These income levels are fairly comparable to those of Barnstable County when viewed proportionately in the income ranges as demonstrated in Table II-5:

Table II-5

**Income Distribution by Household: Barnstable County and Truro
1999**

	Barnstable County		Truro	
	#	%	#	%
Under \$10,000	6,478	6.8	74	8.0
10,000-24,999	16,843	17.8	183	19.8
25,000-34,999	12,148	12.8	123	13.3
35,000-49,999	15,935	16.8	151	16.4
50,000-74,999	20,425	21.5	228	24.7
75,000-99,999	11,243	11.9	90	9.8
100,000-149,999	7,605	8.0	45	4.9
150,000 or more	4,168	4.4	29	3.1
Total	94,845	100.0	923	100.0
Median income	\$45,933		\$42,981	

Source: U.S. Census Bureau, 2000

Truro had actually fewer households in the higher income ranges than Barnstable County as a whole and a lower median income, \$43,000 as opposed to about \$46,000 for the County. Truro's median income level was also significantly lower than that for the state at \$50,502. *Projections of median income, based on the percentage increase of HUD area median income levels for Barnstable County of 38.74% from 2000 to 2006, would put the 2006 median for Truro at \$59,632.*

It is likely that many of the households in the lower income ranges may in fact be long-term residents who own their homes, which are now worth considerably more than when purchased. As such they are cash poor but equity rich. Nevertheless, continued increases in taxes, insurance and energy bills as well as health-related issues, may drive these households out of the community given the lack of affordable and/or service supported housing alternatives in Truro.

3. *Employment*

Truro is located on the outer reaches of the Cape and a fair distance from major population and job centers. The 2000 census indicated that most of Truro's workers were employed in jobs that supported the local economy, particularly service provision, including construction (17%), retail trade (11%), finance and real estate (8%), education and health services (18%), arts, entertainment, recreation, accommodation and food services (11%), other services (5%) and public administration (8%). While 61% were salaried workers, another 20% were government workers and 19% were self-employed.

4. *Poverty*

Table II-6 presents data on poverty levels in Truro over the past couple of decades.

**Table II-6
Poverty Status
1979-1999**

	1979		1989		1999	
	#	%	#	%	#	%
Individuals Below Poverty*	165	11.1	96	6.1	234	11.2
Families**	45	11.1	23	5.1	25	4.8
Related Children Under 18 Years ***	25	7.3	23	8.9	30	8.2
Individuals 65 and Over ****	42	15.4	23	7.2	38	10.7

Source: U.S. Census Bureau, 1980, 1990 and 2000

*Percentage of total population

**Percentage of all families

***Percentage of all related children under 18 years

****Percentage of all individuals age 65+

The 2000 census indicates that the absolute numbers of those with incomes below the poverty level (\$9,310 for an individual and \$15,670 for a family of three in 2004) had decreased somewhat for families and seniors from 1979 but had increased or remained relatively stable for individuals and children. There has been some volatility in poverty levels over the past couple of decades. For example, in 1979, 11% of residents had incomes below the poverty level that decreased to 6% in 1989 and then bounced back to 11% in 1999, including 234 individuals. This level is higher in comparison to about 7% for Barnstable County and 9% for the state. Clearly there remains a population within the town of Truro, including 8.2% of all children under the age of 18 and almost 11% of all those over the age of 65, who have substantial income limitations and may require public assistance to meet their housing needs.

This data should also be viewed in light of the town's limited affordable housing inventory of nine (9) subsidized housing units. This number is clearly insufficient to cover the housing affordability issues confronting this very vulnerable population.

5. *Education*

The educational attainment of Truro residents has improved. In 2000, 93% of those 25 years and older had a high school diploma or higher and 40% had a Bachelor's degree or higher, up from the 1990 figure of 33% with a college degree and higher than the 2000 figures of 33.6% for the county. Those enrolled in school (nursery through graduate school) totaled 405 residents or almost 20% of the population, and those enrolled in nursery school through high school totaled 325 students, 80% of those who are enrolled in school and 16% of the total population.

6. *Disability Status*

Of the 2000 population age 5 to 20 years old, 26 children or 7.5% had some disability. Of those aged 21 to 64, 256 residents or almost 20% claimed a disability. Sixty-two percent of this group was employed, leaving another 38% unemployed, likely due to their disability. In regard to the population 65 years of

age or older, 126 seniors or about one-third of those in the age group claimed some type of disability. These levels of disability, particularly that of seniors, represent significant special needs within the Truro community.

7. Residency in 1995

Almost 36% of the persons in Truro over the age of five who were living in Truro in 2000, or 725 residents, moved to a new residence in Truro from 1995 to 2000. Of these, 22% came from the same county, 14% came from a different county, with 4% coming from the same state and 10% coming from a different state or elsewhere, representing significant mobility of the town's year-round population.

B. Housing

Housing in Truro involves two distinct markets, the year-round housing stock and the seasonal or second home market now comprising more than 60% of the dwellings. This seasonal usage, the burgeoning interest in second homes by affluent baby boomers, and the attractiveness of the Cape for retirement, in addition to regional market pressures, have resulted in soaring housing prices that are no longer affordable to most year-round residents. The creation and preservation of affordable housing is particularly important in enabling this year-round population to remain in the community.

1. Housing Characteristics

The 2000 census counted 2,551 total housing units in the town of Truro, up 17% from 2,175 units in 1990 and as much as 62% from 1,571 units in 1980. Out of the total housing units in 2000, Truro had 907 units occupied full-time, of which 707 or 78% were owner-occupied while the remaining 200 units, or 22%, were rental units. These figures represent the same level of occupancy in 2000 as that of Barnstable County where 78% of the units were owner-occupied. Total growth in Truro's housing stock from 1980 to 1990 was about 600 units and from 1990 to 2000 another 376 units were produced. This includes an increase in the rental stock between 1980 and 1990 of about 20 units and another 30 units from 1990 to 2000. Of particular importance is the substantial number of housing units that are directed to seasonal or part-time residents, increasing from 868 units in 1980, to 1,349 units in 1990, and to 1,552 units in 2000, growing to represent more than 60% of the housing stock.

Table II-7 includes a summary of housing characteristics.

**Table II-7
Housing Characteristics, 1980-2000**

	1980		1990		2000	
	#	%	#	%	#	%
Total # Housing Units	1,571	100.0	2,175	100.0	2,551	100.0
Occupied Units *	595	37.9	699	32.1	907	35.6
Occupied Owner Units **	447	75.1	529	75.7	707	77.9
Occupied Rental Units **	148	24.9	170	24.3	200	22.1
Total Vacant Units/ Seasonal, Recreational or Occasional Use*	868	55.2	1,349	62.0	1,552	60.8
Average House- Hold Size of Owner-Occupied Unit ***	--		2.25 persons		2.25 persons	
Average House- Hold Size of Renter-Occupied Unit ***	--		2.26 persons		1.94 persons	

Source: U.S. Census Bureau, 1980, 1990 and 2000

* Percentage of total housing units

** Percentage of occupied housing units

*** 1980 data not available

The homeowner vacancy rate was 1.7%, down only marginally from 3.5% in 1990; and the rental vacancy rate of 11.5% also represented a decline from 17.5% in 1990. The change in the homeowner rate is relatively insignificant as any level below 5% is considered to represent tight market conditions and the rate remains well below that of the state and nation as a whole. However, the rental vacancy rate is higher than what would be expected, and more than the 7.4% rental vacancy rate for Barnstable County. This may be related somewhat to the seasonal nature of a considerable portion of the employment base that drives a great many residents out of town for parts of the year.

**Table II-8
Vacancy Rates, 1990 and 2000**

Vacancy Rates by Tenure				
	1990	2000	MA 2000	Nation
Rental	17.5%	11.5%	3.5%	5%
Homeowner	3.5%	1.7%	0.7%	3%

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

The 2000 census indicated that a great majority of the existing housing units were in single-family, detached structures involving 2,332 units or 91% of Truro's housing units, higher than the 83% level for the county. There were 87 units in two to four-unit buildings and 17 structures with five to nine units, which means that Truro has a relatively limited amount of small, multi-family housing. There were 87 units in structures with ten or more units, some mostly likely former motels converted to condos or rentals. In 1990, there were also 61 mobile homes or recreational vehicles that have been eliminated from the town's housing inventory. Forty-nine units were in five to nine-unit structures.

**Table II-9
Units in Structure
1990 – 2000**

Type of Structure	1990		2000	
	#	%	#	%
1 Unit Detached	1,975	90.8	2,332	91.2
1 Unit Attached	28	1.3	33	1.3
2 to 4 Units	78	3.6	87	3.4
5 to 9 Units	23	1.1	17	0.7
10 or More Units	10	0.5	87	3.4
Other	61	2.8	0	0
Total	2,175	100.0	2,556	100.0

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

Almost than half of Truro's housing stock, 1,180 units, was built prior to 1970, including about 500 units, or almost 20% of the housing stock, built prior to World War II, which is well below the state average of 34% but higher than the countywide figure of 12%. There have been significant numbers of new units produced since the mid-20th century, however, a surge of housing growth has occurred since 1990 with another 548 units produced through 2000 and more than 200 homes added since then, representing a significant portion of newer housing most likely directed to the higher priced, luxury market given the high costs of land and demand for second homes on or near the seashore.

Table II-10
Year Structure Built
2000

	#	%
1999 to March 2000	168	6.6
1995 to 1998	207	8.1
1990 to 1994	173	6.8
1980 to 1989	357	14.0
1970 to 1979	471	18.4
1960 to 1969	343	13.4
1940 to 1959	332	13.0
1939 or earlier	505	19.8
Total	2,556	100.0

Source: U.S. Census Bureau, 2000

With the exception of Provincetown, where more than half of the housing stock was built prior to World War II, Truro and its neighboring communities had more than half of its housing produced since 1970, with significant construction activity for many neighboring communities occurring between 1970 and 1990 in particular. This demonstrates considerably more recent development than the state as a whole where only about one-third of new housing construction has taken place since 1970.

Table II-11
Recent Housing Development
Truro and Neighboring Communities, Barnstable County and Massachusetts

Community	# Units Built Since 1970	% Units Built Since 1970
Eastham	3,576	64.6
Orleans	3,002	58.9
Provincetown	1,118	28.1
Truro	1,356	53.8
Wellfleet	2,003	50.2
Barnstable County	85,148	57.9
Massachusetts	847,922	32.3

Source: U.S. Census Bureau, 2000

The median number of rooms per housing unit was 5.4, indicating that the average home was relatively small with three bedrooms at most. The number of rooms per dwelling ranged from three rooms or less in 440 units (17.2%) to nine rooms or more in 95 dwellings (3.7%), representing a relatively small number of very large residential units, although this data is based on 2000 information and it is likely that given the economics of new development, new home construction since then has been focused on the larger, luxury home market, particularly for second homes and summer residences. It should also be noted that there were 127 units involving single rooms, most likely condominiums converted from motels and other small seasonal rental units.

The building permit data summarized below indicates a high of 59 permits issued in 1999 to a low of 30 permits in 2005, with an average of 41 permits per year over the past eleven years but down to a 36-unit

average from 2000 through the end of 2005. This data also indicates that since the 2000 census, at least another 215 units have been added to Truro's total housing stock. Truro Building Department data also indicates that an additional seven permits were issued during the months of January through March of 2006, and it is likely that at least 30 permits will be issued in 2006. This data suggests a housing stock of almost 3,000 units by 2010.

Table II-12
Building Permit Data
1995 to 2005

Year	# Building Permits for New Units
1995	30
1996	36
1997	54
1998	58
1999	59
2000	40
2001	39
2002	40
2003	34
2004	32
2005	30
Total (1995-2005)	452
Average Per Year (1995-2005)	41
Average Per Year (2000-2005)	36

Source: Truro Building Department

Census projections have recently become available for Barnstable County through the 2005 Housing Estimates that indicate significant housing growth including:

- Housing growth in Barnstable County between 2000 and 2005 was estimated to be 6,715 units, from 147,083 to 153,798 units, up 4.6%. During this same time period, building permit activity in Truro indicates an 8.4% increase in new housing units, almost double the growth rate of the county and almost four times that of the state with a growth rate of 2.5%
- Housing growth for 2005 alone was 0.8% for the County, 1.2% for Truro and 0.6% for the state.
- Barnstable County's housing growth ranked fifth among all 14 Massachusetts counties.
- Housing density increased from 371.6 units per square mile in 2000 to an estimated 388.9 in 2005 for Barnstable County. Statewide housing density increased from 334.5 to 342.9 units per square mile during this same time period, and in fact the Cape's housing density has exceeded the state since 1990 as it was up 9% as opposed to 6%.
- The Cape's addition of 17 units per square mile between 2000 and 2005 was third highest of the 14 Massachusetts counties, followed only by Suffolk and Nantucket Counties, and ahead of its growth during the 1990s when 30 units per square mile were added on the Cape during the entire decade.
- From 1950 to 2000, housing growth for Barnstable County increased nearly fivefold, more than all other counties in the state, from 30,306 to 147,083 units.

In addition to ongoing housing demand by retirees and second home purchasers, it can be anticipated that the baby boomers will begin to also fuel growth within the next few years as they look towards retirement.

2. *Housing Market Conditions*

Ownership

Census data also provides information on housing values for homeownership and rental. While this information is now more than six years old, it still provides a reasonable frame of reference to compare with more current values. The census indicated that the 2000 median house value was \$286,500, up 35% from the median in 1990 of \$212,200. According to the 2000 census, Truro had a very small supply of affordable homes with only about 100 units or 17% valued at less than \$200,000 including three valued at less than \$100,000.

Table II-13
Housing Values⁹
2000

Value	Number of Units	% Units
Less than \$50,000	0	0.0
\$50,000 to \$99,999	3	0.5
\$100,000 to \$149,999	19	2.9
\$150,000 to \$199,999	87	13.3
\$200,000 to \$299,999	253	38.7
\$300,000 to \$499,999	206	31.5
\$500,000 to \$999,999	65	9.9
\$1 million or more	21	3.2
Total	654	100.0
Median (dollars)	\$286,500	

Source: U.S. Census Bureau, 2000

The 2000 housing prices in Truro were high in comparison to Barnstable County with a median house value of \$178,800. The median price was even lower at \$162,800 for the state. More updated and reliable market data is tracked by The Warren Group from Multiple Listing Service information based on actual sales. This market information since 1988 is summarized in Table II-14:

⁹ Census data is derived primarily from Assessors' information that typically underestimates market value.

Table II-14
Median Sales Prices
January 1988 – April 2006

Year	Months	Single-famil	Condo (#)	All Sales	# Sales
2006	Jan – April	\$620,000	\$275,000 (9)	\$472,038	28
2005	Jan – Dec	\$638,000	229,000 (25)	510,000	113
2004	Jan – Dec	695,000	241,350 (25)	452,000	126
2003	Jan – Dec	475,000	168,000 (36)	335,000	159
2002	Jan – Dec	428,750	180,000 (32)	343,333	143
2001	Jan – Dec	425,000	120,000 (23)	229,500	114
2000	Jan – Dec	332,500	89,500 (14)	250,000	137
1999	Jan – Dec	263,000	60,000 (22)	172,000	167
1998	Jan – Dec	172,500	71,000 (26)	135,000	194
1997	Jan – Dec	205,000	54,500 (24)	115,000	169
1996	Jan – Dec	175,500	115,000 (11)	148,750	126
1995	Jan – Dec	166,500	35,000 (11)	124,000	96
1994	Jan – Dec	164,000	80,000 (9)	125,000	78
1993	Jan – Dec	112,750	57,000 (18)	94,950	94
1992	Jan – Dec	0	44,000 (11)	100,000	74
1991	Jan – Dec	0	59,750 (6)	110,500	86
1990	Jan – Dec	0	75,000 (10)	78,000	70
1989	Jan – Dec	0	70,000 (13)	109,000	73
1988	Jan – Dec	0	41,500 (6)	127,000	75

Source: The Warren Group, May 16, 2006

The average sales price of a single-family home in 2005 was \$638,000, among the highest house values in the state. The number of sales in Truro ranged from a low of 70 sales in 1990 to a high of 194 in 1998. In 2005 there were 113 total sales with an average sales price for all sales of \$510,000, affordable to households earning approximately \$135,000 annually, more than triple the town's median income in 1999 of \$43,000. After a decline in market prices in the early 1990's, due largely to the region's economic recession, the market began to revive somewhat in the mid-90s but did not surpass the 1988 median sales price until 1996. After another short sluggish period in the late 90s, the market escalated precipitously, up almost 200% from \$172,000 in 1999 to \$510,000 by the end of 2005 for all sales. During the last year the housing market has shown a slight slow-down with prices as of the end of April of 2006 down to \$472,000 for all sales and \$620,000 for single-family homes.

Table II-15
Sample Sales Data for Truro
2004 – 2005

Price Range	2004		2005	
	#	%	#	%
Under \$300,000	0	0.0	0	0.0
\$300,000 to \$500,000	12	24.5	4	8.9
\$500,000 to \$700,000	12	24.5	16	35.6
\$700,000 to \$1 million	15	30.6	15	33.3
Over \$1 million	11	22.4	10	22.2
Total	49	100.0	45	100.0

Source: Information from “Cape Cod’s Real Estate Voice”, Spring 2006, from Multiple Listing Service data.

Table II-15 presents a sample of house sales in 2004 and 2005 demonstrating that house prices during this timeframe are extremely high with more sales above \$700,000 than below that level and sales in the \$300,000 to \$500,000 price range declining from a dozen to three.

Table II-16 provides comparative data for the other communities on the Outer Cape.

Table II-16
Sample Sales Data for Outer Cape
2004/2005

Price Range	Orleans 2004/2005		Eastham 2004/2005		Wellfleet 2004/2005		Provincetown 2004/2005	
	#	%	#	%	#	%	#	%
Under \$300,000	2/9	2/8	5/2	4/2	2/1	3/0.1	1/0	0/0
\$300,000 to \$500,000	34/27	27/25	89/79	63/68	23/24	36/32	3/2	9/8
\$500,000 to \$700,000	39/31	31/29	33/28	23/24	14/36	22/48	8/10	24/38
\$700,000 to \$1 million	33/26	26/24	10/2	7/2	10/8	8/11	15/8	45/31
Over \$1 million	19/15	15/14	4/5	3/4	14/6	6/8	6/6	18/23
Total	127/108	100/100	141/116	100/100	63/75	100/100	33/26	100/100

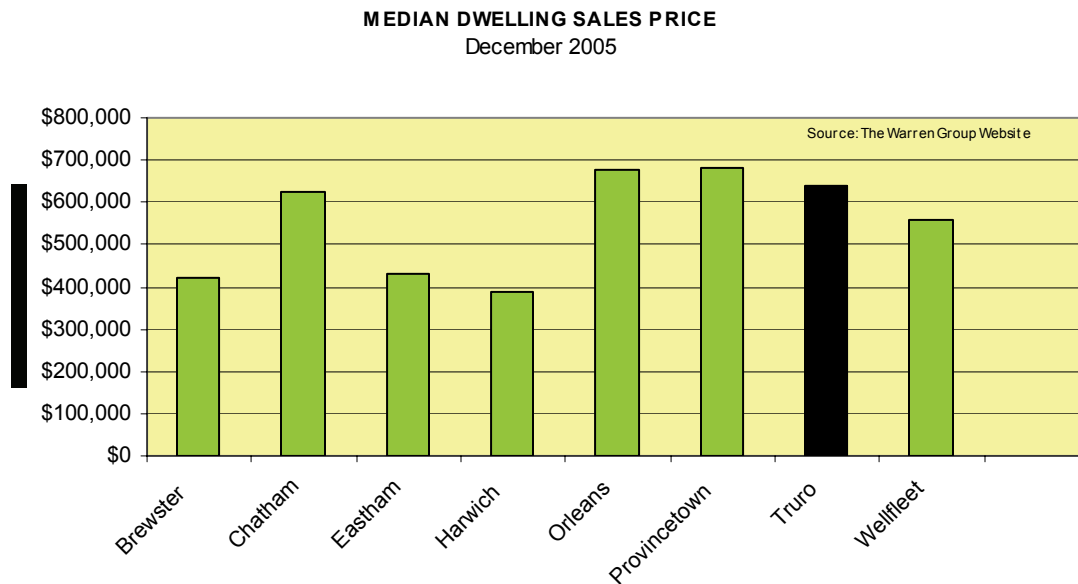
Source: Information from “Cape Cod’s Real Estate Voice”, Spring 2006, from Multiple Listing Service data.

All of these towns also are confronted with extraordinarily high house and land prices, with few if any homes priced below \$300,000. Provincetown, like Truro, had less than a handful of homes even priced below \$500,000. With the exception of Eastham, all of the communities had the majority of their homes priced in excess of \$500,000.

Median single-family home prices in Truro are at the high end of the price range at \$638,000 as of the end of 2005. The towns listed below include some of the highest median housing prices in the state, with only Brewster, Eastham and Harwich having median values below \$500,000.

Brewster -- \$423,000
 Chatham -- \$626,500
 Eastham -- \$429,900
 Harwich -- \$390,000
 Orleans -- \$675,000
 Provincetown -- \$680,000
 Truro -- \$638,000
 Wellfleet -- \$560,000

The chart below presents a summary of this sales data for Truro and neighboring communities.



Recent real estate listings as of May 31, 2006, did not include any homes on the market in Truro for less than \$400,000, and consequently all listings were priced completely out of the range of the average household much less low- and moderate-income households. On the other hand, single-family homes in the price ranges above \$500,000 have climbed substantially to comprise almost all of the current listings as there were only three homes listed for less than \$500,000. The median list price for single-family homes was \$945,000 based on 70 listings (the average price was \$1,190,077). In regard to actual sales during the past year (June 1, 2005 through May 31, 2006), the median price was \$800,000 (the average was \$912,865) from 37 sales. This discrepancy between listed prices and actual sales information suggests that many current homes are listed for more than the market will bear, and as a local realtor said, “There are properties priced without consideration of the market, and some owners don’t feel a need to set a competitive market price. They feel they can wait for the right buyer to fall out of the sky.” However, the homes that sold were also smaller on average than those listed, an average of 1,924 sq. ft. as opposed to 2,262 sq. ft., also suggesting that the larger and more expensive homes are becoming more difficult to sell. Homes are also staying on the market for increasing periods of time.

Table II-17
Single-family House Prices

Price Range	Listed Prices		Sales Prices	
	#	%	#	%
Under \$400,000	0	0	0	0
\$400,000 to \$599,999	12	17.1	7	18.9
\$600,000 to \$799,999	14	20.0	13	35.2
\$800,000 to \$999,999	15	21.4	10	27.0
Over \$1 million	29	41.5	7	18.9
Total	70	100.0	37	100.0
Median Price	\$945,000		\$800,000	
Mean Price	\$1,190,077		\$912,865	
Average Size	1,924 sq. ft.		2,262 sq. ft.	

Source: Multiple Listing Service, May 31, 2006

A substantial component of the current market involves second home sales, and realtors are reaching beyond Massachusetts to find purchasers from as far away as New Jersey, Eastern Pennsylvania, New York City, the Hamptons, and Maine. In fact, the New Jersey shore is becoming part of the Cape's competition, however, given rising fuel costs and increased traffic congestion, some of these potential buyers are opting to purchase a second home closer to home.

The *condominium* market typically represents about 20% to 25% of all sales in Truro with prices about half of the average for all sales and about 30% to 40% of the single-family home prices. The average price of condos ranged from a low of \$35,000 in 1995 to \$241,350 in 2004, representing an enormous increase in value during these ten years but also likely to reflect some deviation in the desirability of some of the more recently developed condos. Recent listings, as of May 31, 2006, indicate a range from a 188 sq. ft. efficiency unit on Route 6 priced at \$110,000 to an \$824,000 condo on Shore Road with 1,100 sq. ft. including two bedrooms and two baths. Out of 33 listings, the median listed price was \$254,900. There were also four efficiencies with pending sales contracts that were located on Shore Road in North Truro or on Route 6 with prices ranging from \$135,000 to \$179,000. In regard to recent sales, there were 28 condos sold between June 1, 2005 and June 3, 2006, ranging from a tiny efficiency on Route 6 for \$75,000 to a two-bedroom and 2-bath unit on Shore Road for \$595,000. The median sales price was \$214,000 and the mean or average price was \$254,668 with an average size of 546 sq. ft. and 164 days on the market. Most of the condominiums are located in North Truro, quite a few involving motel conversions. As a result, many of the available condos are fairly affordable, in the high 90's and low 100's, but very small and located right on the highway.

While the 2000 census indicated that there were 87 units in two to four-unit structures, there is little *multi-family* housing that comes on the market. On May 31, 2006, there was only one listing of a multi-family house, a two-family on Josephs Road for \$585,000. There was only one sale in 2005, a \$645,000 three-family structure on Shore Road with 2,000 sq. ft. on about a third of an acre.

Rentals

There has been some development of rental units over the past couple of decades, up 22 units from 1980 to 1990 and another 30 units from 1990 to 2000, as indicated in Table II-18.

Table II-18
Rental Costs
1980-2000

Gross Rent	1980		1990		2000	
Under \$200	19	13.1	0	0.0	3	1.5
200-299	58	40.0	5	3.7	3	1.5
300-499	27	18.6	34	25.2	33	16.8
500-749	4	2.8	36	26.7	84	42.6
750-999			20	14.8	33	16.8
1,000-1,499			6	4.4	18	9.1
1,500 or more					0	0.0
No cash rent	37	25.5	34	25.2	23	11.7
Total	145	100.0	135	100.0	197	100.0
Median rent	\$259		\$548		\$653	

Source: U.S. Census Bureau, 1980, 1990 and 2000 (Summary Table 3 – sample data)

As a proportion of total units, rentals have decreased a bit, from about 25% of all occupied year-round units in 1980 to 22% in 2000, the same level for Barnstable County as a whole. The 2000 census indicated that there were 200 occupied rental units in Truro and that the median gross rental was \$653, up 19% from the 1990 median rent of \$548 but 152% higher than the 1980 rental of \$259. The County had a 2000 median gross rent of \$547, about 20% lower than that tracked in the 2000 census for Truro.

Like housing values for homeownership units, rental values tend to be underestimated in the census data, even for the year 2000, and actual market rents are typically much higher as verified by local realtors. Local realtors question how there could be as many as 200 rental units as the 2000 census claims. Because most rental units are not advertised on the open market, but instead by word of mouth, it is difficult to get up-to-date information on rent levels. A local realtor suggested that seasonal rentals in the most desirable locations fetch from \$1,000 to \$1,500 per room per week. A two-bedroom unit near the water might cost approximately \$12,000 per month during the summer.

There are also small rental units located in existing single-family homes, such as accessory or in-law apartments, and many lack the required permits, are occupied by family or advertised by word of mouth, and therefore are difficult to track. Additionally, families that have lived in Truro over many years sometimes own more than one property and decide to rent to children who otherwise could not afford to live in Truro. This was not necessary ten years ago when homes were reasonably priced and grown children could afford to remain in town to raise their own children.

C. Cost Analysis of Existing Market Conditions

As housing prices have risen at a greater rate than the household income of year-round residents, the affordability gap in Truro has widened significantly, defined as the gap between the cost of housing and the proportion of income that is reasonable to pay for housing, typically defined as 30% of gross income. To afford the median sales price of the median valued home in Truro of \$510,000 (based on The Warren Group information for 2005), a household would have to earn approximately \$135,000,¹⁰ more than three times the 2000 median income of approximately \$43,000 and still substantially more than the projected 2006 median income of \$59,632. The 2000 census counted only 74 households with incomes of more than \$100,000, and despite anticipated increases in income levels over the last six to seven years since the census, it is clear that the bulk of new home sales is being targeted to the seasonal or second home market. The borrowing power of the median income household, using the 2000 census data, is instead about \$160,000,¹¹ significantly lower than even the median house value as reported in the 2000 census of \$286,500. The affordability gap was then about \$350,000 - the difference between the price of the median priced home and what a median income household could afford. It is interesting to note that the 2006 HUD low- and moderate-income level for the Barnstable area, based on 80% of median income, is \$45,900 for a household of two persons (the average size household in Truro is 2.18 persons), which is higher than Truro's median income level in 2000. A household earning this amount could afford a home priced at little more than \$165,000 based on conventional lending requirements.

Applying the updated median income estimate of \$59,632, based on the 38.74% change in the HUD median income levels for Barnstable County between 2000 and 2006, would result in an affordability gap of \$285,000, the difference between what the median income household could afford (\$225,000) and the median priced house (\$510,000).

Table II-19 presents a range of homes that have been listed or sold recently, from a tiny condominium at \$139,000 to progressively more expensive homes priced well beyond the means of most Truro residents.

¹⁰ Figures based on 95% financing, interest of 6.5%, 30-year term, annual property tax rate of \$4.40 per thousand, insurance costs of \$1.25 per \$1,000 of combined valuation of dwelling value (value x 0.5), personal property (\$100,000 fixed), and personal liability (\$100,000 fixed), and private mortgage insurance estimated at 0.3125 percent of loan amount, and rents for two-family homes of \$650.

¹¹ Assumes owners pay no more than 30% of their income on housing.

Table II-19
Affordability of Existing Housing¹²

House Type	Recent Sale/List Price	Estimated Annual Income Required
Condominium on Shore Road in North Truro, efficiency unit, 1 bath 330 sq. ft., 36 days on the market	\$139,000	\$45,000 <i>\$39,000**</i>
Two-bedroom, 2-bath, home on Peters Pond Rd. in Truro, 1,156 sq. ft. 1.19-acre lot, built in 1962	\$460,000/ \$479,000 list	\$120,000 <i>\$101,000</i>
Two-family home on Josephs Rd. in Truro, 1,936 sq. ft. on about a ½-acre lot; 66 days on market	\$585,000*	\$137,000 <i>\$108,000</i>
Three-bedroom, 2-bath home on Old County Rd. in South Truro, 1,732 sq. ft. on 2-acre lot, built in 1929, 213 days on market	\$870,000/ \$945,000 list	\$232,000 <i>\$190,000</i>
Three-bedroom, 4-bath on Sandy Lane in Truro, 2,500 sq. ft. on 38,528 sq. ft. lot, built in 1997, 56 days on market	\$995,000/ \$995,000 list	\$265,000 <i>\$218,000</i>

Source: Multiple Listing Service, May 31, 2006.

* Currently listed property.

** *Incomes in italics are based on a 20% down payment and no private mortgage insurance.*

All of the current listings and recently sold properties, with the exception of condominiums, are beyond the means of not only those earning within 80% of area median income, a requirement of housing affordability under Chapter 40B, but also are too expensive for households earning at or below the town's 2000 median income of \$43,000. Based on 1999 income data per the census, approximately 95% of Truro's households would not be able to afford the lowest priced single-family home that sold within the last year at \$409,000 based on income alone. Even assuming increases in income since that time, there are few households who without substantial home equity or other financial assets could purchase a home in Truro today. As more homes emerge on the market with sale tags of \$500,000 and up, fewer existing residents will be able to afford them as almost all of Truro's households had incomes below \$150,000 in the last census.

In regard to rentals, the gross median rent of \$653, according to the 2000 census, requires an income of about \$26,120, which is within the means of low- and moderate-income households. Nevertheless, approximately 275 or 30% of Truro's households would still be unable to afford to rent at this level based on 2000 census data. Local realtors indicate that year-round market rental listings are actually somewhat higher based on size and location. Seasonal listings, particularly in desirable locations, are

¹² Figures based on 95% financing, interest of 6.5%, 30-year term, annual property tax rate of \$4.40 per thousand, insurance costs of \$1.25 per \$1,000 of combined valuation of dwelling value (value x 0.5), personal property (\$100,000 fixed), and personal liability (\$100,000 fixed), and private mortgage insurance estimated at 0.3125 percent of loan amount, rents for two-family homes of \$650, and condo fees of \$200.

priced from about \$1,000 to \$1,500 per week per bedroom. Consequently, a family renting near the waterfront could count on paying upwards of \$12,000 per month, a luxury indeed.

While current housing market data tells us that most town residents do not have sufficient incomes to afford the median sales price of \$510,000, about 90% of households based on 2000 census data, and about 30% of town households cannot afford the median rent of \$653 per month, it is also useful to identify numbers of residents who are currently living beyond their means based on their current housing costs. The 2000 census provides data on how much households spend on housing whether for ownership or rental. Such information is helpful in assessing how many households are overspending on housing or encountering housing affordability problems, defined as spending more than 30% of their income on housing. Based on 1999 data, the census indicated that 28 households or 4.3% of the homeowners in Truro are spending between 30% and 34% of their income on housing and another 156 or almost one-quarter of owners are spending more than 35% of their income on housing expenses. In regard to renters, 13 renters or 6.6% are spending between 30% and 34% of their income on housing and another 39 or almost 20% are allocating 35% or more of their incomes for housing. This data suggests that 236 households or more than one-quarter of all Truro households are currently living in housing that is by common definition beyond their means and unaffordable.

HUD provides additional data on housing affordability problems through its CHAS Report. This report, based on 2000 census data for Truro, indicates the following:

- There were 128 households earning at or below 30% of area median income, referred to by HUD as extremely low-income households, and of these 94 were owners and 34 were renters. Of these households, two-thirds were spending more than 30% of their income on housing and about half were spending more than 50% on housing.
- Of the 129 households earning between 30% and 50% of area median income, referred to as very low-income households, more than two-thirds were spending over 30% of their income on housing and another third were spending more than 50% on housing.
- There were almost 200 households earning between 50% and 80% of median income and more than one-quarter were spending over 30% of their income on housing with only 6% spending more than 50% on housing.
- Half of extremely low-income elderly owners and one-third of extremely low-income elderly renters were spending more than 50% of their incomes on housing.

D. Subsidized Housing Inventory

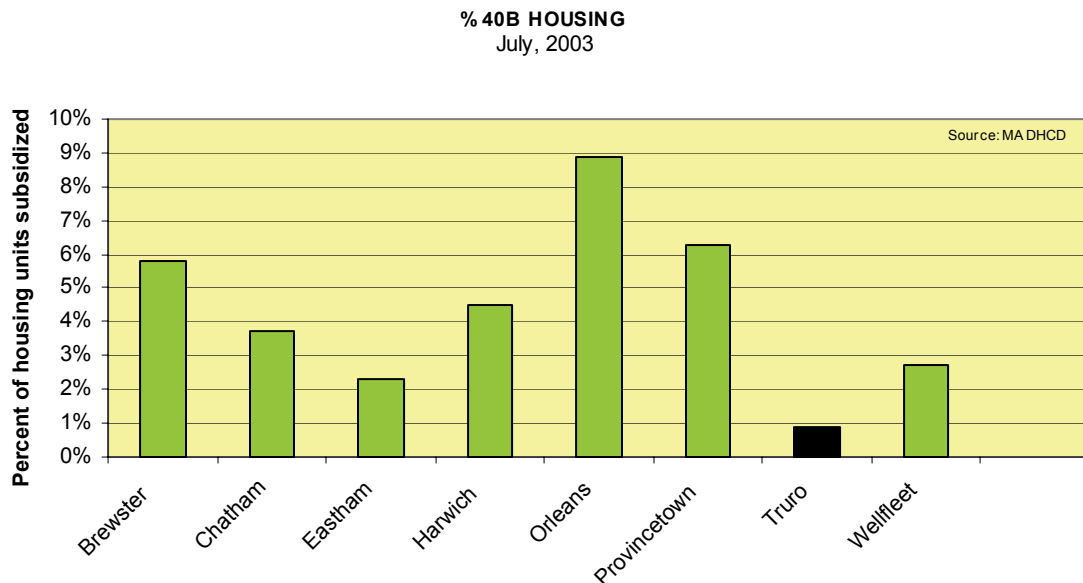
Based on the Massachusetts Department of Housing and Community Development's most recent data on the Chapter 40B Subsidized Housing Inventory, Truro had 999 year-round housing units, of which nine (9) are counted in the state's Subsidized Housing Inventory, representing 0.90% of the year-round housing stock. As mentioned earlier, to meet the 10% standard at least 99 of the existing units would have to be "affordable" based on the state's definition requiring at least another 91 housing units to be converted to affordable units in Truro to meet just the 10% standard, a daunting challenge, not to mention additional affordable units that will be required to keep pace with housing growth.

Truro is not alone in this quandary about what to do about the lack of affordable housing. Truro's neighbors also have affordable housing levels below the state target, and, most, like Truro, face

significant challenges in meeting the 10% state goal. The level of housing affordability for each of the nearby towns is as follows:

1. Brewster – 254 units (5.8%)
2. Chatham – 134 units (3.7%)
3. Eastham – 60 units (2.3%)
4. Harwich – 262 units (4.5%)
5. Orleans – 295 units (8.9%)
6. Provincetown – 130 units (6.3%)
7. Truro – 9 units (0.9%)
8. Wellfleet – 39 units (2.7%)

While none of Truro's neighboring towns have produced enough affordable units to meet the state target of 10% of its year round housing stock, Orleans has an almost 9% level of affordability and is only 37 units shy of meeting the 10% threshold. There has been a wide range of demonstrated progress exhibited by the remaining towns listed above, from 0.9% and 2.3% in Truro and Eastham, respectively, to 5.8% and 6.3% in Brewster and Provincetown, respectively. This information is summarized in the following chart.



In recognition of pressing local needs, the Affordable Housing Plan will suggest a range of opportunities to meet specified local housing priorities and to bring Truro closer to the state 10% threshold. The Plan will also set the stage for producing new units that will allow the Town to reject unwanted Chapter 40B developments through Planned Production, a relatively new addition to Chapter 40B regulations. Given past efforts in the area of affordable housing, creating even seven (7) units a year needed to meet Planned Production goals and exert control over new development will be a substantial challenge. Nevertheless, affordable housing will come to Truro, and this Plan will provide a mechanism for the Town to guide its creation as opposed to reliance on outside development interests.

The state lists nine (9) affordable housing units in Truro's current state-approved Subsidized Housing Inventory, 0.90% of the total year-round housing stock of 999 units. Therefore, the town needs to produce at least 91 more affordable units to reach the state's 10% goal based on the existing housing stock. Build-out projections estimated by the state's Executive Office of Environmental Affairs in 2000, indicated that Truro could support 1,128 additional units of housing based on current zoning, which would require at least another 113 units be affordable to comply with the state's 10% Chapter 40B goal. This is over and above the 91 affordable units that are needed based on the existing housing stock, representing more than a projected 200 affordable units required at build-out – a daunting task for a small rural community where approximately 70% of the town is enveloped in the National Seashore and virtually unbuildable.

To be counted as affordable under Chapter 40B, housing must be dedicated to long-term occupancy of income-eligible households through resale or rental restrictions. Table II-20 presents the income limits for the affordable units based on the 2006 HUD guidelines for the Barnstable area, including the town of Truro. It is directed to those earning at or below 80% of area median income adjusted by family size.

Table II-20
Affordable Housing Income Limits for the Barnstable MSA
Based on 80% of Area Median Income for 2006

Number of Persons in Household	Income Limit
1	\$40,150
2	45,900
3	51,600
4	57,350
5	61,950
6	66,550
7	71,100
8	75,700

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

Using these income guidelines a family of two (the average household size in Truro is 2.18 persons) could afford to purchase a house for no more than approximately \$165,000. Based on housing market information described above, the Town no longer has homes available within this price.

1. Current Inventory

Truro's Subsidized Housing Inventory includes the following nine (9) units:

- *Housing Rehabilitation Loan Program*
The Inventory includes eight (8) units where improvements were subsidized by the Department of Housing and Community Development (DHCD) through the Lower Cape Cod Community Development Corporation's (LCCDC) Housing Rehabilitation Loan Program. This Program provides funding for property owners who rent year-round to Lower Cape residents, as well as income-eligible, single-family homeowners, to bring units up to current building, health, and safety codes. The eight units are scattered throughout the town of Truro. These units have deed restrictions in affect for

approximately 15 years, and approximately five of the units are likely to be eliminated from the Subsidized Housing Inventory during the next ten years.

- *Old Firehouse Road*

Another homeownership unit on Old Firehouse Road that was developed by Habitat for Humanity of Cape Cod is included in the Inventory. There are another two affordable units on Old Firehouse Road, one rental and another homeownership unit that while not currently counted, should also be eligible for inclusion in the Subsidized Housing Inventory.

2. *Proposed Projects*

Another 19 units of affordable housing are in development through the following projects:

- *Sally's Way*

This project involves the development of 14 units of affordable rental housing built by a private developer on Town-owned land near the library. The project is currently under litigation.

- *North Truro Fire Station site*

The Truro Housing Authority is planning to develop two, two-bedroom rental units at the site of the old North Truro Fire Station. The Housing Authority will seek approval at the next Town Meeting to develop the site as affordable housing to secure Community Preservation funding.

- *Snows Road*

The site involves two lots, one of which includes a donated house. The Truro Housing Authority issued a Request for Proposals to solicit interest from a qualifying household in rehabilitating the existing house, which the Housing Authority will convey in "as is" condition for \$115,000, that will also require a deed restriction to insure affordability in perpetuity. The Housing Authority plans to develop the other lot as well to accommodate one or two affordable units.

E. Gaps Between Existing Housing Needs and Current Supply

As the affordability analysis indicates in Section II.C above, significant gaps remain between what most current year-round residents can afford and the cost of housing that is available. In fact current prices are shutting almost everyone out of the market that does not have substantial income and financial assets. With the exception of very small condominium units, the lowest priced home on the market as of the end of May 2006 was \$409,000, requiring an income of approximately \$110,000.

In regard to the future, the Buildout Analysis that was performed by the state's Executive Office of Environmental Affairs in 2000, projected that the town of Truro could support an additional 1,128 housing units based on current zoning. The analysis also projected approximately 141 additional school children. Infrastructure requirements to support this added residential growth included about 61,000 gallons of water per day and 417 tons of municipal solid waste per year, of which a projected 296 tons would be non-recyclable. This analysis further indicated that in order to meet the 10% state standard, the projected population growth would require at least an additional 113 units of affordable housing over and above the 91 units required based on the 2000 year-round housing unit count. Therefore, more than 200 units of affordable housing would be required for build-out (once again this is premised on current zoning), though it is worth noting that the analysis does not project how long it will take to achieve

actual buildout. Based on past housing construction patterns, this goal would be remarkable and unlikely achievable without a considerable investment of public and private resources and strong political will.

Based on this Housing Needs Assessment, there are a number of key indicators that suggest there are significant local needs for affordable housing that go well beyond what is required to meet the 10% state goal including:

1. Households with Limited Incomes

- Despite great wealth, particularly among the seasonal and second home residents, there still remains a population living in Truro with very limited financial means. Of the 923 total households counted in 2000, 74 or 8.0% had incomes of less than \$10,000 and another 183 or almost 20% had incomes between \$10,000 and \$24,999. These two groups largely represent extremely low-income and very-low income levels, with incomes at or below 30% and 50% of area median income, respectively, as defined by HUD.
- An additional 123 households had incomes between \$25,000 and \$35,000 within what public agencies would define as low-income levels or generally within 80% of area median income based on HUD's 2000 figures.
- The total number of households within these three income categories was 380 households, or more than 40% of all Truro's households, not an insignificant number given the high property values. Therefore, based on income alone, about 40% of Truro's households might qualify for housing assistance as their incomes are at or below 80% of area median income as defined by the U.S. Department of Housing and Urban Development (HUD) or about \$33,000 for a two-person household in 2000 (the average household size was 2.18 persons).¹³
- Of the 128 households earning at or below 30% of area median income, referred to by HUD as extremely low-income households, two-thirds were spending more than 30% of their income on housing and about half were spending more than 50% on housing.
- Of the 129 households earning between 30% and 50% of area median income, referred to as very low-income households, more than two-thirds were spending over 30% of their income on housing and another third were spending more than 50% on housing.
- There were almost 200 households earning between 50% and 80% of median income and more than one-quarter were spending over 30% of their income on housing with only 6% spending more than 50% on housing.
- The numbers of residents living in poverty declined somewhat between 1980 and 2000, from 223 to 213 following a significant increase in 1990 to 299 individuals. These residents have substantial income limitations and should have access to public assistance to meet their housing needs.

Needs: Limited income levels of hundreds of Truro households indicate need to create affordable rental units as well as mechanisms for enabling existing low-income homeowners to remain independent in their homes.

¹³ While these households' incomes might be at or below 80% of area median income, many households are likely to have assets, particularly if they are homeowners, that are more than the allowable state or federal standards that would disqualify them from housing assistance.

2. *Special Needs Households*

- There are a number of residents who have special needs and are disabled, including 26 or 7.5% of the school-age population, 256 or 20% of those 21 to 64 (about 40% of whom could not be employed), and 126 or almost one-third of those 65 years or older.
- Half of extremely low-income elderly owners (31 seniors) and one-third of extremely low-income elderly renters (4 seniors) were spending more than 50% of their incomes on housing.
- There are no assisted living units available in Truro as well as senior housing for any income level.

Needs: Those with special needs as well as low-income seniors need more accessible housing, support for helping them afford their current housing, and more housing options beyond single-family homes.

3. *Affordability Gaps*

- In 2000 there were 236 households or more than one-quarter of all Truro households that were living in housing that is by common definition beyond their means and unaffordable as they were paying more than 30% of their income on housing-related expenses.
- Recent real estate listings as of May 31, 2006, did not include any homes on the market in Truro for less than \$400,000 and consequently all listings were priced completely out of the range of the average household much less low- and moderate-income households.
- Based on 1999 income data per the census, approximately 95% of Truro's households would not be able to afford the lowest priced single-family home that sold within the last year at \$409,000 based on income alone (not accounting for assets or existing home). Even assuming increases in income since that time, there are few households who without substantial home equity or assets who could purchase a home in Truro today.
- The affordability gap is about \$350,000 - the difference between the price of the median priced home and what a median income household can afford. Applying the updated median income estimate of \$59,632, based on the 38.74% change in the HUD median income levels for Barnstable County between 2000 and 2006, would result in an affordability gap of \$285,000, the difference between what the median income household could afford (\$225,000) and the median priced house (\$510,000).
- In regard to rentals, the gross median rent of \$653, according to the 2000 census, requires an income of about \$26,120, which is within the means of low- and moderate-income households. Nevertheless, approximately 275 or 30% of Truro's households would still be unable to afford to rent at this level.
- Demographic trends also suggest that those entering the labor market and forming new families in Truro are dwindling in numbers, reducing the pool of entry-level workers and service employees. For example, those between the ages of 20 and 34 decreased in numbers, from 339 in 1980 to 249 in 2000, a 36% decline despite overall population growth. This age group represented more than 20% of the state's population, but was only about 12% and 13% of the populations in Truro and Barnstable County, respectively, likely reflecting the high costs of living on the Cape as well as the relative difficulty in finding jobs.

Needs: Additional first-time homebuyer opportunities and affordable rental units are needed to help young families, municipal employees, and other local employees live in Truro.

4. *Housing Conditions*

- Almost half of Truro's housing stock was built prior to 1970, and almost 20% was built prior to World War II. Houses in this age category are more likely to have traces of lead-based paint, posing safety hazards to children, as well as problems concerning aging system and structural conditions.
- Almost 36% of the persons in Truro over the age of five who were living in Truro in 2000, or 725 residents, moved to a new residence in Truro from 1995 to 2000. It is important to note that housing turnover drives up housing prices in an escalating real estate market, and typically the buyers are more affluent than sellers, fueling demographic changes in the community over time.

Needs: To help qualifying property owner's access resources to enable them to make necessary home improvements and to find ways of reducing housing turnover, to maintain the affordability in the existing housing stock to the greatest extent possible, and to help those who want to remain in town afford to do so.

There is, therefore, a sizable population of those who are seniors, have special needs and/or have limited incomes who have substantially reduced capacity to secure decent, safe and affordable housing in Truro. However, based on the steep increase in land values, many lower income long-term owners are likely to have realized startling increases in home equity and these assets would limit their eligibility for government subsidies. Nevertheless, a broader range of housing options is required to meet the varied needs in the community, which the current supply of housing does little to satisfy.

Another look at the gaps between what housing is available in Truro and what residents can afford to pay is demonstrated in the following affordability analysis.

**Table II-21
Rental Unit Affordability Analysis
2000 to 2005**

Income Group	Income Range	Affordable Rent	# Households 2000*/2005**	# Existing Units 2000/2005***	Deficit/ Surplus 2000/2005
Less than 30%	\$12,400 and less	Less than \$310	34/33	6/6	-28/-27 units
Between 30% and 50% AMI	\$12,401 to \$20,650	\$310 to \$516	44/40	34/33	-10/-7 units
Between 50% and 80% AMI	\$20,651 to \$33,000	\$516 to \$825	59/58	93/105	+34/+47 units

Source: 2000 HUD SOCDs CHAS Data – Housing Problems Output for All Households

* Based on 2000 HUD Income Levels for average size household of two persons.

** It can be assumed that incomes have increased since 2000, which would likely reduce some of these numbers somewhat. The 2005 projections are based on one-half the percentage change in these income categories between 1989 and 1999 per the census, assuming a similar rate of change.

*** The projections are based on one-half the percentage change in the numbers in these categories between the 1990 and 2000 census, assuming a similar rate of change.

Table II-21 indicates that there is a shortage of rental units for those in the extremely low- income level of less than 30% of area median income, which was \$12,400 in 2000, and a shortage as well for those

earning in what is considered the very low-income category, earning between \$12,400 and \$20,650 in 2000. This data, however, was based only on existing renters in 2000 and does not reflect pent-up regional need for additional rental opportunities.

Table II-22 focuses on homeownership and demonstrates the waning supply of housing priced within the affordable range of many existing households and suggests a substantial need for more affordable homeownership opportunities in Truro, well above the 200 affordable units projected to be required to get to the state's goal of 10% at buildout. There are quite a few condominiums within the more affordable range, as Assessor's data indicated that there were 86 units valued at less than \$183,000, affordable to households earning within area median income. However, the Zoning Bylaw currently does not allow the year-round use of condominiums.

Table II-22
Homeownership Affordability Analysis
2000 to 2005

Income Group	Income Range*	Affordable Sales Prices	# Households 2000/2005**	# Existing Units 2000/2005***	Deficit/Surplus 2000/2005
Less than 80%	\$33,000 and less	Less than \$125,000	317/309	12/0	- 305/-309 units
Between 80% AMI	\$33,001 to \$47,700	\$125,000 to \$183,000	153/152	67/1	- 86/-151 units
Between 100% of AMI	\$47,701 to \$71,550	\$183,000 to \$275,000	220/232	220/16	0/-216 units

Sources: 2000 HUD SOCDS CHAS and Census data, Truro Assessor's Office

*Based on 2000 HUD Income Levels for average size household of two persons.

** It can be assumed that incomes have increased since 2000, which would likely reduce some of these numbers somewhat. The 2005 projections are based on one-half the percentage change in these income categories between 1989 and 1999 per the census, assuming a similar rate of change.

*** Updated 2005 assessments from Truro Assessor's Office

F. Local and Regional Organizations

The town of Truro has a number of local and regional agencies and organizations available to help support the production of affordable housing or provide housing-related services:

1. Truro Housing Authority

The Truro Housing Authority was established as the primary municipal agency to promote affordable housing in Truro. In addition to overseeing the preparation of this Housing Needs Assessment and Affordable Housing Plan, the Housing Authority is undertaking several affordable housing development projects that will lead to the creation of 19 new year-round units in Truro. (P.O. Box 2030, Truro, MA 02666)

2. Truro Community Preservation Committee

In September of 2000, the Community Preservation Act was enacted to provide Massachusetts cities and towns with another tool to conserve open space, preserve historic properties and provide affordable housing. This enabling statute established the authority for municipalities in the Commonwealth to create a Community Preservation Fund derived from a surcharge of up to

3% of the property tax with a corresponding state match of up to 100% funded through new fees at the Registry of Deeds and Land Court. Once adopted the Act requires at least 10% of the monies raised to be distributed to each of the three categories (open space, historic preservation and affordable housing), allowing flexibility in distributing the majority of the money to any of the three uses as determined by the community. The Act further requires that a Community Preservation Committee of five to nine members be established, representing various boards or committees in the community, to recommend to the legislative body, in this case Town Meeting, how to spend the Community Preservation Fund.

In May 2005, Town Meeting approved the CPA, approving a 3% surcharge on most property taxes paid by residents without any of the available exemptions. Like the other communities on Cape Cod, Truro voted to convert the 3% property tax surcharge that had been committed to the Land Bank for the purchase and conservation of open space into funding to support the Community Preservation Fund. As a result, the Town was able to continue to receive state matching funds, as state support for the Land Bank had run out, without raising additional taxes.

The Community Preservation Committee includes representatives of the Housing Authority, Conservation Commission, Historic Commission, Planning Board, and Open Space Committee as well as two at-large members appointed by the Board of Selectmen. Estimates indicate that the surcharge will raise approximately \$232,000 annually. With the state match, available funds will likely double to about \$464,000. Projections also suggest that a homeowner with a house assessed at \$500,000 will pay approximately \$88.00 in additional taxes per year.

This past year the Truro Housing Authority received Community Preservation funding to support the development of a donated house on Snows Road as well as \$5,894 for public outreach and educational purposes and \$12,000 in administrative support.

3. *Highland Affordable Housing, Inc.*

A private non-profit entity established 12 years ago to promote housing in Truro. This is the organization that made possible the moving of two “Coast Guard” houses that are located on Old Firehouse Road.

Mailing address: P.O. Box 362, Truro, MA 02666, contact person: Caroline R. Herron

4. *Truro Council on Aging*

The Truro Council on Aging is a Town department that supports the quality of life of Truro’s elders through a wide variety of services. These activities include an information and referral service on a wide range of issues, community-based services to promote independent living such as free shuttle bus transportation as well as in-home support services. The Council relies heavily on local volunteers to support its activities and operates a small senior center on Route 6 that includes an activity room and offices. Some of the Council’s education and social events are operated off-site given limited space.

The Council does not typically receive substantial numbers of inquiries regarding housing. The outreach worker does field some questions pertaining to where seniors might go when they need other housing options such as assisted living or a skilled nursing facility, as there are no such

options in Truro. The nearest facilities are located in Orleans and another is under development in Provincetown.

The Council on Aging also works with the Town on a program that abates taxes for qualifying seniors in exchange for services to the Town. The Town currently allows a maximum of \$750 to be worked off in 111 hours, and there are twelve of these positions available. In addition to this work program, the Town also has a tax exemption program for income-eligible seniors that reduces property tax bills. Moreover, the Town recently voted to allow seniors to defer taxes with a 4% interest rate if their incomes are less than \$40,000.

5. *Cape Cod Commission*

The Cape Cod Commission was created as the regional planning and regulatory agency for the Cape. In addition to coordinating a wide range of planning and policy activities, the Commission administers the Technical Assistance Program (TAP) that provides funds for consultants to assist communities in identifying housing assistance resources and supports the preparation of Affordable Housing Plans including this one. The Commission also manages the allocation of some housing subsidy funds that can be made available to communities to support affordable housing efforts including the oversight of HOME Program funds on behalf of the Barnstable County Consortium, the Soft Second Loan Program to subsidize mortgages for first-time homebuyers, the DRI Fund Management, and the County Home Ownership Fund (CHOP). (3225 Main Street, Barnstable, MA 02630; 508/362-3828).

6. *Barnstable County HOME Consortium*

This Consortium includes all municipalities in Barnstable County and provides federal HOME Program funding to support the financing of a wide variety of housing activities. These funds are available to all towns participating in the Consortium including Truro and are administered by the Cape Cod Commission. (C/O the Cape Cod Commission; 3225 Main Street, Barnstable, MA 02630; 508/362-3828).

7. *Housing Assistance Corporation (HAC)*

The Housing Assistance Corporation (HAC) has proclaimed its mission to “promote and implement the right of all people on Cape Cod and the Islands to occupy safe and affordable housing”. This nonprofit organization is working throughout the Cape as a sponsor of affordable housing developments and has a wide range of financial and educational resources available for renters, existing homeowners and first-time homebuyers including HOME Program funding and rental subsidies. (460 West Main Street, Hyannis, MA 02601; 508/771-5400)

8. *Lower Cape Community Development Corporation*

The Lower Cape Cod Community Development Corporation (LCCCDC) was established in 1992 to promote affordable housing and economic development in the eight towns of the Lower Cape. In regard to affordable housing, the organization recognized that the dwindling supply of affordable housing was becoming a critical problem and has been focused on two important strategies. Through its Housing Development Program it is creating new, year-round, affordable housing units by purchase existing units or building new units. The organization also used to manage the Housing Rehabilitation Program that was supported through Community Development Block Grant (CDBG) funds provided by the state but was recently suspended

given funding constraints.¹⁴ (P.O. Box 1860, Main Street Mercantile, North Eastham, MA 02651; 508/240-7873)

9. *Habitat for Humanity of Cape Cod*

Habitat for Humanity is an ecumenical, non-profit Christian ministry dedicated to building simple, decent homes in partnership with families in need that has grown over the past two decades into one of the largest private homebuilders in the world. The organization has almost 1,600 U.S. affiliates and over 2,000 affiliates worldwide, including one on the Cape that has been able to build new homes for first-time homebuyers through donated land, materials, labor and funding as well as other special financing strategies. Truro has one affordable house that was developed in recent years through this organization. (658 Main Street, West Yarmouth, MA 02673; 508/775-3559).

III. OBSTACLES TO DEVELOPMENT AND MITIGATION MEASURES

It will be a great challenge for the town of Truro to create enough affordable housing units to meet the state's 10% affordable housing standard, production goals and local needs, particularly in light of current constraints to new development. In addition to describing these challenges, this Plan also highlights remediation measures to be taken to help resolve barriers to affordable housing. It should be noted that perhaps the greatest obstacle to affordable housing development in Truro is the high price of land.

A. Infrastructure

1. *Challenges*

As mentioned earlier, a major constraint and cost factor for new development relates to infrastructure, particularly the lack of sewer and water services that raise concerns among residents about impacts of any new development on the environment, the water supply and quality in particular. The issue of water is particularly critical on the Outer Cape. The towns of Truro and Provincetown entered into an agreement in 2004 on how to share water pumped from the Pamet lens. Future investment will be necessary to develop a new well field and pipeline, most likely to be funded by Provincetown.

Residents must rely solely on on-site septic systems unless special treatment facilities are integrated into the new development, a costly measure that requires a fairly large project to render feasible. The Town's Board of Health (BOH) also has requirements that are more restrictive than the state's Title V regulations, and the BOH has not allowed any alternative systems to date. A small portion of residents have water services, including Beach Point, the remaining areas reliant on wells. In these areas groundwater resource protection is largely accomplished through three-quarters of an acre zoning, three acres in the National Park, and open space preservation.

¹⁴ The Housing Rehabilitation Program provided loans to private property owners who committed to keeping their property affordable as year-round units. The terms of the loan were determined by the needs and budget of the qualifying applicants. Since 1994 the Program improved 140 units of affordable year-round rental or homeownership units on the Outer Cape, eight of these in Truro.

2. *Mitigation Measures*

It will be important for any new affordable housing development to address these infrastructure constraints, water and septic issues in particular, and insure that there are sufficient amounts of subsidies incorporated into the project to adequately service new residents and protect the environment. Also, comprehensive permit projects would enable developers to override the more stringent local Board of Health requirements, utilizing state Title V requirements if such flexibility is critical to project feasibility yet sensitive environmental areas are not unduly jeopardized.

B. **Zoning**

1. *Challenges*

As is the case in most American communities, a zoning bylaw or ordinance is enacted to control the use of land including the patterns of housing development. Like most localities in the Commonwealth, Truro's Protective Bylaw embraces large-lot zoning of at least 33,750 square feet except in the Seashore district where it is three acres. Low housing density severely constrains the construction of affordable housing. Minimum lot frontages of 150 feet, 25-foot side, rear and backyard setbacks, and two-story height limits also seriously constrain affordable housing development. There are, however, several zoning provisions included in the existing Bylaw that are meant to potentially promote more affordable units including:

- *Affordable Rental Housing*

The Zoning Bylaw includes an Affordable Housing Overlay District "to allow for the development of clustered affordable rental housing units. The district will make it possible for families with low and moderate income to reside in Truro, encourage the protection of open space on large tracts of land, and preserve the wooded areas within the developed parcel".¹⁵ Districts require a special permit, allow no more than 14 dwelling units to be built, specify at least 50-foot setbacks from the nearest existing established road and any other building in the district, and further require that the proposed buildings and pavement not cover more than 25% of the parcel. Additionally, it requires that all units be affordable for year-round residency. One such district has been established thus far to enable the Sally's Way project to go forward (see Section III.D.2). Given the high price of land, it is unlikely that affordable housing could be built within these parameters without donated land and substantial subsidies.

- *Duplex Houses and Apartments*

The Bylaw also allows duplex houses and apartments stating that, "for the purpose of promoting the more efficient use of land, in keeping with the protection of the quality of life and ecology, and at the same time giving relief to those with problems of obtaining adequate housing, the Board of Appeals may approve a special permit authorizing the new construction of duplex houses or the conversion of single-family dwellings to apartments".¹⁶ For new construction, at least one acre of land is required and the building cannot exceed 3,000 square feet. For conversions of single-family dwellings, lots need to meet minimum area requirements, no more than one apartment may be created, the new

¹⁵ Town of Truro, Zoning Bylaw, Section 30.6.

¹⁶ Town of Truro, Zoning Bylaw, Section 40.1.

unit must not exceed 50% of that of the primary dwelling unit or 600 sq. ft., and one of the units must be owner-occupied. The Bylaw also requires that “the applicant shall demonstrate that the new construction or conversion is essential to provide needed housing”.¹⁷ While this regulation is a step in the right direction as it makes smaller, accessory apartments possible to promote some diversity of the housing stock, it is unclear what is required to demonstrate the essential nature of the new unit and how this fits in with the Affordable Housing Apartment bylaw described below. This bylaw has not been used to date.

- *Affordable Housing Apartments*

Truro’s Zoning Bylaw also allows Affordable Housing Apartments “for the purpose of promoting the more efficient use of land, in keeping with the protection of the quality of life and ecology, and at the same time giving relief to those with problems obtaining adequate housing, the Board of Appeals may approve a special permit authorizing the new construction of, or conversion of existing single family dwellings to accommodate accessory apartments”.¹⁸ This approval is based on a number of conditions. Parcels must meet minimum area requirements, and the unit cannot be larger than 750 sq. ft. in floor area. The units are not allowed in the Seashore District, Water Protection Districts, and the Pamet River Protection District. Most importantly, the units must be affordable. First, the Truro Housing Authority must determine that the apartment is essential to provide needed affordable housing. Second, the Bylaw requires that the owner execute a deed rider that will be recorded with the Registry of Deeds and requires that one of the units be owner-occupied, that the rental unit be available for no more than a maximum rent established by the Housing Authority, and that the Housing Authority confirm the eligibility of the tenant and continue to certify the rent level and tenant eligibility on an annual basis. The special permit is revoked if the deed restriction is not executed. Once again, this provision is a great step towards promoting affordable housing within the existing housing stock, but to date only a few such units have received permits but the affordability requirements have not been enforced thus far to enable the units to be counted as part of the state’s Subsidized Housing Inventory.

- *Condominium Conversions*

The Zoning Bylaw currently prohibits the occupancy of condominiums on a year-round basis, a controversial requirement. This presents a significant constraint to building affordable ownership housing beyond single-family homes.

2. *Mitigation Measures*

This Affordable Housing Plan includes a number of strategies that are directed to reforming local zoning regulations, making them “friendlier” to the production of affordable housing and smart growth development. These include adopting inclusionary zoning, promoting accessory apartments by amending the existing bylaw, exploring the adoption of 40R and 40S, allowing affordable housing on noncomplying lots, considering TDR and flexible zoning, amending the condominium bylaw, and encouraging a wider range of housing options. (see Section VI.A for details on these strategies).

¹⁷ Town of Truro, Zoning Bylaw, Section 40.1.D.

¹⁸ Town of Truro, Zoning Bylaw, Section 40.2.

C. Local Capacity

1. Challenges

The Truro Housing Authority is making progress on a number of new initiatives and to promote affordable housing. However, based on the small size of Truro's year-round population, the Town is hard-pressed in attracting the necessary number of volunteers to serve on Town boards and committees. Based upon approximately 1,700 registered voters and 35 different Town multi-body entities, Truro would need about 10% of its voters to participate in Town government. As a result, volunteers are typically serving on several committees at a time and vacancies are difficult to fill. It will be important for the Town to establish the means of building its capacity to promote new affordable units by aggressively reaching out for necessary technical and financial resources in addition to securing the necessary number of volunteers and political support for new housing initiatives.

2. Mitigation Measures

The Town of Truro recently bolstered its professional capacity as it hired an Assistant Town Administrator who will be helpful in planning and program development activities. The Town will also continue to actively engage local and regional non-profit organizations and private developers in its housing initiatives to secure important support in the implementation of this Plan. The Housing Authority will continue to apply for technical assistance funding through the Cape Cod Commission's Technical Assistance Program (TAP) and will begin reaching out for state resources as well when CPA funds are insufficient to undertake the necessary predevelopment work.

D. School Enrollment

1. Challenges

Truro currently has one school, the Truro Central School (Kindergarten through sixth grade), and build-out projections indicate that the school age population could increase by another 141 children, which would likely tax this school but is also quite contrary to current demographic trends. However, recently school enrollments have been decreasing, from 142 in 1999 to less than 100 in the past several years, likely reflecting increasing difficulties in finding jobs and affordable housing. After sixth grade, Truro students have a choice of attending school in either Provincetown or Eastham, both places where enrollments are also declining. For example, in 2006 Provincetown High School had a graduating class of 29 students. This trend is unlikely to change in the near future without some unforeseen substantial new development.

2. Mitigation Measures

This Affordable Housing Plan proposes a mix of housing types and unit sizes to accommodate the range of housing needs in Truro including those of seniors, empty nesters, single individuals, special needs populations, and others who require small units and are less likely to have children who may place burdens on the school system. The Plan also recommends exploring 40S that offers funding to cover increased school costs associated with units created as part of a Smart Growth Overlay District under 40R. Nevertheless, the Plan also proposes the production of first-time homebuyer opportunities that are likely to attract young families with children that will add to school enrollments.

E. Public Transportation

1. Challenges

While most of Truro's roadways function well, the Town has limited access to public transportation. Starting in June 2006, a new transportation system was introduced, called Flex-Route, which provides bus service throughout the Outer Cape. Those living within a half mile of the route can call the service to arrange pick-up. Twelve buses were purchased through a federal grant and all participating towns pay the operating expenses, with some support from passengers via a token system. It should also be noted that Truro's Council on Aging offers free transportation to area seniors, thus promoting independent living on the part of this population. Nevertheless, public transit remains limited and largely requires residents to have access to automobiles, further increasing the cost of living in Truro and presenting a barrier to those low- and moderate-income residents who are more likely to feel the financial strains of owning and maintaining a car.

2. Mitigation Measures

The Town will continue to study opportunities for easing traffic congestion and pay particular attention to the projected traffic implications of any new development, working with the developer to resolve problems. One of the strategies included in this Affordable Housing Plan is to explore the applicability of 40R that would allow mixed-uses and more compact development in the Town Center and in parts along Route 6 that has the potential for reducing the reliance on the automobile (see Section VI.A.6 for details).

F. Environmental Concerns

1. Challenges

Truro's 20 miles of coastline, including the Cape Cod National Seashore and Pamet harbor, attract thousands of visitors annually and provide highly valued opportunities for a wide range of recreational activities. The drainage area of the Pamet River, from the dunes along the ocean to Cape Cod Bay, is the ecological heart of Truro, where most of the wetlands and biological diversity exists. In fact, the state's Division of Fisheries and Wildlife has identified the entire town of Truro as a Priority Habitat and Estimated Habitat for rare species, both plants and animals, codified under the Massachusetts Endangered Species Act (MESA)¹⁹. Consequently, proposed development projects must be reviewed by the National Heritage & Endangered Species Program (NHESP) for MESA compliance. Also if a project includes more than two acres, it may also be subject to the Massachusetts Environmental Policy Act (MEPA) involving another review process.

Residents recognize that these important natural assets need to be protected to the greatest extent possible, and the impacts of any new development must be identified as to how they affect the

¹⁹ The Massachusetts Endangered Species Act (MESA), M.G.L. Chapter 131A and regulations 321 CMR 10.00, protects rare species and their habitats by prohibiting the "Take" of any plant or animal species listed as Endangered, Threatened, or of Special Concern by the Massachusetts Division of Fisheries and Wildlife. "Take" includes the protection of a rare species habitat, and is defined as, "in reference to animals to harass, harm, pursue, hunt, shoot, hound, kill, trap, capture, collect, process, disrupt the nesting, breeding, feeding or migratory activity or attempt to engage in any such conduct, or to assist such conduct, and in reference to plants means to collect, pick, kill, transplant, cut or process or attempt to engage or to assist in any such conduct. Disruption of nesting, breeding, feeding or migratory activity may result from, but is not limited to, the modification, degradation or destruction of Habitat."

environment and what actions might be required to mitigate problems. While regulations to protect the environment (e.g., wetlands, aquifers, septic systems) are important and essential, they nevertheless present challenges to development by reducing the amount of buildable land and increasing the time and costs of developing new housing.

2. Mitigation Measures

Fundamental to this Affordable Housing Plan are the housing goals that provide a framework for producing affordable housing in Truro. One of these goals involves making zoning and regulatory reforms that will promote smart growth, taking into consideration the need to avoid sprawl and preserve open space. As such, housing strategies are largely oriented to actions that will promote smart growth that concentrates development in appropriate areas or existing structures such as adaptive reuse, affordable accessory apartments, conversion of existing housing, and possibly mixed-use development (see Section VI for details on these strategies). Moreover, proposed Housing Guidelines will include criteria for reducing negative impacts on the environment and for promoting cluster housing, where feasible, to preserve open space and sensitive environmental features.

G. Availability of Subsidy Funds

1. Challenges

Financial resources to subsidize affordable housing preservation and production as well as rental assistance have suffered budget cuts over the years making funding more limited and extremely competitive. Communities are finding it increasingly difficult to secure necessary funds and must be creative in determining how to finance projects and tenacious in securing these resources.

Last year Truro approved the Community Preservation Act, and the Board of Selectmen has appointed a Community Preservation Committee to oversee the distribution of these funds. Community Preservation funding will offer Truro an important resource for affordable housing production, but the Town will, nonetheless, need substantial support from regional, state and federal resources as well.

2. Mitigation Measures

This Affordable Housing Plan provides guidance on the use of Community Preservation Funds for affordable housing initiatives that will enable the Town to support the production of new affordable units. The Town will, nonetheless, need further support from state resources and will continue to file Commonwealth Capital applications, as required, to be in a position to secure additional state subsidy funds to bolster its affordable housing agenda. In an effort to better manage funding for affordable housing purposes, this Affordable Housing Plan recommends that the Town establish an Affordable Housing Trust Fund (see Section VI.B for details on promoting affordable housing organizations).

H. Community Perceptions

1. Challenges

Residents in most communities are concerned about the impacts that any new development will have on local services and quality of life, and many may also have negative impressions of affordable housing in general. Therefore, local opposition to new affordable developments is more the norm than the exception, and there has been considerable opposition to land use

reforms and affordable housing in Truro. On the other hand, with soaring real estate prices, community perceptions are beginning to tilt towards the realization that workforce housing is needed in the community. More people are recognizing that the new kindergarten teacher, their grown children, the local policeman, or the elderly neighbor may not be able to afford to live or remain in the community. It is this growing awareness that is spurring communities such as Truro to take a more proactive stance in supporting affordable housing initiatives.

2. *Mitigation Measures*

Truro proposes launching an ongoing educational campaign to better inform local leaders and residents on the issue of affordable housing to help dispel negative stereotypes, provide up-to-date information on new opportunities and to garner political support (see details on this strategy in Section VI.B.1).

IV. **PROPERTY INVENTORY**

The following information represents a work in progress that will be fine-tuned on an ongoing basis in coordination with other Town Boards and Committees.

A. **Town-owned Properties**

Table IV-1 lists some properties that are owned by the Town that may be suitable for some amount of infill or clustered affordable housing development. Other Town-owned properties may also be suitable for such development but are not considered in the 10-year plan.

Table IV-1
Town-owned Properties with Potential for Affordable Housing Development

Parcels	Map #/ Parcel #	Total Parcel Buildable Housing Acres*	Estimated # Housing Units/Aff. Units	Comments
Sally's Way			14/14	Development held-up pending litigation by abutters
N. Truro Fire Station			2/2	
Snows Road			3/3	Property owned by Housing Authority; rehab existing house and new construction

In addition to currently owned Town parcels, the Town of Truro may decide to acquire privately owned sites over the next decade for the purposes of protecting open space and developing some amount of housing, including affordable housing, through cluster development on a portion of the sites. Some limited opportunities may also be available through the taking of tax-foreclosed properties for affordable housing.

B. **Private Properties**

It is also likely that at least some point in the future developers may pursue comprehensive permit applications or the standard regulatory process for affordable housing development, and it will be incumbent on the Town to determine the best approach for negotiating with these developers to guide new development to more appropriately satisfy local needs and requirements. One of the strategies recommended in this Affordable Housing Plan is to prepare Housing Guidelines that establish general local criteria for new housing development that would be acceptable to the Town.

Additionally, the Town should become alert to opportunities for acquiring property that would be suitable for some amount of affordable housing. Ideally such properties would meet a number of smart growth principals (see Section I.C for details) such as:

- The redevelopment of existing structures,
- Large enough to accommodate clustered housing,
- Good carrying capacity for water and septic systems or can accommodate special treatment facilities,
- Buffer between adjacent properties, and
- Located along a major road.

The Town might also work with other entities to pursue new development in the Town's best interests that would include mixed uses and affordable housing.

V. AFFORDABLE HOUSING PLANNED PRODUCTION GOALS

The Massachusetts Department of Housing and Community Development (DHCD) is administering the Planned Production Program in accordance with regulations that enable cities and towns to prepare and adopt an affordable housing plan that demonstrates production of an increase of .75% over one year or 1.5% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory.²⁰ Truro will have to produce approximately seven (7) affordable units annually to meet these goals through 2010. When the 2010 census figures become available in 2011, this number will be somewhat higher. If DHCD certifies that the locality has complied with its annual goals, the Town may, through its Zoning Board of Appeals, deny comprehensive permit applications without opportunity for appeal by developers.

Using the strategies summarized under the Housing Action Plan described in Section VI.A through D., the Town of Truro has developed a Planned Production Program to chart affordable housing activity over the next decade. The projected goals are best guesses at this time, and there is likely to be a great deal of fluidity in these estimates from year to year. The goals are based largely on the following criteria:

- To the greatest extent possible, at least fifty percent (50%) of the units that are developed on Town-owned parcels should be affordable to households earning at or below 80% of area median income and at least another 10% affordable to those earning up to 150% of area median income,

²⁰ Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

- depending on project feasibility. The rental projects will also target some households earning at or below 60% of area median income and lower depending upon subsidy program requirements.
- Projections are based on no fewer than four (4) units per acre. However, given specific site conditions and financial feasibility it may be appropriate to decrease or increase density as long as projects are in compliance with state Title V and wetlands regulations.
 - Because housing strategies include some development on privately owned parcels, production will involve projects sponsored by private developers through the standard regulatory process or possibly the “friendly” comprehensive permit process. The Town will continue to work with these private developers to fine-tune proposals to maximize their responsiveness to community interests and to increase affordability to 30% of total project units to the greatest extent feasible.
 - The projections involve a mix of rental and ownership opportunities. The Town will work with private developers to promote a diversity of housing types directed to different populations with housing needs including families, seniors and other individuals with special needs to offer a wider range of housing options for residents.

Truro Planned Production Program*

Strategies by Year	Units < 80% AMI	Units 80%-150% AMI	Total # units
Year 1 – 2007			
Sally's Way (rental)	14	0	14
Snows Road (ownership)	1	0	1
<i>Subtotal</i>	<i>15</i>	<i>0</i>	<i>15</i>
Year 2 – 2008			
Covered under Year 1			
Year 3 – 2009			
North Truro Fire Station site (rental)	2	0	2
Snows Road (ownership and rental)	2	0	2
Accessory apartments	5	0	5
<i>Subtotal</i>	<i>9</i>	<i>0</i>	<i>9</i>
Year 4 – 2010			
Town-owned parcel	20	4	40
Inclusionary zoning	2	1	6
<i>Subtotal</i>	<i>22</i>	<i>5</i>	<i>46</i>
Year 5 – 2011			
Covered under Year 4			
Year 6 – 2012			
Mixed-use development	10	3	33
Accessory apartments	2	0	2
Inclusionary zoning	2	1	10
Affordable housing in nonconforming lots	2	0	2
<i>Subtotal</i>	<i>16</i>	<i>4</i>	<i>47</i>
Year 7 – 2013			
Covered in Year 6			
Year 8 – 2014			
Private residential development/ Possible condo conversions	6	2	20
Convert existing housing to affordability	3	0	3
Affordable housing in nonconforming lots	2	0	2
<i>Subtotal</i>	<i>11</i>	<i>2</i>	<i>25</i>

Strategies by Year	Units < 80% AMI	Units 80 – 150% AMI	Total # units
Year 9 – 2015			
Other private development	8	3	25
Inclusionary zoning	2	1	6
<i>Subtotal</i>	<i>10</i>	<i>4</i>	<i>31</i>
Year 10 – 2016			
Mixed-use development	8	3	25
Accessory apartments	2	0	2
<i>Subtotal</i>	<i>10</i>	<i>3</i>	<i>27</i>
Total	93	18	200

Total = 93 affordable units, 18 middle-income units, and 89 market units with a total projected number of housing units created of 200 units.

**** Final determination of the use of existing Town-owned parcels for new affordable housing is subject to a more thorough feasibility analysis of site conditions and Town Meeting approval. If any of the preliminarily identified existing Town-owned properties are finally determined infeasible or do not obtain approval from Town Meeting, it is anticipated that the projected numbers of affordable units would be met through the acquisition of privately owned properties or private development.***

It is difficult to project which specific projects will involve ownership vs. rental for all units beyond Year 3, and these projections are therefore conservative with totals assuming homeownership projects with at least 30% of the units affordable although a mix of rental and ownership is planned to meet local needs. The numbers would be higher in the case of rental projects with all units counting as part of the Subsidized Housing Inventory. Additionally, these estimates do not earmark particular projects as being directed to seniors, families, individuals or special needs populations. However, this Plan projects that all of these needs will be addressed through local development efforts during the next ten years.

Despite these challenging production goals, Truro will still not have reached the 10% state threshold for affordable housing at the end of ten years in 2016. Currently there is a 91-unit gap between existing affordable units (9) and 10% of the Town's year-round housing stock (99 units). Moreover, this gap will increase when the new census figures become available in 2010 and when a number of units currently included in the Subsidized Housing Inventory, which participated in a Housing Rehab Program, will dropout of the count as the affordability restrictions will expire.

VI. HOUSING ACTION PLAN

The strategies outlined below are based on previous plans, reports, studies, the Housing Needs Assessment, and the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to the type of action proposed – Planning and Regulatory Reforms, Building Local Capacity, Housing Production, and Housing Preservation – and categorized by Two-Year, Five-Year Action Plans, and other possible actions for future consideration. Two-Year actions are those that will begin within the next two years, most of which will involve some immediate actions. Those strategies included in the Five-Year Action Plan involve focused attention after the next couple of years, working towards implementation after Year 2 but before Year 5. Strategies listed for possible consideration do not involve priority actions.

A. Encourage Planning and Regulatory Reforms

Housing production is contingent not only on actual development projects but on the planning and regulatory tools that enable localities to make well informed decisions to strategically invest limited public and private resources on housing creation. To most effectively and efficiently execute the strategies included in this Plan and meet production goals, greater flexibility will be needed in the Town's Zoning Bylaw, and new tools will be required to capture more affordable units and expeditiously move development forward to completion.

The Zoning Bylaw includes a minimum lot requirement of at least three-quarters of an acre as well as frontage, setback and other requirements that may not be conducive to affordable housing. This creates the likely need for regulatory relief for any residential development that includes affordable units, possibly through the “friendly” comprehensive permit process that overrides local zoning if not normal regulatory channels. Additionally, the Zoning Bylaw incorporates a number of provisions that while intended to encourage affordable housing, have not provided sufficient incentives to realize actual new affordable units and should be revisited and revised as necessary (see Section III.B).

The Town of Truro should consider the following planning and zoning-related strategies to promote the creation of additional affordable units. These actions can be considered as tools that the Town will have available to promote new housing opportunities, each applied to particular circumstances and providing a powerful group of resources when available in combination.

1. Adopt Inclusionary Zoning

Current Status: Inclusionary zoning, not currently included in Truro's Zoning Bylaw, is a zoning provision that requires a developer to include affordable housing as part of a development or contribute to a fund for such housing. This mechanism has been adopted by more than one-third of the communities in the state to insure that any new development project over a certain size includes a set-aside in numbers of affordable units or funding from the developer to support the creation of affordable housing. This bylaw applies to development that typically meets local zoning requirements, but most communities have determined it appropriate to incorporate density bonuses in their inclusionary bylaw. Many of the municipalities that have inclusionary zoning in place are reaping the rewards of these actions through the creation of actual affordable units or cash contributions to the locality for investment in affordable housing production. Most of the bylaws include mandated percentages of units that must be affordable, typically 10% to

15% and density bonuses²¹. Some also allow development of affordable units off-site and/or cash in lieu of actual units.

Next Steps: There are a variety of bylaws that have been adopted in localities throughout the state that vary considerably based on requirements. The Truro Planning Board should explore models and prepare a zoning amendment that is best suited to support affordable housing in Truro. This amendment should be presented by the Planning Board to Town Meeting for adoption.

Timeframe: Two-Year Plan

This process could be accomplished within the next year, ready for vote by Town Meeting in 2008.

Resources Required: One of the benefits of this strategy is that it requires very little local investment to implement. If the Town decided to hire a consultant, the fee should not be more than \$5,000 and could be covered by CPA funds, Cape Cod Commission's Technical Assistance Program (TAP), or state technical assistance funding such as DHCD's Priority Development Fund or the Executive Office of Environmental Affairs (EOEA) Smart Growth TA Program.

The monitoring of projects to insure continued affordability based on use restrictions would be the responsibility of the project sponsor and coordinated by the designated monitoring agent. It will be important to also insure that all affordable units produced through the bylaw get counted as part of the Subsidized Housing Inventory, applied through the Local Initiative Program (LIP) administered by DHCD if another housing subsidy is not used. Some of the important tasks for insuring that the affordable units, now referred to as Local Action Units (LAU) meet the requirements of Chapter 40B to be counted include:

- Meet with the developer to discuss requirements for insuring that the unit meets the requirements for inclusion in the Subsidized Housing Inventory through the state's Local Initiatives Program (LIP).
- Determine the purchase price based on LIP Guidelines.
- Identify a marketing agent to conduct outreach and the lottery as well as monitoring agent to enforce the affordability restrictions.
- Execute a regulatory agreement to further insure affordability between the developer, municipality and DHCD.
- Apply the LIP Deed Rider to the Project.
- Prepare a Fair Housing Marketing Plan.
- Identify a lender to pre-approve applicants for the affordable unit.
- Prepare a Purchaser Application and implement the Marketing Plan.
- Approve applicants for eligibility in the lottery.
- Prepare a letter to those eligible for inclusion in the lottery.
- Hold information session about the lottery.
- Conduct the lottery.
- Work with selected purchaser and lender to secure their mortgage commitment.

²¹ Density bonuses allow increased densities beyond what is allowed under the Zoning Bylaw.

- Obtain Resale Price Certificate from DHCD that requires the loan commitment letter, purchase and sale agreement, and contact info for the closing attorney.
- Work with lender and the developer to close on the property.
- Submit necessary documentation to DHCD to have the unit counted as part of the Subsidized Housing Inventory including the Local Action Unit application.

This work could be conducted by the Housing Authority or by a capable non-profit organization such as the Lower Cape Cod CDC or HAC, the costs to be budgeted as part of the project. The monitoring of projects to insure continued affordability based on use restrictions would be the responsibility of a designated monitoring agent, DHCD in the case of LIP units.

Projected # Affordable Units Produced: 6 units. Ideally the adoption of this bylaw would lead to the production of actual housing units, but may also deliver payments in lieu of actual units to help capitalize a dedicated housing fund.

2. Amend Accessory Apartment Bylaw

Current Status: The current Zoning Bylaw allows accessory apartments through a special permit, however only a few units have been permitted to date. Nevertheless, it is generally recognized that there are illegal accessory apartments scattered through town that have been “under the radar”, perhaps as many as 200. It is questionable as to whether these units meet health and safety requirements including those of Title V.

Accessory units are helpful in meeting a number of public policy objectives. First, they enable homeowners to capture additional income, which is particularly important for elderly homeowners or single parents where such income may be critical to remaining in their homes. Also, some young families or moderate-income households might be able to afford homeownership if they could count on income from an accessory apartment. Second, they provide appropriately sized units for growing numbers of smaller households, which represent more than 40% of Truro’s households. Third, accessory units are inexpensive ways of increasing the rental housing stock at lower cost than new construction and without loss of open space, without significant impact on the surrounding neighborhood, and without additional Town services such as streets or utilities. There are, however, issues regarding the adequacy of the existing septic system when a new bedroom is added. Fourth, tenants in accessory apartments can also provide companionship, security and services for the homeowner, from shoveling the sidewalk for an elderly owner to babysitting for a single parent. Fifth, often referred to as “in-law” apartments, they have offered good opportunities for keeping extended families in closer contact. Sixth, new accessory units typically generate tax revenue in a locality because accessory units add value to existing homes. Seventh, the state now allows accessory apartments to be counted toward a community’s 10% goal including accessory apartments constructed on or after July 1, 2002, pursuant to a local ordinance or bylaw, and “that is affordable to the occupant.” Truro’s Zoning Bylaw requires that accessory units be affordable, however, has yet to establish a special process for doing so including an annual certification of affordability for each accessory unit to DHCD (see Section VI.C.2. for details).

Next Steps: In order to better promote new accessory units the Town should consider how it might improve its existing Zoning Bylaw. In addition to reviewing existing language, changes might include:

- Allow accessory units as-of-right (not requiring any special regulatory approval) based on specified conditions of the bylaw;
- Extend use to detached structures or separate additions; and
- Extend availability to investor-owned properties.

There are many variations of accessory apartment bylaws that have been adopted in other communities including the town of Wellfleet. The Truro Planning Board can explore other bylaws and work on an amendment that will best meet the needs of the community.

Timetable: Two-Year Plan

This process could be accomplished within the next year, ready for vote by Town Meeting in 2007.

Resources Required: Time of the Planning Board to prepare the zoning amendment, potentially with the support of a consultant, and coordinate the necessary approvals. Additional time may be needed from the Assistant Town Administrator to prepare an implementation plan to insure the long-term affordability of new accessory apartments (see VI.C.2. for details).

Projected # Affordable Units Produced: 9 units (this unit count is also included under VI.C.2. – Explore Amnesty Program for Accessory Apartments).

3. *Amend Condo Bylaw*

Current Status: Truro's Zoning Bylaw does not currently allow the year-round occupancy of condominium units. This has largely been a result of community concerns about the appropriateness of condominium units for year-round use as they have typically involved the conversion of small resort cottages or motel rooms. Concerns have also been raised about the market reaction to allowing year-round use that might spur steep price increases on existing condos. Nevertheless, condominiums provide an important alternative to single-family homes. For example, condos are often conducive to the changing lifestyles of seniors who are interested in downsizing from their single-family homes and minimizing the demands of property maintenance work. Condos also provide a helpful legal vehicle for managing shared facilities such as common open space, new roads, or special sewage treatment systems that are often necessary for somewhat larger developments when municipal sewer systems are not provided. Additionally, condos enable developers to more easily incorporate some affordability into their developments as they are more conducive to denser development, cluster development especially.

Next Steps: Truro's Planning Board should amend the current Zoning Bylaw to allow the development of condominiums for year-round occupancy. Such a bylaw is currently being prepared.

Timetable: Two-Year Plan

Resources Required: The Planning Board should be able to draft the necessary changes.

Projected # Affordable Units Produced: Unit numbers are incorporated under private development or inclusionary zoning.

4. *Encourage Cluster Zoning*

Current Status: Truro's Protective Bylaw currently does not include any provisions encouraging cluster development or the protection of open space that would promote more compact development patterns in line with smart growth principals. Additionally, unlike other communities, the Bylaw does not incorporate density bonuses as incentives for producing affordable units in new developments.

Next Steps: The Truro Housing Authority should explore what other communities are doing with respect to these more flexible zoning provisions and work with the Planning Board to prepare a zoning amendment to promote cluster development and open space protection with density bonuses for the inclusion of affordable units. For example, a model bylaw has been produced by the Metropolitan Area Planning Council, Massachusetts Audubon, and others in the Green Neighborhood Alliance, adopted by a number of Massachusetts's communities.

Timetable: Five-Year Plan

Resources Required: The Housing Trust should coordinate this effort with the Planning Board and other appropriate local officials in determining the feasibility of implementing this strategy in Truro, drafting the zoning amendment and coordinating the necessary approvals towards implementation. This strategy is also likely to require some technical support from a housing professional to provide information on what other communities have implemented in this regard and to help shape a strategy for Truro.

Projected # Affordable Units Produced: Units created under this strategy become part of some of the private development or inclusionary zoning.

5. *Allow Affordable Development on Nonconforming Lots*

Current Status: There are parcels of vacant land that at this time cannot be developed because they do not meet the dimensional requirements of the Zoning Bylaw such as minimum lot size as well as front, rear and side yard requirements. It is likely that many of these parcels could in fact be suitably developed as housing. Smaller lots will encourage the construction of smaller homes under appropriate guidelines to provide some housing options that are not currently being created by the private market as starter housing or homes for empty nesters interested in reducing their living space and home maintenance.

Next Steps: The Truro Housing Authority might explore what other communities are doing with respect to these undersized lots and work with the Planning Board to prepare a zoning amendment to enable these lots to be developed based on specific criteria. One potential model is to adapt a bylaw that has been approved in Dennis to allow "affordable lots" that enables nonconforming lots to be built on by special permit if they meet the following conditions:

- Contains at least 10,000 square feet and satisfies other Board of Health requirements.
- Has safe and adequate access to a public or private way.
- Is similar in size and shape to surrounding lots.
- The dwelling cannot have more than three bedrooms with a minimum of 5,000 square feet per bedroom.
- The applicable front, rear and side yard requirements are determined by establishing an average setback based on the homes adjacent to and across the street from the lot in question.
- Where two lots are in common ownership, one of the two lots must be deed restricted to insure permanent affordability and where more than two lots are held in common ownership, the second, third and fifty percent of the remaining lots to be built upon shall be deed restricted as permanently affordable (the fourth lot may be market rate, fifth affordable, sixth market rate, etc.).

Timetable: Five-Year Plan

Resources Required: The Housing Authority should coordinate this effort with the Planning Board and other appropriate local officials in determining the feasibility of implementing this strategy in Truro, drafting the zoning amendment and coordinating the necessary approvals towards implementation. This strategy is also likely to require some professional support, possibly from the Assistant Town Administrator or a consultant.

Projected # Affordable Units Produced: 4 units

6. *Encourage Mixed-Use Development*

Current Status: Truro's Zoning Bylaw allows two-family dwellings and accessory apartments but does not have provisions for mixed-use development. There are bylaws that have been adopted in many other communities on how to integrate housing, including affordable housing, in Town Centers and other commercial areas. It may also be useful to consider a bylaw that was adopted in Dennis to establish greater flexibility on the part of the Town to approve affordable housing projects. The establishment of Smart Growth Zoning Overlay District under the state's 40R and 40S provisions may also be helpful in promoting the feasibility of mixed-use development (40R/40S are described in Appendix 3).

Next Steps: The Truro Housing Authority might explore adapting bylaws for promoting mixed-use development to Truro and work with the Assistant Town Administrator and Planning Board to propose a zoning amendment for Town Meeting approval.

Timetable: Five-Year Plan

Resources Required: The Housing Authority should coordinate this effort with the Planning Board and other appropriate local officials in determining the feasibility of implementing this strategy in Truro, drafting the zoning amendment(s) and coordinating the necessary approvals towards implementation. This strategy will require staff time from the Assistant Town Administrator.

Projected #Affordable Units Produced: 18 units

7. Adopt Affordable Housing Guidelines

Current Status: “Affordable Housing Guidelines” should be considered by the Town of Truro as a helpful tool for promoting greater cooperation with private for profit and non-profit developers on affordable housing production. This Housing Plan incorporates Planned Production goals that identify development opportunities leading to the production of at least .75% of the year-round housing stock per year of at least seven (7) units. However, given past production of only nine (9) total units to date, this Planned Production goal is extremely ambitious and will require the Town to work more effectively with developers to boost the level of affordable housing as it is beginning to do. To this end the Planning Board and Housing Authority should consider affecting the types of housing proposals submitted through the creation of reasonable Affordable Housing Guidelines that provide guidance on projects that will be acceptable to the community, and therefore, more likely to avoid prolonged and often litigious battles.

Affordable Housing Guidelines provide an aid to both non-profit and for profit housing developers to help them plan for residential development that will be in line with what the community seeks in affordable housing related to scale, siting, density, levels of affordability, location, design, etc. Through such Guidelines the developer “wins” because there is greater predictability in what the Town is willing to approve, and the Town “wins” because it gets new affordable units that meet locally established development criteria that help it meet local needs and production goals. These Guidelines will contribute to a more open environment where developers who meet these development criteria can approach the Town with the expectation that they will likely be able to pursue their project through a “friendly” Chapter 40B process, if not normal regulatory channels, working with instead of against the Town on housing creation strategies.

A sample of Affordable Housing Guidelines that include possible factors for consideration and adaptation in Truro is included as Appendix 2. Also, other towns have established guidelines including the Town of Grafton.

Next Steps: The Truro Housing Authority, working in coordination with the Planning Board, should revise the sample Affordable Housing Guidelines as needed and share them with the Board of Selectmen, Conservation Commission, Board of Health, Zoning Board of Appeals and other interested boards and committees for their review and comment. The Guidelines can then be finalized and made public.

Timeframe: Five-Year Plan

Resources Required: The donated time of local officials and various Town boards and committees and potentially the services of a consultant, funded through available state technical assistance funds, CPA or the Cape Cod’s Commission’s Technical Assistance Program (TAP).

Projected # Affordable Units Produced: 14 affordable units as well as potentially 5 middle-income units through private development, through the “friendly” Chapter 40B process or normal regulatory process.

Other Possible Strategies for Future Consideration

- *Explore Possible Tax Policy Changes to Promote Affordable Housing*
In order to remain in their homes, lower income households may be willing to consider restricting the resale price of their homes through a deed rider for a period of time in exchange for an exemption from property taxes during that timeframe. Because house prices are so high, however, it may take additional financial incentives to induce participation such as a grant or annuity paid for from Community Preservation Funds, and some towns are trying to do so, offering existing lower income homeowners grant funds in exchange for insuring the long-term affordability of their homes. These units could then be counted as part of the Town’s Subsidized Housing Inventory through the state’s Local Initiative Program (LIP), and existing owners would have greater financial means to remain in their homes. The Town would have to request state legislative approval to change its current tax policies that is likely to take considerable time to process. Truro may also want to consider a strategy that has been approved by Provincetown and Wellfleet, to offer a property tax exemption for affordable year-round housing units. An alternative strategy for future consideration would be to adopt a fee on the property transfer tax on buyers purchasing luxury homes over a certain purchase price to support affordable housing. This measure would also require state approval of a home rule petition.
- *Explore the Transfer of Development Rights*
The Association to Preserve Cape Cod received a grant from the TD Banknorth Charitable Foundation and the Cape Cod Five Cents Savings Bank to explore a Cape-wide Program to pursue the transfer of development rights (TDR), a planning tool that is increasingly being implemented in the state and across the country. TDR involves the conveyance of development rights by deed, easement or other legal instrument from one parcel of land to another as a means of encouraging development in certain areas while preserving open space in others. Zoning provisions allow this transfer to take place and in some case can identify “receiving zones”, growth incentive areas such as village centers or transportation nodes where more concentrated development is promoted as opposed to “sending zones” where development is discouraged.

B. Build Local Capacity

In order to carry out the strategies included in this Housing Plan and meet the Planned Production goals, it will be important for the town of Truro to build its capacity to promote affordable housing activities. This capacity includes gaining access to greater resources – financial and technical – as well as building local political support, developing partnerships with public and private developers and lenders, and creating and augmenting local organizations and systems that will support new housing production. This Plan incorporates an organizational structure for the implementation of the strategies and continued oversight of housing policy and initiatives in Truro. This structure involves a division of functions in

compliance with current legislative opportunities, in recognition of existing entities, and in keeping with what is working in other communities.

1. Continue Educational Campaign

Current Status: Affordable housing has become a more visible issue in Truro, largely as a result of escalating housing prices that are having homeowners, especially long-term homeowners, ponder how they might fare in the current housing market if they did not already own a home. Affordable housing, or the increasing lack thereof, is becoming a much-discussed issue throughout the Cape and many communities are trying to become more proactive on affordable housing production. While residents are increasingly aware of escalating housing prices and some are encountering difficulties affording housing in Truro, it is likely that many residents hold onto negative stereotypes of what affordable housing is and what it will do to their community.

On July 17, 2006, the Truro Housing Authority sponsored a forum for local leaders and the public to hear the results of a Housing Needs Assessment that is a substantial component of this Affordable Housing Plan. During this meeting, updated information on the dwindling supply of unsubsidized affordable housing in Truro was presented, highlighting the current gaps between the supply of housing and local needs.

Another public forum was held on January 18, 2007, to provide information on the draft Affordable Housing Plan to not only get feedback on the Plan's strategies and goals, but also to offer another opportunity to showcase the issue of affordable housing in a light that demonstrates how the Town can better serve the wide range of local needs and control new development. Additional opportunities to engage the community in discussions on affordable housing and to present information on the issue are needed to dispel myths and help galvanize local support, political and financial, for new affordable housing production. These outreach efforts are mutually beneficial as they provide useful information to community residents and important feedback to local leaders on local concerns and suggestions.

Next Steps: Outreach can continue to be directed to local officials and committees and then followed by more formal public efforts directed to the entire community through the local press, media and events. Additional community outreach to various local groups (e.g., churches, PTA's, women's clubs, fraternal organizations, realtors, hospitality organizations, Council on Aging, etc.) can occur through speakers or information meetings, and a newsletter or some progress report can be prepared for general distribution. This work can be aided by the Highland Affordable Housing Committee, a local non-profit organization that is being resurrected to promote affordable housing in Truro and will work in conjunction with the Housing Authority on public outreach efforts.

As noted above, the presentation of this Affordable Housing Plan offers an opportunity to bring attention to the issue, offering information on housing needs and proposed strategies that can help attract community support for affordable housing initiatives. In addition to meetings that focus on this planning effort, other public education opportunities include having representatives from other towns speak in public forums on innovative affordable housing strategies, organizing panel discussions on particular housing-related topics, and holding meetings on new local

housing initiatives. These forums can help build community interest, improve communication and garner support. It may also be feasible to have local banks support such efforts with financial and/or technical assistance.

Timetable: Two-Year Plan

Resources Required: The donated time of the Truro Housing Authority.

Projected # Affordable Units Produced: Unlikely to have a direct impact on actual unit production but important to stimulate community support for new initiatives and development.

2. Establish Annual Housing Summits

Current Status: Most communities lack an effective mechanism for promoting regular communication among relevant Town boards and committees on issues related to affordable housing. It is useful for each locality to determine how it might more effectively communicate on this issue to insure that local leaders remain apprised of housing activities and have an opportunity for input. Some communities have attempted to promote and formalize this communication. Additionally, it may be helpful to open these meetings to the public to continue to foster greater community understanding and participation in the area of affordable housing.

Next Steps: The Board of Selectmen should consider formalizing an Annual Housing Summit. Such a summit could include an annual report from the Housing Authority on housing issues and progress towards implementing this Housing Plan.

Timetable: Two-Year Plan

Resources Required: Donated time of local officials, particularly the Housing Authority.

Projected # of Affordable Units Produced: Unlikely to have a direct impact on actual unit production but helpful in coordinating the implementation of the Housing Plan.

Other Strategies for Consideration

- *Promote Affordable Housing Organizations*

Truro should explore opportunities to bolster its capacity to promote affordable housing. One consideration is to consider the establishment of a Municipal Affordable Housing Trust Fund that is a dedicated housing fund that offers communities greater ability to support the development of affordable housing. On June 7, 2005, the Governor signed new legislation, called the Municipal Affordable Housing Trust Fund Act, which allows communities to collect funds for housing, segregate them out of the general budget into an affordable housing trust fund, and use these funds without going back to Town Meeting for approval. It also enables trusts to own and manage real estate, not just receive and disburse funds. While the new trusts must be in compliance with Chapter 30B, the law which governs public procurement as well as public bidding and construction laws, it is likely that most trusts will opt to dispose of property through a sale or long-term lease to a developer so as to clearly differentiate any affordable housing

development project from a public construction project. The Town would have to determine how the Trust would work relative to the Truro Housing Authority and if there would be enough value added by creating a Housing Trust.

- *Improve Commonwealth Capital Scoring*
The state has established Commonwealth Capital as a policy that encourages communities to implement smart growth measures by making municipal land use regulations more consistent with smart growth principles and using these reforms as part of the evaluation of proposals for state funding under a number of state capital spending programs related to economic development, the environment, transportation and infrastructure as well as housing. This program is summarized in more detail in Appendix 3. Truro should continue to prepare and submit the scoring application under Commonwealth Capital and provide supplemental information as progress is made to boost its score and become more competitive for state discretionary funding.

C. Housing Production

To accomplish the actions included in this Housing Plan and meet production goals, it will be essential for the Town of Truro to continue to reach out to the development community and sources of public and private financing to secure the necessary technical and financial resources. While some of the units produced will rely on the participation of existing homeowners, most of the production will require joint ventures with developers – for profit and non-profit – to create affordable units. For example, competitive Requests for Proposals (RFP's) are necessary for the selection of developers of Town-owned property. For profit developers continue to express interest in developing housing in Truro, and there are numbers of non-profit organizations that have successfully completed affordable housing projects on Cape Cod.

In addition to the active participation of the development community, it will be important for Truro to actively seek support from state and federal agencies. In addition to the state's Department of Housing and Community Development (DHCD), other state and quasi-public agencies that have resources to support affordable and special needs housing include MassHousing, MassDevelopment, Department of Mental Retardation, Department of Mental Health, Community Economic Development Assistance Corp. (CEDAC), Massachusetts Housing Partnership Fund, and Massachusetts Housing Investment Corporation (MHIC). Regional resources should be considered as well including the Cape Cod Commission, Housing Assistance Corporation and Lower Cape Cod CDC. Because affordable housing is rarely developed without private financing, project developers will need to reach out to private lenders as well.

The following strategies provide the basic components for the Town to meet its housing production goals:

1. *Continue to Make Suitable Public Land Available for Affordable Housing*
Current Status: The Truro Housing Authority is in the process of developing several affordable housing developments in tandem with private developers on Town-owned land including Sally's Way, which is currently stalled by litigation, as well as the North Truro Fire Station site. The contribution or "bargain sale" of land owned by the Town but not essential for municipal purposes is a component of Planned Production goals and the Truro Housing Authority has

identified a list of potential Town-owned parcels that might potentially be developed as affordable (see Section IV.A. of this Plan for the list of properties under preliminary consideration). Final determination of the use of these parcels for affordable housing is subject to a more thorough feasibility analysis of site conditions and Town Meeting approval. In addition to currently owned Town parcels, the Town of Truro may decide that it will acquire privately owned sites over the next decade for the purposes of protecting open space and developing some amount of housing, including affordable housing, through cluster development on a portion of the sites.

Next Steps: The Housing Authority should conduct a preliminary feasibility analysis of existing Town-owned parcels, including those listed in Section IV.A, or on sites identified at a later time that might potentially include some amount of affordable housing. If this analysis indicates that housing might likely be accommodated, the Housing Authority should request approval from the Board of Selectmen and Town Meeting to designate these identified parcels for housing development that includes affordable housing and perhaps other uses as well.

Following the necessary approvals, the Housing Authority in coordination with the Town's Chief Procurement Officer and a housing professional (consultant, Assistant Town Administrator, or other staff person) should prepare a Request for Proposals (RFP) to solicit interest from developers based on the Town's specific project requirements and select a developer based also on identified criteria included in the RFP. It is likely that the projects will require densities or other regulatory relief beyond what is allowed under the existing Zoning Bylaw, and the Housing Authority may be able to obtain this relief through normal channels, if community support is assured, or use the "friendly" comprehensive permit process through DHCD's Local Initiative Program (LIP) or MassHousing's Housing Starts Program, for example. Additionally, the Housing Authority will need to be involved in attracting the necessary financial, technical and political support. Evidence of municipal support is often critical when seeking financial or technical assistance from regional, state or federal agencies.

Truro should consider the following process when planning for the development of Town-owned land:

- *Conduct preliminary feasibility analysis on potential development sites.*
The first responsibility for this action, besides the Housing Authority, will be Town staff or representatives from other boards and committees who are capable of providing technical input as to whether a particular site is feasible for housing development and what constraints must be considered in preparing development plans (i.e., wetlands, conservation area, existing easements, title issues, ledge, etc.). Additionally, the Town might explore technical assistance funding from regional or state sources to hire a consultant(s) to conduct the necessary preliminary feasibility analysis, especially an environmental review.
- *Secure approval from Town Meeting to convey parcel for development to incorporate affordable housing,*
The Housing Authority should make this request and provide supportive documentation regarding the proposed project.

- *Prepare and issue a Request for Proposals (RFP) for developers that includes project guidelines (e.g., approximate size, density, ownership vs. rental, target market/income mix, level of affordability, design issues, community preference criteria, siting, financing available, ownership and management, other stipulations) and selection criteria.*
The Housing Authority should work with Truro's Chief Procurement Officer on this task and perhaps hire a consultant to prepare the RFP.
- *Select developer.*
Once again the Housing Authority should work with the Town's Chief Procurement Officer on the selection process, perhaps assisted by a housing consultant. It will be important for the Town to conduct a fair and rigorous process for reviewing proposals to insure that it designates the most capable developer. The Town might consider a selection process with two phases. First, all applicants must meet specific threshold requirements for their proposals to be considered competitive. All respondents to the RFP who pass the minimum threshold requirements would then be evaluated and ranked according to competitive selection criteria such as:
 - Level of construction experience and capacity.
 - Level of financial ability and capacity.
 - Cost and price projections (applicants are evaluated according to how the proposal strikes a balance between project quality and cost).
 - Quality of the proposed design and product.
 - Cost control ability and current capacity.
 - Experience working with government-assistance programs.

Based on the proposals and references, the proposals are evaluated and ranked with the most highly qualified respondent earning designation. All of this information should be formally documented.

- *Prepare and finalize plans and budget.*
The designated developer is responsible for this task with guidance from the program requirements included in the Request for Proposals.
- *Secure regulatory approvals.*
The designated developer is responsible for obtaining regulatory approvals. As the likely designated Town Committee responsible for housing, the Housing Authority can also be helpful in intervening, as appropriate, to expedite approvals and lend local support. If the project involves a comprehensive permit, the affordable housing units can be counted as part of the Town's Subsidized Housing Inventory when the 40B permit is approved and appropriate documentation is sent to DHCD otherwise affordable units are counted when the building permits are issued.
- *Secure financing.*
The designated developer will ultimately be responsible for obtaining project financing, including both public and private sources. Support from the Housing Authority will be

helpful, and letters of support from the Town, including the Board of Selectmen, will be critical in applying for subsidies where needed.

- *Conduct closing including conveyance of property to the developer.*
The Town will prepare and enter into a Land Disposition Agreement that will contain all of the terms of the development and the respective responsibilities of the Town and developer including the disposition of the property for a most likely nominal value representing the Town's commitment to the affordability of the new housing.
- *Secure building permits.*
The designated developer will take the lead.
- *Start construction.*
The designated developer will be responsible.
- *Market and select tenants/owners for affordable units.*
The Town needs to identify an entity to coordinate these functions, which could be assumed by the Housing Authority or performed by a capable non-profit housing organization located in a nearby community, such as the Lower Cape Cod CDC or HAC, or potentially the developer. The developer or local realtors could be involved in marketing the market rate units.

It is important to recognize that Truro can designate up to 70% of the available units in both rentals and ownership projects for those who meet community preference criteria as established by the Town. Other communities have included children or parents of residents, former graduates of the school system, municipal employees or any Town employees beyond existing residents in their definition for receiving priority consideration for new available units under community preference criteria. The Board of Selectmen should establish local policy on the definition of community preference. Truro should bear in mind that, however unintended, the use of local preference cannot have a discriminatory effect and as such housing lotteries must be marketed throughout the region to meet Fair Housing requirements and comply with all federal and state affirmative marketing regulations to have the affordable units counted as part of the Town's Subsidized Housing Inventory.

- *Complete construction.*
The developer will be responsible.
- *Occupy property*
The designated developer will be ultimately responsible. Documentation must be submitted to DHCD to insure that the affordable units are counted as part of the Town's Subsidized Housing Inventory including:
 - The occupants, tenants or purchasers, have incomes at or below 80% of area median income as documented by tax returns, pay stubs, bank statements, etc.

- The tenants or purchasers will pay no more than 30% of their income on housing expenses as evidenced through a lease or mortgage documentation,
 - The units have been marketed affirmatively as evidenced through a marketing plan and back-up documentation,
 - A regulatory agreement has been executed between the Town and the owner, project sponsor or individual purchasers, that will restrict use and affordability for the long-term,
 - An agreement is in place with an entity that will be responsible for insuring that the units remain affordable based on the regulatory agreement; and
 - The project has been subsidized by state or federal sources or the Town has committed CPA funding based on allowable, approved and completed activities.
- *Manage property in case of rental properties.*
The professional management of new rental housing is critical to the future viability of the development, and the management entity must have a proven track record and be approved by the Housing Authority. If the proposed project sponsor does not have the expertise to undertake project management functions, it should work with the Housing Authority to identify a private company or capable non-profit organization to assume these important management functions.
 - *Monitoring of affordability including annual income recertification of tenants in affordable units in the case of rentals and resales in affordable homeownership projects.*
DHCD is now providing monitoring services for units subsidized through their Local Initiative Program (LIP), and Citizens Housing and Planning Association (CHAPA) has been providing monitoring services on primarily homeownership projects throughout the state. In the case of a rental development, these services could be provided by a regional non-profit organization such as the Housing Assistance Corporation or LCCCDC.

As indicated above, in addition to existing Town-owned parcels, the Town might consider acquiring other privately owned properties over the next decade through a debt exclusion of Town tax revenues or by leveraging other financial resources. As sites are identified, the Housing Authority should work cooperatively with the Board of Selectmen, Conservation Commission, and other entities to commit the needed resources to make planned projects feasible. If any of the preliminarily identified existing Town-owned properties are finally determined infeasible or do not obtain approval from Town Meeting, it is anticipated that the projected numbers of affordable units would be met primarily through this acquisition process or private development.

Timetable: Two-Year Plan

Resources Required: It would be useful to have professional support to coordinate this effort, working with the Town's Chief Procurement Officer to prepare a Request for Proposals, coordinate the developer selection process and oversee development and construction, marketing and tenant/owner selection and occupancy. In addition to costs of coordinating development, resources will be required to help subsidize the development. Comprehensive permits typically

do not involve external public subsidies but use internal subsidies by which the market units in fact subsidize the affordable ones. Many communities have used the “friendly” comprehensive permit process to take advantage of these internal subsidies, to create the necessary densities to make development feasible, and to make it easier to navigate the existing regulatory system. Other communities are finding that they require public subsidies to cover the costs of affordable or mixed-income residential development and need to access a range of programs through the state and federal government and other financial institutions to accomplish these objectives. Because the costs of development are typically significantly higher than the rents or purchase prices that low- and moderate-income households can afford, multiple layers of subsidies are often required to fill the gaps. Sometimes even Chapter 40B developments are finding it useful to apply for external subsidies to increase the numbers of affordable units, to target units to lower income or special needs populations, or to fill gaps that market rates cannot fully cover.

It is likely that a number of financial and technical resources will be required to produce affordable units in Truro. Appendix 3 includes summaries of many of these, however, some are listed below.

- Predevelopment funding from the Cape Cod Commission’s Technical Assistance Program (TAP), CPA funding, or state programs such as the Priority Development Fund, Smart Growth Technical Assistance Program, CEDAC, MHIC, Life Initiative, etc.
- Federal HOME Program financing of up to \$65,000 per unit administered through DHCD for a range of housing activities. These are competitive funding sources, and DHCD typically accepts proposals through two funding rounds per year. The Barnstable County HOME Consortium, administered by the Cape Cod Commission, also has HOME funding available to communities in Barnstable County.
- Possible federal financing through Low Income Housing Tax Credits to developers of affordable housing that provide significant equity into a development. The allocating agency is DHCD and there are typically two funding rounds per year. These funds are directed to rental properties solely and are extremely competitive.
- Section 202 federal financing to non-profit organizations for the development of rental housing targeted to very low-income seniors or those with disabilities.
- Affordable Housing Program grant funding from the Federal Home Loan Bank Board, applied through participating banks.
- Rental subsidies through the Project Based Section 8 Program or individual Section 8 vouchers (this program is administered through the state, Housing Authorities and regional non-profit organizations).
- Section 8 to Homeownership Program, enabling Section 8 subsidy recipients to access homeownership.
- Additional resources that are directed solely to first-time homebuyer projects to make homeownership more affordable including the Soft Second Loan Program, American Dream Downpayment Assistance Program and MassHousing First-Time Homebuyer financing.
- Financing from CEDAC to support innovative forms of affordable housing including SRO’s, transitional housing, limited equity cooperatives, etc. and to preserve existing affordable housing developments.

- OneSource Loan Program is a streamlined financing program offered jointly by MHIC and Massachusetts Housing Partnership Fund offering construction and permanent financing in a single package.
- Other state funding programs such as the Affordable Housing Trust Fund, Housing Stabilization Fund, etc.

Projected # Affordable Units Produced: 39 units plus 4 middle-income units.

2. Explore an Amnesty Program for Accessory Apartments

Current Status: Truro's Protective Bylaw allows accessory apartments through a special permit. Only a few permitted accessory units exist in town, however, it is likely that there are numbers of unpermitted accessory apartments that are illegal and may pose health and safety hazards as well. While Truro's Zoning Bylaw requires that accessory apartments be affordable and counted as part of the Town's Subsidized Housing Inventory, a process has not yet been put in place to do this and the few permitted accessory apartments remain uncounted.

Truro's housing stock is fairly conducive to the development of accessory apartments because many of the properties are large enough to accommodate another smaller unit, either within the existing dwelling, as an addition, as a new detached structure, or incorporated in an existing detached structure. The Housing Needs Assessment has identified that there are low-income households in Truro who are finding it difficult to pay their taxes and housing expenses. In addition to implementing measures to capture accessory apartments in the Subsidized Housing Inventory, the Town might consider opportunities for insuring that current illegal units are converted to legal use. For example, the Towns of Wellfleet, Watertown and Lexington established amnesty programs allowing a period of time for an owner of a nonconforming second dwelling unit to obtain a certificate of occupancy.

Next Steps: The Housing Authority, in tandem with other appropriate Town boards and committees, should implement measures to meet the requirements of its Zoning Bylaw pertaining to accessory apartments, develop an implementation plan, and initiate the program. This is likely to require professional support through a consultant or Assistant Town Administrator.

It will also be important to consult with DHCD on this program, as DHCD has been reviewing policies related to the fair marketing of affordable accessory apartments and may require that all tenants be selected from a list compiled through a lottery of applicants.

The Town should also explore whether it would be worthwhile to initiate an Amnesty Program related to accessory apartments. If so, it should look at how other communities have set-up such initiatives, such as Wellfleet, and adapt these programs to Truro.

Timeframe: Two-Year Plan

The implementation plan could be developed within the next year.

Resources Required: In addition to possible Community Preservation Funds, inspections and other costs related to Program administration could be at least partially covered by modest

processing fees. Barnstable charges applicants \$175.00 to pay for the initial application fee and another \$100 to process the comprehensive permit, which is the mechanism for converting the accessory unit to affordability. The costs of monitoring the Program could be supported by fees derived from participating homeowners, perhaps \$25.00 annually and CPA. The Town's Building Inspector and Assistant Town Administrator would be likely sources of professional support for the ongoing management of the initiative.

Projected # Affordable Units Produced: 9 units (this unit count is also included under strategy VI.A.2).

3. *Continue to Convert Existing Housing Units to Affordability*

Current Status: Because Truro has a limited supply of affordable housing that is eligible for inclusion in the state-defined Subsidized Housing Inventory, currently nine (9) units, the Town should continue to explore a range of options for creating new affordable units and should not overlook the potential of working with for profit, non-profit and local residents on strategies to not only preserve the affordability of the existing housing stock but to, when possible, convert existing market units to state-defined "affordable" ones. The Housing Authority is in the process doing just this, conveying a donated home to a qualified purchaser who will do the necessary property improvements and enter into deed restrictions that will maintain the home as affordable in perpetuity. An adjoining parcel, also donated, will ultimately be developed as affordable housing for another first-time homebuyer.

This strategy, however, is particularly challenging in Truro because of the very limited supply of multi-family rental properties and no year-round condominiums that are typically the most feasible targets for "buy-down" initiatives aimed at purchasing, improving, subsidizing and reselling or leasing units in accordance with Chapter 40B requirements. Most towns that are embarking on purchase-rehab programs, including communities with high market values, are focusing on multi-family properties with at least two units. Even purchasing homes at the lower end of the price range would require a significant amount of subsidy per unit to improve and make the unit available to a low- or moderate-income household.

Next Steps: The Housing Authority should look for additional opportunities to acquire property or work with other sponsors to convert existing unsubsidized units into new affordable housing. Using Community Preservation Funds, Affordable Housing Trust Funds, or funding from other resources, such as the state or Cape Cod Commission, a project sponsor could purchase units on the market, make the necessary repairs, and create either ownership or rental units as follows:

- Receive donated property or acquire property through an approved Affordable Housing Fund that has been capitalized by a number of resources or work in partnership with a selected developer;
- Execute a Regulatory Agreement with designated developer/contractor;
- Prepare and complete a Units Only application to DHCD for the Local Initiative Program to get the unit(s) counted as part of the Town's Subsidized Housing Inventory and to insure long-term affordability;

- Make the needed improvements (if the developer did not acquire property, Housing Authority should issue a Request for Proposals to select a contractor to convey the property to, make needed repairs, and convey property to selected qualifying household;
- Identify marketing agency to affirmatively market the affordable unit(s), determine eligibility and conduct the lottery.
- Identify a monitoring agent to determine final eligibility for low- and moderate-income households, review profit and enforce affordability restrictions.
- Undertake project marketing to locate qualified purchasers and conduct a lottery working with a participating lender to pre-approve applicants for mortgage financing;
- Select purchaser(s) through a lottery (if there is only a single unit involved it is difficult to justify using community preference, whereas doing several units would enable the Town to insure that up to 70% of the units go to applicants with a connection to Truro);
- Close on project, executing the use/deed restrictions (to the greatest extent possible with restrictions in perpetuity and resales indexed to HUD area median income or other reasonable index) and turning the title over to qualifying homebuyer(s).

Another option for producing affordability through the existing housing stock was introduced under the possible strategy of waiving property taxes for qualifying households in exchange for deed restrictions and possibly additional financial incentives as described in Section VI.A. The strategy suggested that the Town reach out to homeowners who are living on very limited incomes, the elderly in particular, to enable them to live in their homes for as long as they would like by offering sufficient financial incentives in exchange for a long-term affordability restriction. The resale restriction has the effect of ensuring that when the house is sold it will be affordable and sold to a buyer who has an income at or below 80% of area median income and includes the appropriate income and resale conditions to “count” as part of a community’s state-defined Subsidized Housing Inventory under Chapter 40B. In addition to property tax relief, the financial incentives might include funds for both building improvements, which would insure the physical viability of the property over time, plus an upfront grant or an annuity, which would provide the owner with a steady long-term income stream.

Timeframe: Five-Year Plan

Resources Required: Some professional staff time, most likely from the Assistant Town Administrator or a consultant, to work with the Housing Authority to develop projects including support for securing subsidy funds.

Projected # Affordable Units Produced: 3 units

Another Possible Housing Production Strategy for Future Consideration

- *Promote Adaptive Reuse*
Identify an inventory of underutilized, nonresidential properties that might be purchased, rehabilitated and converted to residential use and some level of housing affordability and then attract interested for profit or non-profit developers to undertake development. Depending upon the structure, adaptive reuse can be amenable to mixed-use and mixed-income development.

D. Housing Preservation

Housing production is critical, but the Town also needs to be concerned that it does not lose current as well as future units counted as part of its Subsidized Housing Inventory and provides resources to support the deferred home maintenance needs of seniors.

1. Monitor Affordability of Subsidized Housing Inventory

Current Status: Based on how housing was financed, how long the affordability requirements were established, and other stipulations in affordability agreements, the affordable status of housing units may be in jeopardy in many communities in the future. Truro's existing Subsidized Housing Inventory includes one Habitat for Humanity house that has a deed rider that protects the affordability of the home in perpetuity. There are eight (8) additional properties that participated in the Housing Rehabilitation Loan Program funded by DHCD and administered by the Lower Cape Cod CDC where deed restrictions are in place for shorter periods of time. Expiration dates for these homes range from August 2005 to November 2019. There are five homes listed with use restrictions expiring during the next ten years, through 2016.

Next Steps: It is important to insure that all affordable housing units that are produced remain a part of the Town's Subsidized Housing Inventory for as long a period as possible. The Housing Authority should closely monitor developments with affordable units, and the Town should intervene if necessary and feasible to maintain the units as affordable through the courts or through purchase and refinancing if necessary.

Timeframe: Two-Year Plan and ongoing.

Resources Required: Donated time of members of the Housing Authority.

Projected # Affordable Units Produced: While this strategy is unlikely to create new affordable units, it is essential for maintaining existing affordable units.

2. Help Qualifying Homeowners Access Housing Assistance

Current Status: Some town residents, including seniors living on fixed incomes, are finding it increasingly difficult to afford the costs associated with rising taxes, energy costs, insurance and home improvements. Additionally, some seniors and those with special needs require handicapped adaptations and repairs to help them remain in their homes. Truro residents might also benefit from technical and financial support in the case of septic failures and Title V compliance issues.

The Lower Cape Cod CDC used to administer the Housing Rehabilitation Loan Program that provided financial and technical assistance to qualifying property owners to make necessary home improvements. This year the state did not renew this funding for the CDC as well as those organizations that had operated comparable programs across the state with funding through the Community Development Block Grant. There are, however, other programs available for home repair, upgrading and de-leading. For example, the Housing Assistance Corporation administers several programs including:

- *Existing Homeowner Rehabilitation Assistance Program*
Provides a no-interest, deferred payment loan to qualifying homeowners, the amount not to exceed \$10,000 and to be repaid upon the sale or refinancing of the property. The maximum house value for participating properties is \$362,000 and consequently most properties in Truro may not qualify. The needs of seniors, handicapped and single parents are given priority consideration for funding, as are houses with substantial repair needs.
- *Get the Lead Out*
With funding from MassHousing, this Program provides low-cost financing to owners of 1-4 family properties to remove lead and reduce the possibility of lead poisoning in children.
- *Home Modification Loan Program*
Offers financial assistance to persons seeking to make modifications to their home to improve accessibility for the physically disabled.
- *Weatherization*
A federally-funded program to help qualifying property owners make energy-efficient home improvements. Most households that receive fuel assistance also qualify for this program.
- *Heartwrap*
An emergency repair program for households receiving fuel assistance that require the repair or replacement of their heating system.
- *Keyspan Gas Program*
Provides installation, caulking and weather stripping to income-eligible tenants and homeowners who heat with Keyspan Gas and receive the lowered gas rate.
- *Cape Light Compact Efficiency Program*
Offers energy-saving devices (i.e., light bulbs, water conservation and other devices) and technical assistance to qualifying tenants and homeowners on how to save on their electrical bills. Some participants can also qualify for a free refrigerator, freezer.

For more information on this Program and others see Appendix 3.

Next Steps: Through the community educational campaign recommended in Section VI.B.1, important information on housing improvement resources could be disseminated to real estate professionals, local organizations and community residents. The Town, through its Council on Aging and Housing Authority should provide the necessary education and referrals to programs sponsored by the Housing Assistance Corporation and MassHousing for example, which provide low-cost financing for repair needs including de-leading, septic systems, weatherization and other home improvements.

Timeframe: Two-Year Plan

Resources Required: Donated time of volunteers or some limited staff time from appropriate Town employees.

Projected # Affordable Units Produced: While the home improvement program operated by the Lower Cape Cod CDC included deed restrictions that enabled participating units to be counted as part of the Subsidized Housing Inventory, funding has been discontinued, at least for this year.

The other available home repair programs may provide some needed assistance, helping seniors and others with special needs remain independent in their homes, however, these programs do not include the necessary requirements to enable properties to be included in the SHI.

VII. DESCRIPTION OF USE RESTRICTIONS

As has been indicated in various sections of this Housing Plan, the Town of Truro is committed to maintaining its Subsidized Housing Inventory for as long a period as possible. Affordable units must serve households with incomes no greater than 80% of the area median income for Barnstable County. Units must be subject to use restrictions or resale controls to preserve their affordability as follows:

- For minimum of thirty years or longer from the date of subsidy approval or construction for new construction.
- For a minimum of fifteen years or longer from the date of subsidy approval or completion for rehabilitation.
- Alternatively, a term of perpetuity is encouraged for both new construction and completion of rehabilitation.

Units are or will be subject to an executed Regulatory Agreement between the developer and the subsidizing agency unless the subsidy program does not require such an agreement. The units have been, or will be marketed in a fair and open process consistent with state and federal fair housing laws. The resale prices included in homeownership projects should be indexed to HUD's area median income or other reasonable index as opposed to market value to better assure this affordability over the long-term. The state now has a model deed rider for participants in its Local Initiative Program (LIP) that can be adapted to other programs as well. The annual recertification in the case of rental agreements should be the responsibility of the project sponsor who must report annually to a housing entity approved by the Town, perhaps a regional non-profit organization. All LIP developments, rental or ownership, are now monitored by DHCD. The responsibility for monitoring resales of affordable homeownership units could be assumed by Citizens Housing and Planning Association (CHAPA), which is performing this function for affordable developments throughout the state if the project is not processed through LIP.

APPENDIX 1

Summary of Public Forums

July 17, 2006 Forum

The Housing Authority held its first public forum on July 17, 2006, to explain the purpose of the planning effort, to present the results of its draft Housing Needs Assessment, and to obtain input from local residents on their housing concerns, obstacles to the development of workforce housing, and actions that the Town should consider to promote affordable housing. Approximately 40 residents attended the forum, and the following summarizes the range of responses.

What are your own concerns about housing in Truro?

There were a couple of comments about those who earn more than 80% of area median income yet were still priced out of the local housing market. Related to this issue was whether the Town would be able to support its workforce, particularly in the future when existing local municipal and other service employees need to be replaced. Even now, for example, there are fewer applicants for municipal jobs, given the high costs of living. In response, it was mentioned that Community Preservation Funds could provide assistance to those earning up to 100% of area median income and representatives of the Housing Authority are coordinating with others involved in housing on the Outer Cape to promote changes in the Community Preservation Act (CPA) that would enable those earning up to 120% to benefit from this funding. Also, it was pointed out that assisted housing developments could include a mix of incomes including those earning within 80% of area median, those earning from 80% to 120% of median, for example, as well as market rate units to support a wider range of needs and still be financially feasible.

Another comment related to how the Town should respond to illegal apartments which may have health and safety issues. The Housing Plan may want to revise existing zoning and enforcement of accessory apartments and find ways to promote this type of housing.

Still another concern involved the need to obtain community support for higher density housing that is necessary to make housing affordable, particularly given the high costs of land in Truro.

What are the greatest obstacles to producing new workforce housing?

There were a number of challenges that participants cited including:

- Exclusionary zoning
- A bylaw that does not allow the year-round occupancy of condominiums
- Public perceptions that housing will have negative impacts on the community
- Title V requirements
- The high cost of land and improvements
- Limited money to subsidize housing
- Limited jobs in the area
- Lack of a regional housing plan (the Cape's wastewater planning effort might be a useful model)
- Need support for important votes at Town Meeting

What are the most important actions the Town can take to support workforce housing?

Those housing actions that were suggested during the forum included:

- Provide more community education including putting a face on the issue of affordable housing by offering personal stories.
- Develop some middle-income housing in addition to units for low- and moderate-income residents.
- Change the condo bylaw.
- Consider adapting the Nantucket and Martha's Vineyard model of requiring a fee on the transfer of high-end housing that would be used to subsidize affordable housing.
- Legalize illegal apartments like Wellfleet and other communities have done.
- Continue to look for opportunities to use Town-owned land for affordable housing.

APPENDIX 2

SAMPLE AFFORDABLE HOUSING DEVELOPMENT GUIDELINES **For Consideration and Possible Adaptation to Truro**

These Affordable Housing Guidelines include a number of factors that might be considered and possibly adapted to Truro in an effort to articulate project characteristics that are likely to be welcomed by the Town for further discussion and negotiation on affordable housing developments.

- **Affordability**

The Housing Needs Assessment that is part of this Affordable Housing Plan indicates housing needs across the full range of incomes including families, seniors and others with special needs. Even households earning at the median income level are priced out of Truro's private housing market. While the actions in the Housing Plan focus housing production on households with incomes at or below 80% of area median income, the Plan also takes into consideration mixed-income developments for a number of reasons. First they minimize the stigma that can be identified with a housing development that is exclusively limited to low- and moderate-income units. Second, they allow for the creation of internal subsidies²² that cover at least some of the costs associated with producing the affordable units such that the market units cross subsidize the affordable ones. Third, they promote the creation of units that are targeted to those households earning above 80% of area median income but within the state's definition of middle-income, up to 150% of area median income, many of whom are also priced out of Truro's housing market. Consequently, Housing Guidelines incorporate different income tiers to better serve the diverse needs of the community.

Town-Owned Property

Homeownership Developments

At least 50% of the units should be affordable to those earning at or below 80% of area median income with sales prices calculated for those earning no more than 70% of median to offer a sufficient "marketing window" for first-time homebuyers. At least 10% of the units should be directed towards households earning between 80% and 150% of median income to cover the needs of moderate- and middle-income households who are priced out of the current housing market.

Rental Developments

At least 50% of the units should be affordable to those earning at or below 80% of area median income with many of these units targeted to those earning less than 60% of median income, with even affordability reaching down to those with incomes of 50% or 30% of the area median to reach very low-income households when feasible. Another 10% of the units should be directed to those earning between 80% and 150% of area median income to address housing needs of those moderate- and middle-income households who are priced out of the current housing market.

²² Internal subsidies are possible when the prices of the market units are sufficient to cover the costs associated with constructing the affordable units where purchase prices are lower than unit costs.

Privately Owned Property

Homeownership Developments

Promote the inclusion of at least 30% of the units reserved for those earning at or below 80% of area median income and at least another 10% to those earning above 80% of median income but at or below 150% of area median income to address a range of housing needs.

Rental Developments

Promote mixed-income communities for rental projects and whenever feasible, with the inclusion of subsidy funds, increase the level of affordable rental units to at least 30% of total housing units targeted to those earning at or below 80% of area median income. Projects that set-aside units for low-income households earning less than 60% of area median income or more moderate- and middle-income households earning up to 150% of area median income will receive priority consideration.

- **Unit Mix**

Based on a distribution of needs by seniors, starter households, families, and special needs populations, developments shall strive for an overall equal distribution of one, two and three bedroom units with the inclusion of some four-bedroom units in family developments. Truro needs both new affordable homeownership and rental opportunities for its seniors and families.

Elderly Housing:

Mix of one and two-bedroom units, of which 10% shall be barrier free and accessible for the wheelchair bound.

Family Housing:

Mix of two and three-bedroom units with at least 5% of units including 4-bedroom apartments.

Special Needs Housing:

Mix of efficiencies and one-bedroom units with allowance of shared living facilities such as congregate units and group homes.

- **Design Criteria**

Affordable units should be designed to be harmonious in appearance, construction, and quality of materials with the other units in the development and with the surrounding area. It is important that new development contribute to the historic, small town character of Truro. Affordable units should be integrated and dispersed throughout the development and subsidized and market rate units should not be distinguishable from the exterior. Appropriate recreational facilities should be provided, pedestrian access and bike path required, and vegetation buffers required for projects of more than 30 units.

- **Location**

The Housing Plan emphasizes the distribution of affordable housing throughout the town of Truro in an attempt to avoid unnecessarily high impacts from new development in any one area. Another objective is to look for affordable housing opportunities that will minimize impacts on the built or natural environment such as the refinancing and redevelopment of existing housing, the creation of accessory apartments, or the redevelopment of those areas of town most accessible to transportation, goods and services such as the Town Center and other commercial areas.

- **Size and Density**

The density of a particular development should relate to its location in the community whether it is in a residential zoning district, a business district or in an area that is relatively removed from an existing neighborhood. In all residential areas the total number of proposed dwelling units within the development should not exceed four units per acre to comply with these guidelines and in all other districts the number of proposed dwelling units within the development should not exceed eight units per acre unless there are compelling reasons to increase densities for project feasibility. Additionally, structures may be built up to three stories in all zoning districts. These guidelines encourage the use of triplexes and quadruplexes and discourage structures with more than six units per building.

- **Open Space and Landscaping**

The project should incorporate open space of at least 25% of the parcel, and to the greatest extent possible based on the size of the parcel, this open space should be set aside as common land and maintained by a homeowners association or the owner of the property. All projects must also include proper landscaping such as grass, trees and shrubs, insuring the same number and quality of items for all units in the development, including the affordable units. Cluster development is encouraged for larger projects of more than five units.

- **Parking**

Each dwelling unit in a development targeted to seniors must include one parking space and in developments targeted to families, two parking spaces must be provided.

- **Environmental Concerns**

Avoid targeting development projects to areas that are ecologically sensitive and will degrade nearby conservation land. Developers should also be prepared to support plans for addressing water and septic services and address the impact of the traffic created by the development.

- **Marketing**

The Housing Authority or regional non-profit organization could assume the responsibility of marketing affordable units in any proposed development including managing the lotteries.

- **Affordability Restrictions**

Deed riders or affordable rental restrictions should assure continued affordability in perpetuity to the greatest extent possible. The resale prices included in homeownership projects should be indexed to HUD's area median income or other reasonable index as opposed to market value to better assure this affordability over the long-term. In regard to monitoring and enforcing the affordability restrictions on homeownership projects, DHCD is now serving as monitoring agent on all Local Initiative Program project and Citizens Housing and Planning Association (CHAPA) could assume responsibility for all other. The regional non-profit organization or another entity would be identified as monitoring agent for rental developments.

- **Management**

The professional management of new rental housing is critical to the future viability of the development, and the management entity must have a proven track record and be approved by the Town of Truro through its Housing Authority.

APPENDIX 3

SUMMARY OF HOUSING REGULATIONS AND RESOURCES

I. SUMMARY OF HOUSING REGULATIONS

A. Chapter 40B Comprehensive Permit Regulations

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

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

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

Towns are allowed to set-aside up to 70% of the affordable units available in a 40B development for those who have a connection to the community as defined by the municipality.

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

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

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

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

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

If the process heads into the third stage – the appeals process – the burden is on the ZBA to demonstrate that the denial is consistent with local needs, meaning the public health and safety and environmental concerns outweigh the regional need for housing. If a local ZBA denies the permit, a state Housing Appeals Committee (HAC) can overrule the local decision if less than 10% of the locality’s year round housing stock has been subsidized for households earning less than 80% of median income, if the locality cannot demonstrate health and safety reasons for the denial that cannot be mitigated, or if the community has not met planned production goals based on an approved plan. The HAC has upheld the developer in the vast majority of the cases, but in most instances promotes negotiation and compromise between the developer and locality. In its 30-year history, only a handful of denials have been upheld on appeal. The HAC cannot issue a permit, but may only order the ZBA to issue one. Also, any aggrieved

person, except the applicant, may appeal to the Superior Court or Land Court, but even for abutters, establishing “standing” in court is an uphill battle. Appeals from approvals are often filed to force a delay in commencing a project, but the appeal must demonstrate “legal error” in the decision of the ZBA or HAC.

B. Planned Production Regulations

The Massachusetts Department of Housing and Community Development (DHCD) is administering the Planned Production Program in accordance with regulations that enable cities and towns to do the following:

- Prepare and adopt an affordable housing plan that demonstrates production of an increase of .75% over one year or 1.5% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (20 units and 39 units, respectively, for Truro until the new census figures are available in 2011) for *approval* by DHCD.²³
- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, deny a comprehensive permit application during the period of certified compliance, which is 12 months following submission of the production documentation to DHCD, or 24 months if the 1.5% threshold is met.

For the plan to be acceptable to DHCD it must meet the following requirements:

- Include a comprehensive housing needs assessment to establish the context for municipal action.
- Address a mix of housing consistent with identified needs and market conditions.
- Include a description of use restrictions.
- Address at least one of the following strategies including -
 - Identification of geographic areas in which land use regulations will be modified to accomplish affordable housing production goals.
 - Identification of specific sites on which comprehensive permit applications will be encouraged.
 - Preferable characteristics of residential development such as infill housing, clustered areas, and compact development.
 - Municipally owned parcels for which development proposals will be sought.

C. Commonwealth Capital

The state has established *Commonwealth Capital* as a policy that encourages communities to implement smart growth by utilizing the smart growth consistency of municipal land use regulations as part of the evaluation of proposals for state funding under a number of state capital spending programs including:

- Self Help/Urban Self Help (EOEA – DCS)
- UrbanRiver Visions Implementation (EOEA)
- Agricultural Preservation Restriction Program (EOEA – DAR)
- Bike and Pedestrian Program (EOT)
- Transit Oriented Development Bond Program (EOT)

²³ Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

- Public Works Economic Development Program (EOT)
- Community Development Action Grant Program (DHCD)
- Coastal Pollutant Remediation Grant Program (EOEA – CZM)
- Drinking Water Supply Protection Grant Program (EOEA)
- Economic Development Fund (formerly Ready Resource Fund) (EOEA)
- State Revolving Fund (EOEA – DEP)
- Land Acquisition Programs (EOEA – DCR, DFG)
- Urban Brownfields Assessment Program (EOEA)
- Commercial Area Transit Node Grant Program (DHCD)
- Affordable Housing Trust Fund (DHCD)
- Housing Stabilization Fund (DHCD)
- Off-Street Parking Program (EOAF)
- Land & Water Conservation Fund (EOEA – DCS)
- Housing Development Support Program (DHCD)

The state's goal is to invest in projects that are consistent with the Office of Commonwealth Development's Sustainable Development Principles that include:

1. Redevelop first;
2. Concentrate development;
3. Be fair;
4. Restore and enhance the environment;
5. Conserve natural resources;
6. Expand housing opportunities;
7. Provide transportation choice;
8. Increase job opportunities;
9. Foster sustainable businesses; and
10. Plan regionally.

Grant applicants to the programs listed above apply directly to each of the specific programs, but additionally, each municipality must apply annually or as required to the state's Office of Commonwealth Development (OCD) for a Commonwealth Capital score, which can now be done electronically. Communities should submit this application to OCD for scoring at least by the due date of the program to which they are applying. The resulting score will be used for all Commonwealth Capital programs to which a community applies that year. Municipalities can also submit supplemental information that will boost scores and make the locality more competitive for state funds.

D. Chapter 40R/40S

In 2004, the State Legislature approved a new zoning tool for communities in recognition that escalating housing prices, now beyond the reach of increasing numbers of state residents, are causing graduates from area institutions of higher learning to relocate to other areas of the country in search of greater affordability. The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature last year as Chapter 40R of the Massachusetts General Laws. The key components of these regulations are that "the state provide financial and other incentives to local communities that pass Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots

and the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income”.²⁴ The statute defines 40R as “a principle of land development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves opens space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions.”²⁵ The key components of 40R include:

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

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

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

There are also density bonus payments of \$3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would enact the Zoning Districts, would be “able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood.”²⁶

The principal benefits of 40R include:

- Expands a community’s planning efforts;

²⁴ Edward Carman, Barry Bluestone, and Eleanor White for The Commonwealth Housing Task Force, “A Housing Strategy for Smart Growth and Economic Development: Executive Summary”, October 30, 2003, p. 3.

²⁵ Massachusetts General Law, Chapter 40R, Section 11.

²⁶ “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” p. 4.

- Allows communities to address housing needs;
- Allows communities to direct growth;
- Can help communities meet planned production goals and 10% threshold under Chapter 40B;
- Can help identify preferred locations for 40B developments; and
- State incentive payments.

The formal steps involved in creating Overlay Districts are as follows:

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

The state recently enacted Chapter 40S under the Massachusetts General Law that provides additional benefits through insurance to towns that build affordable housing under 40R that they would not be saddled with the extra school costs caused by school-aged children who might move into this new housing. This funding was initially included as part of 40R but was eliminated during the final stages of approval. In effect, 40S will hold those communities participating in 40R harmless from costs added to school budgets as a result of the 40R-related development.

E. Local Initiative Program (LIP) Guidelines

The Local Initiative Program (LIP) is a technical assistance subsidy program to facilitate Chapter 40B developments and locally produced affordable units. The general requirements of LIP units include the following:

- Project must have written support from the chief elected official and local housing partnership (if any);
- Must be affordable to those earning at or below 80% of area median income.
- For rental units the calculation of income must include an imputation of 5% of the value of Total household assets to be added to total household income.
- For homeownership units, the household must not have owned a home within three years preceding application, except for those over 55 years of age, and assets shall not exceed \$50,000.
- For age-restricted or over 55 projects, households may own a home (to be sold) in which the purchaser has no more than \$200,000 in equity.
- Deed restricted or other recorded instrument to guarantee affordability.
- The affordable units design, type, size, etc. must be the same as the market units and dispersed throughout the development.
- Units must include complete living facilities and meet minimum square footage requirements.
- Units must have third-party extended warranties for a minimum of five years.

- Marketing and outreach, including lottery administration, in adherence with Fair Housing laws. LIP requires that the lottery draw and rank households by size.
- For over 55 projects, only one household member must be 55 or older.
- No third party mortgages.
- Income and asset limits determine eligibility for lottery participation.
- For homeownership projects, the calculation of affordability presumes a 30-year, fixed rate mortgage and 5% down payment.
- Household size relationship to unit size is based on “households” = number of bedrooms plus one – i.e., a four-person household in a three-bedroom unit (important also for calculating purchase prices of the affordable units for which LIP has a formula).
- A maximum of 70% of the units may be local preference units for those who live/work in the community.
- The developer must restrict units as affordable in perpetuity and provide for monitoring in a regulatory agreement with DHCD
- Developer’s profits are restricted.

The process that is required for using LIP for 40B developments – “friendly” comprehensive permit projects – is as follows:

1. Application process

- Developer meets with Town
- Developer and Town agree to proposal
- Developer and Town submit proposal to DHCD that includes -
 - There also must be signed letters of support from the chief executive officer, housing partnership (if any)
 - There must be a signed letter of interest in financing the project from a lender
 - Documentation of site control must be submitted
 - Preliminary plans and budget are required
 - A description of site conditions and regulatory requirements
 - A summary Phase I 21E environmental report
 - An appraisal of value under existing “by right” zoning requirements
 - An Affirmative Fair Housing Marketing Plan
 - A lottery plan
 - An agreement to execute LIP uniform documents

2. DHCD review involves the consideration of:

- Sustainable development criteria (redevelop first, concentrate development, be fair, restore and enhance the environment, conserve natural resources, expand housing opportunities, provide transportation choice, increase job opportunities, foster sustainable businesses, and plan regionally),
- Number and type of units,
- Pricing of units to be affordable to households earning no more than 70% of area median income,
- Affirmative marketing plan,
- Financing, and

- Site visit.
- 3. If approval is warranted following review, DHCD issues a site eligibility letter that enables the developer to bring the proposal to the ZBA for processing the comprehensive permit.
- 4. Zoning Board of Appeals holds hearing
 - Developer, Town and DHCD sign regulatory agreement to guarantee production of affordable units that includes the price of units and deed restriction in the case of homeownership and limits on rent increases if a rental project. The deed restriction limits the profit upon resale and requires that the units be sold to another buyer meeting affordability criteria.
 - Developer forms a limited dividend corporation that limits profits.
- 5. Marketing
 - Marketing plan must provide outreach to area minority communities to notify them about availability of the unit(s).
 - Local preference is limited to those who live/work in the community with a maximum of 70% of the affordable units.
 - Marketing materials must be available/application process open for a period of at least 60 days.
 - Lottery must be held.

In addition to being used for “friendly” 40B projects, LIP can be used for counting those affordable units as part of a Town’s Subsidized Housing Inventory that are not being developed through a comprehensive permit such as the case with accessory apartments or inclusionary zoning. Following occupancy of the units, a “Local Action Units” application must be submitted to DHCD for the units to be counted as affordable. This application is on DHCD’s web site.

II. SUMMARY OF HOUSING RESOURCES

Those programs that may be most appropriate to development activity in Truro are described below.²⁷

A. Technical Assistance

1. Priority Development Fund²⁸

A relatively new state-funded initiative, the Priority Development Fund, provides planning assistance to municipalities for housing production. In June 2004, DHCD began making \$3 million available through this Fund on a first-come, first-served basis to encourage the new production of housing, especially mixed-income rental housing. PDF assistance supports a broad range of activities to help communities produce housing. Applications must demonstrate the community’s serious long-term commitment and willingness to increase its housing supply in ways that are consistent with the Commonwealth’s principles of sustainable development (see Section I.E.2.above for the list of these principles).

²⁷ Program information was gathered through agency brochures, agency program guidelines and application materials as well as the following resources: Verrilli, Ann. Housing Guidebook for Massachusetts. Produced by the Citizen’s Housing and Planning Association, June 1999.

²⁸ Description taken from the state’s program description.

Eligible activities include community initiated activities and implementation activities associated with the production of housing on specific sites. Community initiated activities include but are not limited to:

Zoning activities that support the program objectives include:

- Incentive zoning provisions to increase underlying housing density;
- Smart Growth Zoning Overlay Districts;
- Inter- and intra-municipal Transferable Development Rights proposals;
- Zoning that promotes compact housing and development such as by right multi-family housing, accessory apartment units, clustered development, and inclusionary zoning;
- Zoning provisions authorizing live-and-work units, housing units for seasonal employees, mixed assisted living facilities and the conversion of large single-family structures, vacant mills, industrial buildings, commercial space, a school or other similar facilities, into multi-family developments; and
- Other innovative zoning approaches developed by and for an individual community.

Education and outreach efforts that support the program objectives include:

- Establishment of a local or regional affordable housing trust;
- Development of a plan of action for housing activities that will be undertaken with Community Preservation Act funds; and
- Efforts to build local support (grass-root education) necessary to achieve consensus or approval of local zoning initiatives.

Implementation activities associated with the production of housing in site-specific areas include but are not limited to:

- Identification of properties, site evaluation, land assembly and financial feasibility analysis; and
- Development of a Request for Proposal (RFP) for the disposition of land.

The PDF assistance is not available to serve as a substitute for pre-development assessment of alternative development scenarios for parcels already controlled by an identified private developer or to supplant municipal funds to pay staff salaries.

Eligible applicants consist of cities and towns within the Commonwealth. Municipalities may enter into third party agreements with consultants approved by DHCD, however only a municipality will be allowed to enter into a contract with MassHousing regarding the distribution of funds. Municipalities will be responsible for attesting that all funds have been expended for their intended purposes.

Joint applications involving two or more communities within a region or with similar housing challenges are strongly encouraged as a way to leverage limited resources, however, one municipality will be required to serve as the lead.

MassHousing and DHCD reserve the right to screen applications and to coordinate requests from communities seeking similar services. For example, rural communities may be more effectively served by an application for a shared consultant who can work with numerous towns to address zoning challenges that enhance housing production. Likewise, it may be more effective to support an application for a consultant to review model zoning bylaws or overlay districts with a number of interested communities with follow-up at the community level to support grassroots education, than it is

to support the separate development of numerous zoning bylaws. Communities submitting multiple applications must prioritize their applications.

In exchange for the assistance, municipalities must agree to share the end product of the funded activities with DHCD and MassHousing and with other communities in the Commonwealth through reports, meetings, workshops, and to highlight these activities in print, on the web or other media outlets.

The agencies will focus the evaluation of applications to determine overall consistency with program goals and the principles of sustainable development. Applications will be evaluated based on:

- Eligibility of activity;
- Public support;
- Demonstrated need for funds;
- Likelihood activity will result in production of housing;
- Reasonableness of the timeline;
- Readiness to proceed with proposed project;
- Capacity to undertake activity;
- Cost estimates and understanding of the proposed project cost;
- Proposed activity having clearly defined benefits that will result in the production of housing; and
- Benefits being realized within a 2-3 year-timeframe.

Applications for funding will be accepted and evaluated on a rolling review basis. In order to deploy this assistance as effectively and efficiently as possible, or in the event the planning funds are oversubscribed, communities that have relatively greater planning capacity and/or resources may be requested to provide some matching funds. Additional consideration and flexibility for the assistance will be made for communities with little or no planning staff capacity or resources.

Communities may apply to DHCD for assistance of up to \$50,000. The amount of funds awarded will be a reflection of the anticipated impact on housing production. DHCD and MassHousing reserve the right to designate proposals as “Initiatives of Exceptional Merit,” in order to increase the amount of assistance and scope of services for certain projects.

2. Peer to Peer Technical Assistance

This state program utilizes the expertise and experience of local officials from one community to provide assistance to officials in another comparable community to share skills and knowledge on short-term problem solving or technical assistance projects related to community development and capacity building. Funding is provided through the Community Development Block Grant Program and is limited to grants of no more than \$1,000, providing up to 30 hours of technical assistance.

Applications are accepted on a continuous basis, but funding is limited. To apply, a municipality must provide DHCD with a brief written description of the problem or issue, the technical assistance needed and documentation of a vote of the Board of Selectmen or letter from the Town Administrator supporting the request for a peer. Communities may propose a local official from another community to serve as the peer or ask DHCD for a referral. If DHCD approves the request and once the peer is

recruited, DHCD will enter into a contract for services with the municipality. When the work is completed to the municipality's satisfaction, the Town must prepare a final report, submit it to DHCD, and request reimbursement for the peer.

3. *MHP Intensive Community Support Team*

The Massachusetts Housing Partnership Fund is a quasi-public agency that offers a wide range of technical and financial resources to support affordable housing. The Intensive Community Support Team provides sustained, in-depth assistance to support the development of affordable housing. Focusing on housing production, the Team helps local advocates move a project from the conceptual phase through construction, bringing expertise and shared lessons from other parts of the state. The team can also provide guidance on project finance. Those communities, which are interested in this initiative, should contact the MHP Fund directly for more information.

4. *MHP Chapter 40B Technical Assistance Program*

Working with DHCD, MHP launched this program in 1999 to provide technical assistance to those communities needing assistance in reviewing comprehensive permit applications. The Program offers up to \$10,000 in third-party technical assistance to enable communities to hire consultants to help them review Chapter 40B applications. Those communities that are interested in this initiative, should contact the MHP Fund directly for more information.

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

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

5. *Smart Growth Technical Assistance Grants*

The state recently announced the availability of *Smart Growth Technical Assistance Grants* from the Executive Office of Environmental Affairs that provides up to \$30,000 per community to implement smart growth zoning changes and other activities that will improve sustainable development practices and increase scores on the Commonwealth Capital application. Eligible activities include:

- Zoning changes that implement planning recommendations;
- Development of mixed-use zoning districts;
- Completion of Brownfields inventory or site planning;
- Implementation of storm water BMPs;
- Completion of Open Space Residential Design bylaws/ordinances;
- Implementation of Low Impact Development (LID) bylaws/ordinances; and

- Development of a Right-to-Farm bylaw/ordinance or zoning protections for agricultural preservation.

The state requires that localities provide a match of 15% of this special technical assistance fund and encourages communities that are interested in the same issues to apply jointly. Preference will be given to applications that improve sustainable development practices, realize a commitment from a community's Commonwealth Capital application (see Section VI.B.4.), and implement a specific Community Development or Master Plan action. Additional preference will be offered those communities with lower Commonwealth Capital scores to support towns that have the greatest need for improved land use practices. For FY 2006, applications were due in mid-August for projects that must be completed by June 30, 2006.

6. *Cape Cod Commission's Technical Assistance Program (TAP)*

The Technical Assistance Program (TAP) was established in 1995 to provide funding to towns, non-profit housing organizations and local housing authorities in the areas of capacity-building, resource development, project feasibility analysis and short-term strategic planning. This assistance pays for consultant services that will enhance the effectiveness of communities to address the housing needs of low- and moderate-income residents on Cape Cod. Particular emphasis is on the following:

- The elimination of obstacles that hinder an entity's ability to achieve program goals,
- Assistance in developing and/or implementing new program initiatives such as feasibility studies, development planning, etc.
- Assistance to new agencies in program implementation.

B. Housing Development

While comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units in fact subsidize the affordable ones, communities are finding that they also require public subsidies to cover the costs of affordable or mixed-income residential development and need to access a range of programs through the state and federal government and other financial institutions to accomplish their objectives and meet affordable housing goals. Because the costs of development are typically significantly higher than the rents or purchase prices that low- and moderate-income tenants can afford, multiple layers of subsidies are often required to fill the gaps. Sometimes even Chapter 40B developments are finding it useful to apply for external subsidies to increase the numbers of affordable units, to target units to lower income or special needs populations, or to fill gaps that market rates cannot fully cover.

It is likely that a number of financial and technical resources will be required to produce affordable units in Truro. Truro has not approved the Community Preservation Act and therefore has this important funding source available to support affordable housing.

The state requires applicants to submit a One Stop Application for most of its housing subsidy programs in an effort to standardize the application process across agencies and programs. A Notice of Funding Availability (NOFA) is issued by the state usually twice annually for its rental programs and homeownership initiatives. Using the One Stop Application, applicants can apply to several programs simultaneously to support the funding needs of a particular project.

It is also important to note that state funding for housing is extremely competitive, and those communities with higher Commonwealth Capital scores will have a competitive edge.

1. HOME Program

State HOME Funding

HUD created the HOME Program in 1990 to provide grants to states, larger cities and consortia of smaller cities and towns to do the following:

- Produce rental housing;
- Provide rehabilitation loans and grants, including lead paint removal and accessibility modifications, for rental and owner-occupied properties;
- Offer tenant-based rental assistance (two-year subsidies); and/or
- Assist first-time homebuyers.

The HOME Program funding is targeted to homebuyers or homeowners earning no more than 80% of median income, or \$57,350 for a family of four, and to rental units where at least 90% of the units must be affordable and occupied by households earning no more than 60% of median income (\$43,000 for a family of four), the balance to those earning within 80% of median. Moreover, for those rental projects with five or more units, at least 20% of the units must be reserved for households earning less than 50% of median income (\$35,850 for a family of four). In addition to income guidelines, the HOME Program specifies the need for deed restrictions, resale requirements, and maximum sales prices or rentals.

The HOME Rental Program is targeted to the acquisition and rehabilitation of multi-family distressed properties or new construction of multi-family rental housing from five to fifty units. Once again, the maximum subsidy per project is \$750,000 and the maximum subsidy per unit in localities that receive HOME or CDBG funds directly from HUD is \$50,000 (these communities should also include a commitment of local funds in the project). Those communities that do not receive HOME or CDBG funds directly from HUD, like Truro, can apply for up to \$65,000 per unit. Subsidies are in the form of deferred loans at 0% interest for 30 years. State HOME funding cannot be combined with another state subsidy program with several exceptions including the Low Income Housing Tax Credits, HIF and the Soft Second Program.

Barnstable County HOME Consortium Funding

There are also HOME Funds available regionally through the Barnstable County HOME Consortium, administered by the Cape Cod Commission.

2. Community Development Block Grant Program (CDBG)

In addition to funding for the Peer-to-Peer Program mentioned in the above section, there are other housing resources supported by federal CDBG funds that are distributed by formula to Massachusetts.

The **Massachusetts Small Cities Program** that has a set-aside of Community Development Block Grant (CDBG) funds to support a range of eligible activities including housing development. However, at least 70% of the money must provide benefits to households earning within 80% of median income. This money is for those nonentitlement localities that do not receive CDBG funds directly from HUD. Funds are awarded on a competitive basis through Notices of Funding Availability with specific due

dates or through applications reviewed on a rolling basis throughout the year, depending on the specific program. This funding supports a variety of specific programs.

The program that potentially has the greatest applicability in Truro is the **Housing Development Support Program (HDSP)** that provides gap financing for small affordable housing projects with fewer than eight units, including both new construction and rehabilitation. Eligible activities include development, rehabilitation, homeownership, acquisition, site preparation and infrastructure work. There are no per unit maximums or recommended maximum total development costs. Funding is distributed through Notices of Funding Availability that occur once or twice a year. HDSP Program funding is extremely competitive, and projects that receive funding through the state HOME or Housing Stabilization Fund Programs are excluded from applying to HDSP.

There are other programs funded through the Community Development Block Grant Small Cities Program for both homeownership and rental projects. A number of the special initiatives are directed to communities with high “statistical community-wide needs”, however, the **Community Development Fund II** is targeted to communities with lower needs scores that have not received CDBG funds in recent years. This may be the best source of CDBG funding for Truro besides HDSP described above. Funding is also awarded competitively through an annual Notice of Funding Availability. DHCD also has a **Reserve Fund** for CDBG-eligible projects that did not receive funding from other CDBG funded programs or for innovative projects.

3. Housing Stabilization Fund (HSF)

The state’s Housing Stabilization Fund (HSF) was established in 1993 through a Housing Bond bill to support housing rehabilitation through a variety of housing activities including homeownership (most of this funding has been allocated for the MHP Soft Second Program) and rental project development. The state subsequently issued additional bond bills to provide more funding. The HSF Rehabilitation Initiative is targeted to households with incomes within 80% of median income, with resale or subsequent tenancy for households within 100% of median income. The funds can be used for grants or loans through state and local agencies, housing authorities and community development corporations with the ability to subcontract to other entities. The funds have been used to match local HOME program funding, to fund demolition, and to support the acquisition and rehabilitation of affordable housing. In addition to a program directed to the rehabilitation of abandoned, distressed or foreclosed properties; the HSF provides funds to municipalities for local revitalization programs directed to the creation or preservation of rental projects. As with HOME, the maximum amount available per project is \$750,000 and the maximum per unit is \$65,000 for communities that do not receive HOME or CDBG funds directly from HUD, and \$50,000 for those that do. Communities can apply for HSF funding biannually through the One Stop Application.

4. Low Income Housing Tax Credit Program

The Low Income Housing Tax Credit Program was created in 1986 by the Federal Government to offer tax credits to investors in housing development projects that include some low-income units. The tax credit program is often the centerpiece program in any affordable rental project because it brings in valuable equity funds. Tax credits are either for 4% or 9% of the development or rehab costs for each affordable unit for a ten-year period. The 4% credits have a present value of 30% of the development costs, except for the costs of land, and the 9% credit have a present value equal to 70% of the costs of

developing the affordable units, with the exception of land. Both the 4% and 9% credits can be sold to investors for close to their present values.

The Federal Government limits the 9% credits and consequently there is some competition for them, nevertheless, most tax credit projects in Massachusetts are financed through the 9% credit. Private investors, such as banks or corporations, purchase the tax credits for about 80 cents on the dollar, and their money serves as equity in a project, reducing the amount of the debt service and consequently the rents. The program mandates that at least 20% of the units must be made affordable to households earning within 50% of median income or 40% of the units must be affordable to households earning up to 60% of median income. Those projects that receive the 9% tax credits must produce much higher percentages of affordable units.

The Massachusetts Legislature has enacted a comparable state tax credit program, modeled after the federal tax credit program. The One Stop Application is also used to apply for this source of funding.

5. *Affordable Housing Trust Fund*

The state administers the Affordable Housing Trust Fund Program that can be used to build or renovate new affordable housing, preserve the affordability of subsidized expiring use housing, and renovate public housing. The Fund is sited within DHCD but is managed by the MassHousing with guidance from a 15-member advisory committee. While the fund has the flexibility of serving households with incomes up to 110%, preferences for funding will be directed to projects involving the production of new affordable units for families earning below 80% of median income. The program also includes a set-aside for projects that serve homeless households or those earning below 30% of median income. Once again, the One Stop Application is used to apply for funding, typically through the availability of two funding rounds per year.

6. *Housing Innovations Fund (HIF)*

The state also administers the Housing Innovations Fund (HIF) that was created by a 1987 bond bill and expanded under two subsequent bond bills to provide a 5% deferred loan to non-profit organizations for no more than \$500,000 per project or up to 30% of the costs associated with developing alternative forms of housing including limited equity coops, mutual housing, single-room occupancy housing, special needs housing, transitional housing, domestic violence shelters and congregate housing. At least 25% of the units must be reserved for households earning less than 80% of median income and another 25% for those earning within 50% of area median income. HIF can also be used with other state subsidy programs including HOME, HSF and Low Income Housing Tax Credits. The Community Economic Development Assistance Corporation (CEDAC) administers this program. Applicants are required to complete the One-Stop Application.

7. *Federal Home Loan Bank Board's Affordable Housing Program (AHP)*

Another potential source of funding for both homeownership and rental projects is the Federal Home Loan Bank Board's Affordable Housing Program (AHP) that provides subsidies to projects targeted to households earning between 50% and 80% of median income, with up to \$300,000 available per project. This funding is directed to filling existing financial gaps in low- and moderate-income affordable housing projects. There are typically two competitive funding rounds per year for this program.

8. *MHP Permanent Rental Financing Program*

The state also provides several financing programs for rental projects through the Massachusetts Housing Partnership Fund. The Permanent Rental Financing Program provides long-term, fixed-rate permanent financing for rental projects of five or more units from \$100,000 loans to amounts of \$2 million. At least 20% of the units must be affordable to households earning less than 50% of median income or at least 40% of the units must be affordable to households earning less than 60% of median income or at least 50% of the units must be affordable to households earning less than 80% of median income. MHP also administers the Permanent Plus Program targeted to multi-family housing or SRO properties with five or more units where at least 20% of the units are affordable to households earning less than 50% of median income. The program combines MHP's permanent financing with a 0% deferred loan of up to \$40,000 per affordable unit up to a maximum of \$500,000 per project. No other subsidy funds are allowed in this program. The Bridge Financing Program offers bridge loans of up to eight years ranging from \$250,000 to \$5 million to projects involving Low Income Housing Tax Credits. Applicants should contact MHP directly to obtain additional information on the program and how to apply.

9. *OneSource Program*

The Massachusetts Housing Investment Corporation (MHIC) is a private, non-profit corporation that since 1991 has provided financing for affordable housing developments and equity for projects that involve the federal Low Income Housing Tax Credit Program. MHIC raises money from area banks to fund its loan pool and invest in the tax credits. In order to qualify for MHIC's OneSource financing, the project must include a significant number of affordable units, such that 20% to 25% of the units are affordable to households earning within 80% of median income. Interest rates are typically one point over prime and there is a 1% commitment fee. MHIC loans range from \$250,000 to several million, with a minimum project size of six units. Financing can be used for both rental and homeownership projects, for rehab and new construction, also covering acquisition costs with quick turn-around times for applications of less than a month (an appraisal is required). The MHIC and MHP work closely together to coordinate MHIC's construction financing with MHP's permanent take-out through the OneSource Program, making their forms compatible and utilizing the same attorneys to expedite and reduce costs associated with obtaining financing.

10. *Section 8 Rental Assistance*

An important low-income housing resource is the Section 8 Program that provides rental assistance to help low- and moderate-income households pay their rent. In addition to the federal Section 8 Program, the state also provides rental subsidies through the Massachusetts Rental Voucher Program as well as three smaller programs directed to those with special needs. These rental subsidy programs are administered by the state or through local housing authorities and regional non-profit housing organizations. Rent subsidies take two basic forms – either granted directly to tenants or committed to specific projects through special Project-based rental assistance. Most programs require households to pay a minimum percentage of their adjusted income (typically 30%) for housing (rent and utilities) with the government paying the difference between the household's contribution and the actual rent.

11. *Massachusetts Preservation Projects Fund*

The Massachusetts Preservation Projects Fund (MPPF) is a state-funded 50% reimbursable matching grant program that supports the preservation of properties, landscapes, and sites (cultural resources) listed in the State Register of Historic Places. Applicants must be municipality or non-profit

organization. Funds can be available for pre-development including feasibility studies, historic structure reports and certain archaeological investigations of up to \$30,000. Funding can also be used for construction activities including stabilization, protection, rehabilitation, and restoration or the acquisition of a state-registered property that are imminently threatened with inappropriate alteration or destruction. Funding for development and acquisition projects range from \$7,500 to \$100,000. Work completed prior to the grant award, routine maintenance items, mechanical system upgrades, renovation of non-historic spaces, moving an historic building, construction of additions or architectural/engineering fees are not eligible for funding or use as the matching share. A unique feature of the program allows applicants to request up to 75% of construction costs if there is a commitment to establish a historic property maintenance fund by setting aside an additional 25% over their matching share in a restricted endowment fund. A round of funding was recently held, but there are no future rounds authorized at this time.

12. District Improvement Financing Program (DIF)

The District Improvement Financing Program (DIF) is administered by the state's Office of Business Development to enable municipalities to finance public works and infrastructure by pledging future incremental taxes resulting from growth within a designated area to service financing obligations. This Program, in combination with others, can be helpful in developing or redeveloping target areas of a community, including the promotion of mixed-uses and smart growth. Municipalities submit a standard application and follow a prescribed application process directed by the Office of Business Development in coordination with the Economic Assistance Coordinating Council.

13. Urban Center Housing Tax Increment Financing Zone (UCH-TIF)

The Urban Center Housing Tax Increment Financing Zone Program (UCH-TIF) is a relatively new state initiative designed to give cities and towns the ability to promote residential and commercial development in commercial centers through tax increment financing that provides a real estate tax exemption on all or part of the increased value (the "increment") of the improved real estate. The development must be primarily residential and this program can be combined with grants and loans from other local, state and federal development programs. An important purpose of the program is to increase the amount of affordable housing for households earning at or below 80% of area median income and requires that 25% of new housing to be built in the zone be affordable, although the Department of Housing and Community Development may approve a lesser percentage where necessary to insure financial feasibility. In order to take advantage of the program, a municipality needs to adopt a detailed UCH-TIF Plan and submit it to DHCD for approval.

14. Barnstable County Housing Funds

Barnstable County has appropriated approximately \$500,000 in subsidy funding towards the development of affordable rental and homeownership housing, administered by the Cape Cod Commission.

B. Homebuyer Financing and Counseling

The Housing Assistance Corporation (HAC) is the Cape's regional non-profit housing organization and operates a Housing Consumer Education Center that provides a wide range of technical and financial assistance to Cape Cod residents including help with the following:

1. Soft Second Loan Program

The Massachusetts Housing Partnership Fund, in coordination with the state's Department of Housing and Community Development, administers the Soft Second Loan Program to help first-time homebuyers purchase a home. The Program began in 1991 to help families earning up to 80% of median income qualify for a mortgage through a graduated-payment second mortgage and down payment assistance. Just recently the state announced that it had lent \$1 billion in these affordable mortgages. Participating lenders originate the mortgages which are actually split in two with a conventional first mortgage based on 77% of the purchase price, the soft second mortgage for typically about 20% of the purchase price (or \$20,000 if greater) and a requirement from the buyer of at least a 3% down payment. Borrowers do not need to purchase private mortgage insurance that would typically be required with such a low down payment, thus saving the buyer significant sums on a monthly basis. Program participants pay interest only on the soft second mortgage for the first ten years and some eligible buyers may qualify for an interest subsidy on the second mortgage as well. Additionally, some participating lenders and communities offer grants to support closing costs and down payments and slightly reduced interest rates on the first mortgage. Truro is already a participating community in the Program.

2. *American Dream Downpayment Assistance Program*

The American Dream Downpayment Assistance Program is also awarded to municipalities or non-profit organizations on a competitive basis to help first-time homebuyers with down payments and closing costs. While the income requirements are the same as for the Soft Second Program, the purchase price levels are higher based on the FHA mortgage limits. Deferred loans for the down payment and closing costs of up to 5% of the purchase price to a maximum of \$10,000 can be made at no interest and with a five-year term, to be forgiven after five years. Another loan can be made through the program to cover deleading in addition to the down payment and closing costs, but with a ten-year term instead, with at least 2.5% of the purchase price covering the down payment.

3. *Homebuyer Counseling*

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

C. Home Improvement Financing

1. *HAC Housing Rehab Program*

The Housing Assistance Corporation (HAC) administers several programs including:

- *Existing Homeowner Rehabilitation Assistance Program*
Provides a no-interest, deferred payment loan to qualifying homeowners, the amount not to exceed \$10,000 and to be repaid upon the sale or refinancing of the property. The maximum house value for participating properties is \$362,000 and consequently most properties in Truro may not qualify. The needs of seniors, handicapped and single parents are given priority consideration for funding as are houses with substantial repair needs.
- *Get the Lead Out*

With funding from MassHousing, this Program provides low-cost financing to owners of 1-4 family properties to remove lead and reduce the possibility of lead poisoning in children.

- *Home Modification Loan Program*
Offers financial assistance to persons seeking to make modifications to their home to improve accessibility for the physically disabled.
- *Weatherization*
A federally-funded program to help qualifying property owners make energy-efficient home improvements. Most households that receive fuel assistance also qualify for this program.
- *Heartwrap*
An emergency repair program for households receiving fuel assistance that require the repair or replacement of their heating system.
- *Keyspan Gas Program*
Provides installation, caulking and weather stripping to income-eligible tenants and homeowners who heat with Keyspan Gas and receive the lowered gas rate.
- *Cape Light Compact Efficiency Program*
Offers energy-saving devices (i.e., light bulbs, water conservation and other devices) and technical assistance to qualifying tenants and homeowners on how to save on their electrical bills. Some participants can also qualify for a free refrigerator, freezer.

2. *MassHousing Home Improvement Loan Program (HILP)*

The MHFA Home Improvement Loan Program (HILP) is targeted to one- to four-unit, owner-occupied properties, including condominiums, with a minimum loan amount of \$10,000 up to a maximum of \$50,000. Loan terms range from five to 20 years based on the amount of the loan and the borrower's income and debt. The loans are serviced by MassHousing. Income limits are \$92,000 for households of one or two persons and \$104,000 for families of three or more persons. To apply for a loan, applicants must contact a participating lender.

3. *Get the Lead Out Program*

MassHousing's Get the Lead Out Program offers 100% financing for lead paint removal on excellent terms that are based on ownership status and type of property. An owner-occupied, single-family home may be eligible to receive a 0% deferred payment loan up to \$20,000 that is due when the house is sold, transferred or refinanced. An owner-occupant of a two-family house could receive up to \$25,000 to conduct the de-leading work. Maximum income limits for owner-occupants are \$ 74,400 for one and two-person households and \$85,500 for three or more persons. Investor-owners can also participate in the program but receive a 5% fully amortizing loan to cover costs. Non-profit organizations that rent properties to income-eligible residents are also eligible for 0% fully amortizing loans that run from five to 20 years. Applicants must contact a local rehabilitation agency to apply for the loan (Framingham and Worcester both have agencies that are involved in the Program).

4. *Septic Repair Program*

Through a partnership with the Massachusetts Department of Environmental Protection and Revenue, MassHousing offers loans to repair or replace failed or inadequate septic systems for qualifying applicants. The interest rates vary according to the borrower's income with 0% loans available to one and two-person households earning up to \$23,000 and three or more person households earning up to \$26,000 annually. There are 3% loans available for those one or two person households earning up to \$46,000 and three or more persons earning up to \$52,000. Additionally, one to four-family dwellings

and condominiums are eligible for loan amounts of up to \$25,000 and can be repaid in as little as three years or over a longer period of up to 20 years. To apply for a loan, applicants must contact a participating lender.