

# HOUSING to Protect Cape Cod

Housing Policy Toolkit



HOUSING to  
**PROTECT**  
**CAPE COD**



# Introduction

## Who we are and what we do

The Housing to Protect Cape Cod Coalition was launched in 2022 to turn the tide on the housing crisis. We are a regional initiative focused on providing education and building capacity for pro-housing advocates. Our mission is to educate and empower our friends, family and neighbors to speak up for housing and to advocate for a thriving year-round community.

HPCC was founded by Housing Assistance, the Cape Cod Chamber of Commerce, the Cape Cod & Islands Association of REALTORS®, the Home Builders & Remodelers Association of Cape Cod and CapeBuilt. To date, nearly 900 people across the Cape and Islands have signed on to the HPCC coalition.

A coalition of



THE CAPE IS LOSING  
MORE THAN

**800**

FAMILIES A YEAR  
EARNING \$100K OR LESS

## The problem we are trying to solve

The high cost and limited availability of housing in our region is forcing workers from all industries and income levels to move off-Cape in search of housing they can find and afford. The impact is being felt in local schools, by fire and police departments, businesses, and hospitals that are unable to fill vacant positions. The trajectory of the housing crisis threatens the viability of our region as a year-round community. Join HPCC to get the tools and information you need to speak up and encourage towns to address the housing crisis.

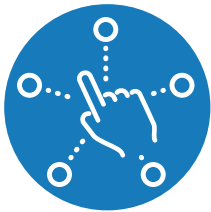
*Join the  
coalition  
today.*



# Policy Toolkit

When it comes to housing policy, the biggest changes are needed at the local level. This toolkit reflects HPCC's local housing policy recommendations and is intended to be a guide for housing advocates and municipal leaders who want to advance meaningful change in their community. This toolkit provides a high-level overview of each policy, including potential impacts, and outlines local examples where the policy has been implemented for further exploration.

HPCC advocates for towns to pursue the state's Housing Choice Designation and to adopt local policies that will enhance funding streams, create more year-round housing opportunities, and address key land-use and zoning issues to produce more housing.



## ***Housing Choice***

Housing Choice provides a helpful framework for Cape & Islands towns to examine ways to increase year-round housing production to sustain a 21st century workforce and increase access to opportunity for residents. The Housing Choice Initiative is a state designation that rewards municipalities for producing new housing and adopting best practices to promote sustainable housing development.



## ***Funding***

Towns should create and enhance dedicated, predictable, permanent funding streams for housing.



## ***Year-Round Housing***

Towns should address the critical workforce housing shortage and promote homeownership by converting more existing housing stock to year-round units.



## ***Land Use***

Towns should expand opportunities for new housing that can be developed quickly. Towns should also pursue policies to add density where it makes sense.

# Housing Choice Designation



In 2017, the Baker administration launched the Housing Choice Initiative to support the production of new housing through a combination of incentives, technical assistance and new grant resources. The toolkit developed for the Initiative is a helpful framework for the Cape and Islands. Ninety-five communities across the Commonwealth have achieved the Housing Choice designation to-date, which enables them to take advantage of new funding resources.

The application process requires quality local data on building permits and documentation on policies and processes; these efforts can take considerable resources and coordination. Communities seeking this designation should budget several months of staff time to prepare for the application.

*Barnstable, Eastham, Orleans, Provincetown, Truro, Wellfleet and Nantucket have received the Housing Choice designation.*



Learn more about the Housing Choice Initiative

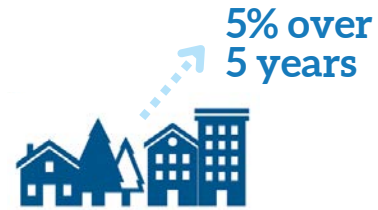


# Housing Choice Designation



Housing Choice Communities are designated if they achieve one of two options:

- 1) At least a 5% increase, or 500 new units over the previous five years; OR
- 2) At least a 3% increase or an increase of 300 new units over the previous 5 years AND demonstrate 7 of 15 of the following best practices listed below, two of which must be affordable.



## Best Practices

### Zoning

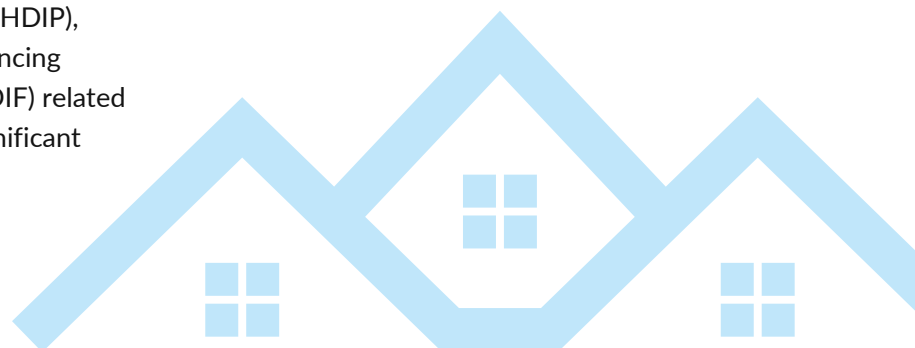
- Multi-family allowed by right
- Inclusionary zoning with density bonus
- 40R smart growth or 40Y starter home district
- Mixed use or cluster development
- By-right Accessory Dwelling Units (ADUs)
- Multi-family parking requirements no more than 1 space/unit

Housing Choice Best Practices



### Other Criteria

- **Local actions that support housing:** designated resources for housing, such as the establishment of an Affordable Housing Trust, designation of land for affordable housing, and/or commitment and spending of significant CPA resources for housing
- **Land use board training:** education and training for members of local land use boards
- **40B pattern of approval:** demonstrate a pattern of working with 40B developers to achieve greater affordability
- **SHI at or above 10%**
- **SHI increased at least 2.5% in the last 5 years**
- **Participate in one of the following DHCD programs:** Housing Development Incentive Program (HDIP), Urban Center Housing Tax Increment Financing District, District Improvement Financing (DIF) related to housing, Urban Renewal Plan with a significant housing element
- **Property tax relief** for income eligible seniors or adoption of a Community Impact Fee for short-term rentals
- **Certified Housing Production Plan:** DHCD approved Housing Production Plan with an increase of 0.5% or 1% SHI units in the one-year period
- **Implementation of at least 2 strategies from the Housing Production Plan** other than the items listed above





# Funding

**Goal: Create and enhance dedicated, predictable, permanent funding streams for housing**

## 01 Community Preservation Act (CPA)

Enhance and expand use of CPA funds, a local surtax on property of up to 3% which has some matching funds from the state. All Cape Cod communities have adopted the CPA and have created Community Preservation Committees (CPCs), which make funding recommendations.

### RECOMMENDATIONS

Establish or increase the percentage of CPA funding allocated for housing. Communities can establish non-binding targets beyond the 10% minimum up to a maximum of 80% for housing (or 75% when using the 5% administrative expenditures). While most Cape and Islands towns have exceeded the minimum, we urge town leaders to prioritize housing and clarify target spending between the eligible categories (housing, open space, historic preservation) for the development community.

### LOCAL EXAMPLES

**Eastham:** The Eastham CPC established a target of 40% of undesignated CPA funds for community housing in its current five-year plan.

**Provincetown:** In 2014, Provincetown adopted a bylaw that directs that 60% of CPA be dedicated to community housing.

### POTENTIAL IMPACT

Historically, the average percentage of CPA funds dedicated to housing across Cape and Islands towns is 24%. Based on 2022 CPA resources, an increased allocation from 25% to 50% annually would unlock over \$10 million in additional resources for housing region-wide. Assuming a gap funding role of \$50,000 to \$100,000 per unit, this increased allocation could support funding for 100-200 affordable units per year.

CPA Databank



Housing & the CPA



Missed Opportunities: Funding Housing Through the CPA





Add to flexible housing funding by expanding use of room occupancy tax for housing.



## RECOMMENDATIONS

- Towns should consider dedicating a significant portion of the room occupancy tax for housing and housing infrastructure.
- Towns can forecast potential revenues of a 3% Community Impact Fee on professionally managed short-term rentals to see if the resources would be meaningful. If so, these funds are flexible capital for housing.



## LOCAL EXAMPLES

**Chatham, Provincetown and Truro** allocate some of their rooms tax specifically to housing. The town of **Barnstable** dedicates 100% of its room tax to infrastructure, which supports sewer expansion and will enable future housing development.



## POTENTIAL IMPACT

While **Community Impact Fees** have only recently been adopted in a few communities, including Provincetown and Wellfleet, these fees could provide promising supplementary funding for towns with a meaningful number of professionally managed units.

The greater impact would be from an allocation of overall rooms tax, which is a much larger funding source. In FY 2023, Cape and Islands towns collected over \$63 million in local room occupancy taxes. Dedicating 50% of the tax to housing could result in \$30 million of flexible funding annually. A handful of communities have the opportunity to increase their rooms tax to 6% and could potentially deploy some or all of that increase toward housing.

**\$63.6**

**Million**

Total rooms tax  
collected by Cape &  
Islands towns in  
fiscal year 2023

Quarterly Rooms Tax  
Distribution by Town







Establish Housing Trusts with permanent and predictable resources and expand flexibility to meet “missing middle” housing needs.



## RECOMMENDATIONS

- Set up housing trusts with a predictable annual funding stream from CPA and other local resources. CPCs and local legislative bodies can approve the transfer of those funds to the trust, at which point the CPC can typically make funding decisions without further approvals.
- Make permanent, or at least predictable, general fund contributions to the Housing Trust, which could fund housing above 100% Area Median Income (AMI) CPA limits.
- Ensure that existing housing trusts have flexibility to consider a range of income levels (up to 200% AMI with enabling legislation and dedicated housing funding), or set up and fund a new housing trust dedicated to supporting units at attainable housing income levels.



## LOCAL EXAMPLES

- **Nantucket:** Approved a permanent tax override of \$6.5M to the Affordable Housing Trust at 2023 Town Meeting. Affordable Housing Trust has eligibility up to 200% AMI.
- **Orleans:** Approved general fund resources of \$500,000 for the Affordable Housing Trust and expanded the definition of eligibility for “attainable” housing up to 200% AMI at 2023 Town Meeting.



*A new 14-unit development will be located on Main Street in Orleans at the site of the former Mason's Lodge, which was acquired by the Orleans Affordable Housing Trust Fund in 2021.*



## POTENTIAL IMPACT

Creating predictable funding streams and expanding eligibility limits to a maximum of 200% AMI (\$164,000 for households in Barnstable County) would allow Housing Trusts to support housing for the “missing middle” – those who make more than the area median income but still cannot afford housing.



# Year-Round Housing

**Goal: Address the critical workforce housing shortage by converting more existing housing stock to year-round units**

## 01 Deed restrictions

Adopt a year-round deed restriction program, which has proven effective in resort communities with high rates of second-home ownership, short-term rentals and limited opportunities for the construction of new affordable housing. This is effectively a preservation program to maintain year-round housing opportunities.

### RECOMMENDATIONS

Establish voluntary programs to allow property owners to sell permanent deed restrictions to the municipality, which would then restrict occupancy to year-round use by owner or renter. Establish funding sources and target units for these programs.

### Vail InDeed Program

This program can be used as a model for Cape and Islands towns. Vail InDeed was established in 2017 in Vail, CO and has created 174 year-round restricted units using approximately \$12M in funding (average cost per restriction of \$70K/unit).

The program requires that one of the home occupants work in the county. The municipality pays between 15-20% of the home's market value to the owner for the restriction.

## LOCAL EXAMPLES

- **Provincetown:** In 2023, voters approved a Home Rule Petition to create a year-round deed restriction program to be managed by the Year-Round Market Rate Rental Housing Trust. The program allows Provincetown to use town funds and private funding to pay for the cost of market rate housing. The focus is to help people find housing who make between 80-200% AMI.

Vail InDeed Program



# \$638,5000

2022 Median Sale Price in Barnstable County

Includes condos & single family homes

# \$97,775

15% Value

Amount of year-round deed restriction

*The anticipated cost for a permanent deed restriction of \$97,775 is based on the median sale price in Barnstable County for 2022. The payment would enable a new homeowner to avoid private mortgage insurance (PMI) with a 20% down payment, assuming borrower has 5% to contribute to the down payment and the municipality covers the rest (up to 15%).*

*The program would enable the creation 10+ permanent year-round restrictions per \$1 million in funding.*



02

## Rental Registration Programs

Adopt a simple and straightforward registration program for short and long-term rentals focused on housing safety/quality.



### RECOMMENDATIONS

Establish a rental registration program that, at a minimum, will provide information on the current rental stock and ideally promote safety, quality and create a funding source for towns.



### LOCAL EXAMPLES

Several towns on the Cape have registration requirements for rentals. The most robust requirements include fees and inspections (Barnstable, Eastham, Mashpee, Yarmouth, Tisbury).

03

## Employee Housing Programs

Cape and Islands communities are struggling to recruit and retain key municipal staff to support town functions. Towns should look at a variety of strategies to support housing for the municipal workforce.



### RECOMMENDATIONS

Expand workforce housing opportunities through a diverse tool kit, including offering programs with incentives to build and rent to the workforce, rental subsidies and down payment assistance, surplus property evaluation and development and master leasing of market-rate properties.



### LOCAL EXAMPLES

#### **Nantucket:** *Town Employee Housing Assistance Pilot Program*

The town's general fund budget included \$1 million to be used as seed money for a pilot program to offset rental and mortgage expenses for town employees. The initial plan would be to transfer the \$1 million to the Community Foundation for Nantucket, which would then allocate funding to town employees in need of housing assistance based on certain criteria.



# Land Use

**Goal: expand opportunities for new housing that can be developed quickly and pursue policies to add density where it makes sense**

## 01 Multifamily By Right

Adopt multifamily by-right zoning in high priority areas for housing, meaning those areas that meet the tenets of wastewater infrastructure, activity centers and development potential.

### RECOMMENDATIONS

Review Grow Smart Cape Cod areas identified for housing and establish parameters for a by-right zoning approach to enable appropriately scaled multifamily and mixed-use development.



### LOCAL EXAMPLES

The **Town of Barnstable** recently revised its Downtown Zoning Districts, and the result is a model for form-based zoning. This zoning code departs from the old regulations, enabling efficient by-right development of compact housing that aligns with downtown Hyannis's historic character. The adoption of this form-based code brings a profound change to the entitlement process, offering developers increased predictability. It provides clear guidance on design standards, ensuring that new developments align closely with the community's vision.

Cape Cod Commission  
Form-Based Code  
Framework



*A rendering of WinnDevelopment's plan to turn the former TD Bank building on Main Street into 120 mixed-income apartments. This project was made possible by form-based code zoning changes aimed at revitalizing downtown Hyannis.*

Image credit: Cape Cod Times





# 02

## Accessory Dwelling Units (ADUs)

Permit ADUs by right in residential districts. Evaluate opportunities to expand ADU adoption through technical assistance (TA) support and financing.



### RECOMMENDATIONS

- Pursue zoning modifications to make both interior and detached ADUs by right in residential districts, removing special permit requirements. Consider reducing minimum lot size requirements, enabling ADUs on any residential property (including multi-family), eliminating owner-occupancy requirements, enabling garage conversions and above garage ADUs and limiting additional parking requirements.
- Create an over-the-counter ADU program with pre-approved plans.
- Create funding for homeowner technical assistance programs to offer feasibility, predevelopment and project management support with a focus on low- and moderate-income owners.
- Create funding for ADU construction in the form of soft second loans. Depending on community needs and preferences, these loans could have requirements around owner income and/or renter income.



### LOCAL EXAMPLES

The majority of towns on Cape Cod allow by-right ADUs for both interior and exterior units though some are limited to interior only.

The Cape Cod Commission maintains a list of ADU provisions by town and also has a model bylaw.

Cape Cod Commission Model Bylaw



Cape Cod Commission ADU Provisions by Town



*For Sandwich residents John and Barbara-Anne Foley, converting a garage into an accessory dwelling unit (ADU) allowed them to save money in a downsized space while living close to family.*





03

## Motel/hotel conversions

Evaluate opportunities to enable motel/hotel use for seasonal housing and conversion of motel/hotels to permanent housing.



### RECOMMENDATIONS

- Enable motel/hotel use for the seasonal workforce by removing restrictions and creating processes for approval (i.e., expand length of stay rules and create an application process).
- Enable motel/hotel conversion to permanent housing by modifying requirements that are common barriers such as parking, minimum unit sizes, building height and density for existing motel/hotel sites through an overlay.



### LOCAL EXAMPLES

**Yarmouth** adopted a Motel Redevelopment Program supported by its Motel Bylaw and Growth Incentive Zone and dedicated funding resources for predevelopment and redevelopment. This program has supported the redevelopment of seven properties, which now include affordable units. The zoning also allows use of motel/hotels within these zones for seasonal employee housing through annual application and permit.

**Yarmouth Zoning Bylaws**  
(see 404.1 for Overlay  
and 404.5 for Seasonal)



*Yarmouth Commons – 69 affordable rental units made possible through Yarmouth's Motel Redevelopment Program.*



*Yarmouth Gardens – 40 affordable rental units made possible through Yarmouth's Motel Redevelopment Program.*



04

## Publicly Owned Land Opportunities

Evaluate existing publicly-owned, town and state land, and identify potential opportunities for housing.



### RECOMMENDATIONS

Select Boards should request a list of municipally-owned land and buildings for evaluation as a first step. Evaluation of the list should utilize Grow Smart Cape Cod parameters among other factors to assess feasibility and development options. Depending on the level of detail, these studies could range from about \$30,000 to \$100,000 per site. This evaluation should also look at state land. Many of these parcels may have barriers to redevelopment that could be addressed by towns and the state including title, infrastructure, remediation.



### LOCAL EXAMPLES

**Provincetown** generated a list of municipal-owned land that resulted in identifying four sites for further evaluation. They approved funding and engaged consultants to assess feasibility, which found the potential for housing at three of the four sites. This process has brought more sites to the table for consideration as the Town has looked at adjacencies and engaged in conversations with the development community.



*Provincetown's need to upgrade its police station prompted officials to assess and designate the current site for housing. The Town issued an RFP and selected a proposal that will provide 40 new rental units with 20% of those available for households at 80-150% AMI.*

*Above: An architectural rendering of a 40-unit building of market-rate rental apartments proposed for 26 Shank Painter Road, the site of Provincetown's former police station. (Image courtesy Town of Provincetown)*



A coalition of

