

Community Preservation Project Application

Submission Date: September 10, 2021

Project Title:

107 Main Street, Affordable Development

Applicant (*note if public or private*): Orleans Select Board (public)

Address: 19 School Road, Orleans MA 02653

Telephone: (508) 240-3700

E-mail: jkelly@town.orleans.ma.us

Federal Tax Identification Number (if non-profit): _____

Contact Person (Name & Telephone): George Meservey (508) 240-3700, x 2435

Project purpose (*Check all that apply*):

Open Space

Historic Preservation

Community Housing

Recreation

Project Location/Address: _____

Community Preservation Funding Request: \$1,000,000.00

Brief Project Summary: Request is to authorize a bond issue to support construction of a 14-unit apartment development at 107 Main Street, the former Universal Lodge property. Housing Assistance Corporation, a non-profit housing agency on Cape Cod, has proposed to build and operate the development, and requires a subsidy from the Town of \$1,876,625 toward an overall construction cost of \$5,464,785 (34%). Available resources in the amount of \$876,625 have been committed by the Affordable Housing Trust Board, and \$1,000,000 is sought through this application to complete the Town's contribution. The project will meet a critical need for affordable housing in Orleans and is designed to complement the character of existing development on Main Street in East Orleans.

Attachments:

1. CPC Application Narrative, 107 Main Street Affordable Housing Development
2. Memorandum from Alan McClennen, Chair Affordable Housing Trust Board, RE: Financing Plan for Town Share of HAC Proposal for 14 units of Affordable Housing at 107 Main Street
3. Housing Assistance Corporation Interview Materials for 107 Main Street

Affordable Housing — Request for 107 Main Street – Affordable Housing Development

- Detailed Narrative: A complete and detailed description of the project including goals and objectives, consistency with Community Preservation Act goals, compatibility with the Orleans Comprehensive Long Range Plan, and relevance to the community and its needs,

The Town of Orleans has been working diligently to address a critical need for affordable housing to meet the needs of residents and foster a healthy local economy. A 2017 Community Housing Study indicated a need for 274 additional rental units in Orleans. Since the time of the study, anecdotal information indicates the need has gotten more severe.

In response, the Town created an Affordable Housing Trust in 2019. The Trust Board has successfully obtained funding through an annual Town Meeting allocation (supported by a Prop 2 ½ override, \$275,000) and from the Community Preservation fund. In May 2021, Town Meeting approved \$2M in CPC funds for an affordable housing development of the former Cape Cod Five Operations Center at 19 West. Approval of the 62-unit project meets the Town's long-standing goal to achieve 10% affordable housing, but it does not meet the real and apparent housing needs of the community.

Since its inception, the Affordable Housing Trust has been working on a plan to redevelop the former Universal Lodge property at 107 Main Street. The 1.25 acre property became available when its previous owner, Cape Abilities, Inc., determined that it was not the best property to meet the agencies needs. After performing its diligence, the Affordable Housing Trust purchased the property in May 2020.

The building at 107 Main Street contains a commercial kitchen and associated septic system that is approved for septic flow equivalent to 20 bedrooms. The Trust studied alternatives to develop the site and considered options up to 15 dwelling units.

In spring of 2021, Housing Assistance Corporation submitted a proposal to construct a 14-unit affordable housing development on the site, with a mix of 1, 2, and 3-bedroom units. The project has an overall cost of \$5,464,785, of which the gap funding needed from the Town is \$1,876,625.

After thorough review by a Selection Committee, the Affordable Housing Trust voted to accept the proposal.

On September 8, 2021, the Orleans Select Board voted to place an article on the October Town Meeting warrant for up to \$1M, subject to review by the Community Preservation Committee. At the same (joint) meeting, the Affordable Housing Trust voted to use \$876,625 of its available reserves toward the project. Together the two sources complete the required local funding for the project to move forward.

If this funding request is approved by the Town Meeting, the project will proceed to permitting and identified State grants will be submitted. The project requires a Comprehensive Permit from the Zoning Board of Appeals. A proposed project schedule is

supplied in the attached materials, which indicates a construction start date of October 2022.

- **Financial Data:** Provide financial information for the project including total cost, additional revenue sources (public, private or in-kind), basis for the fiscal estimates and any other fiscal details currently available.

A breakdown of project development costs and revenue sources is included in the HAC Interview Agenda materials submitted with this application.

MEMORANDUM

FROM: Alan McClennen, Chair Affordable Housing Trust Board

TO: Select Board, Affordable Housing Trust Board, George Meservey, Marcia Allgeier, John Kelly, Cathy Doane, Scott Walker, Nancy Renn, and Jennifer Fountain

SUBJECT: Financing Plan for Town Share of HAC Proposal for 14 Units of Affordable Housing at 107 Main Street.

DATE : September 1, 2021

PROJECT ACTION

The Affordable Housing Trust Board (AHTB) has voted to support the Town Administrator's intent to select the proposal submitted by the Housing Assistance Corporation (HAC) dated June 16, 2021 to develop, own and manage 14 affordable rental units at 107 Main Street. (attachment 1)

The current proposal requires that the Trust transfer the property to HAC at no cost and provide a subsidy in the amount of \$1,876,624.

At a regular duly posted meeting of the Trust convened on August 17, 2021, the Trust voted 8-0-0 "to accept the Town Administrator's designation of HAC as the preferred partner to develop 107 Main Street".

Following the vote to accept HAC as the preferred partner the Trust voted 8-0-0, "to inform the Select Board of the need to add a warrant article for up to (but not exceeding) \$1.9 million bonding capacity to fund the development at 107 Main Street while the AHTB continued exploring financing options including its line of credit." (attachment 2 contains a copy of the draft minutes of the meeting including the discussion leading to the two votes)

SELECT BOARD ACTION

Under the Declaration of Trust for the Orleans Affordable Housing Trust Fund, recorded on January 31, 2019, Section 3 sets forth the 16 powers and duties of the Trust. Seven actions require the approval of the Select Board. The two Select Board approvals relating to the transfer of 107 Main Street to HAC. are as follows:

3. "With the approval of the Select Board, to sell, lease, exchange, transfer or convey any personal, mixed, or real property at public auction or by private contract for such consideration and on such terms as to credit or otherwise, and to make such contracts and enter into such undertaking relative to Trust property as the Board deems advisable notwithstanding the length of any such lease or contract."

11. "with the approval of the Select Board, to borrow money on such terms and, conditions and from such sources as the Board deems advisable, to mortgage and pledge Trust assets as collateral, provided, however, that no such borrowing shall be backed by the full faith and credit of the Town of Orleans."

Therefore, there are two actions before you.

First, to vote to accept the recommendation of the Town Administrator, supported by vote of the AHTB on August 17 to sell the property at 107 Main Street to HAC under the general terms outlined in attachment 1.

Second, you must take action on the second vote of the AHTB dealing with the recommendation that you consider placing a warrant article before the special town meeting asking for a bond authorization of up to \$1.9 million dollars while exploring financing options including the Trust's Line of Credit.

DISCUSSION OF OPTIONS

These actions are time sensitive. HAC has submitted a schedule and a preliminary funding plan. HAC has not prepared any detailed architectural plans nor do they have bids from any contractors. Excluding our land donation, we estimate the Trust/Town share will be about 33% of the total project cost. However, in order for HAC to apply for key grants, they must certify that the Town/Trust has set aside funds equal to its local share. No funds would be expended until the closing which will not take place for at least a year. The grant cycle begins early next spring so we must make our decision now if we select the bond issue authorization at the Special Town Meeting since the warrant closes on September 10th. In addition, the CPC meets on the 9th and they would have to vote to support a bond authorization for a project that is only at an early design phase with a preliminary funding plan.

The AHTB vote also requested further exploration of the use of our Line of Credit (LOC). On February 19, 2020, after your vote of approval the Town and Cape Cod Five executed an agreement that could provide up to \$2.0 million to support our efforts toward producing affordable housing. In early August, 2021 I met with Town Treasurer, Scott Walker and Scott Vandersill, Vice President at the Cape Cod Five to discuss the possible use of the existing LOC to cover some of our needs at 107 Main Street. On August 17, 2021, Scott Walker received notification that Cape Cod 5 had issued a Revolving Line of Credit in the amount of \$1,000,000 for use at 107 Main Street which requires our acceptance on or before September 10th. (attachment 3)

Therefore, there are two choices, or perhaps a combination of the two, that would provide a way for the Town to show HAC that our local commitment of \$1, 876,624, has been reserved. If we were to use the LOC in the amount of \$1.0 million, we could take the rest (\$876,624) from the Trust's current cash reserves. On September 1, 2021, the Trust has a balance of \$1,635,205.41. That will be reduced to \$1,185,205.41 next week when the Trust's share of the

Governor Prence purchase (\$450,000) is drawn down. Therefore, if we were to take \$876,624 from the Trust account the remaining balance would be **\$308,581.41**.

The Affordable Housing Committee (AHC) is meeting next Tuesday, September 7th. There is an item on its agenda requesting CPC for an additional \$200,000 to make up for the shortfall from last spring's request. (AHC requested \$500,000 but only received \$300,000) We have been informed that there are funds in the CPC unobligated balance to allow this request to be funded. The CPC has this request on its agenda for a meeting on Thursday, September 9th. If that request is funded, the balance in the Trust account would be increased to **\$508,581.41** after a vote at the Special Town Meeting

Currently, the Trust has no other projects that would require use of these funds. If something came up and we needed quick action we still have \$1.0 million in our original LOC. Also, we have learned that acquisition takes time and any future acquisition could be scheduled to close after town meeting next spring. Also, since the budget for HAC is still preliminary, we might want to reserve any town meeting action for next spring when all costs will be more refined.

In closing, I want to reiterate that the local funding for HAC is only a commitment that funds are available and dedicated to this project. None of our funds will be spent on the project until HAC has all local approvals and funding from the other grant agencies. HAC's current schedule calls for a construction loan closing in October 2022. During this period, there will be no need to draw on the LOC and I believe that the LOC can then be retired next July when the annual appropriations are made to the Trust account.



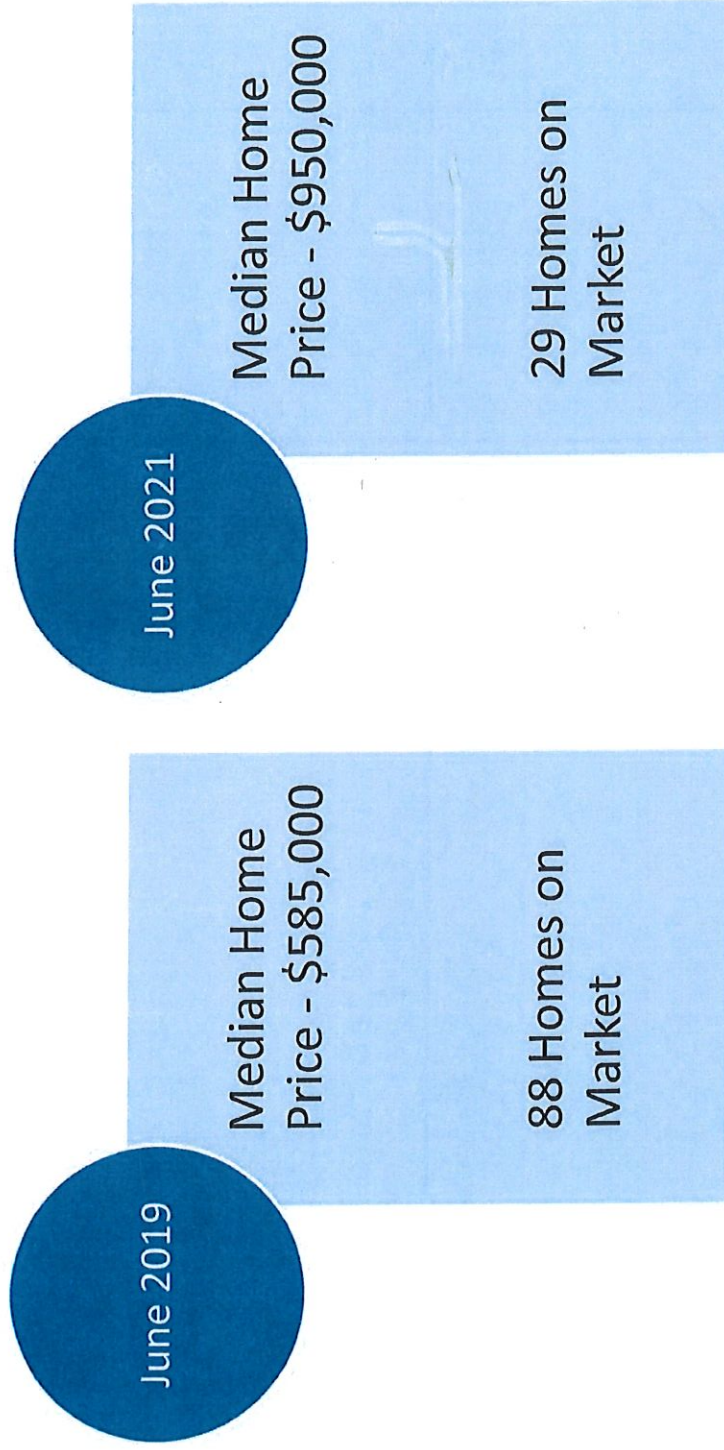
107 Main Street – Interview Agenda

- Introductions
- HAC Overview
- 107 Main Street
- Financing and Savings
- Ongoing Management
- Questions



107 MAIN STREET, ORLEANS

Orleans, MA - A Housing Market in Crisis



HAC's Crisis Response

Advocacy

Building

Client Services

107 MAIN STREET, ORLEANS

107 Main Street

- Development Team
- Project Approach
- Unit Mix
- Design
- Timeline

PROJECT TEAM



DEVELOPER

Housing Assistance
Corporation

Alisa Magnotta
David Quinn *PM*
Steve Ferris
Walter Phinney
Keith Trott *GC*
Gael Kelleher



D E S I G N

ARCHITECT

SV Design

Thaddeus S Siemasko, AIA

Freeman Law Group LLC

LEGAL

Freeman Law Group

Peter Freeman, Esq.
Ilana Quirk, Esq.



POAH
COMMUNITIES

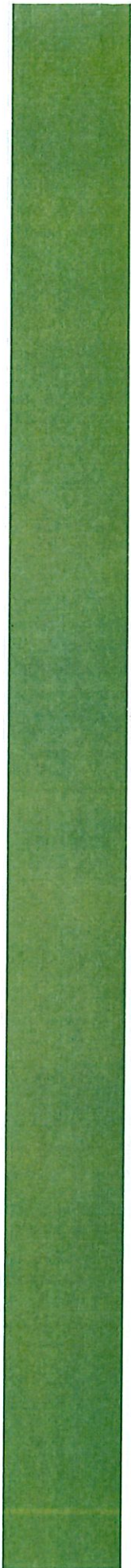
PROPERTY MANAGEMENT

POAH Communities



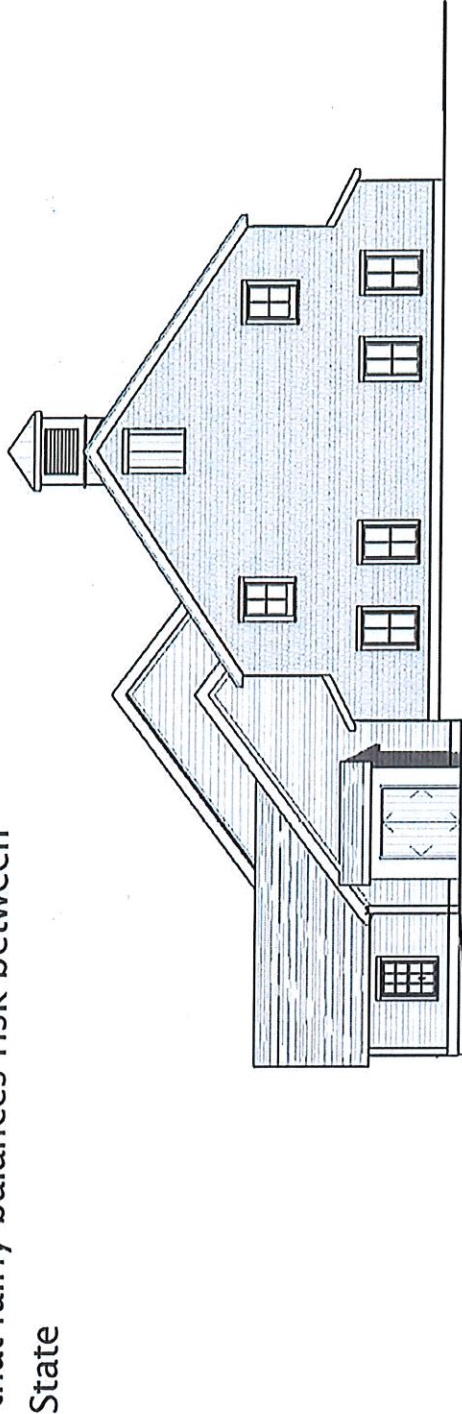
CIVIL ENGINEER

Coastal Engineering



PROJECT APPROACH

- Use AHT design concepts as starting point
- Maximize unit count on site without sacrificing aesthetics, site functionality, or neighborhood character
- Affordability to meet AHT's preference for 80% AMI units
- Unit mix and design to fit state funding guidelines
- Balancing design features and cost
- Design with option for modular construction to allow for possible cost savings
- Unit mix for 40B permitting
- Funding approach that fairly balances risk between HAC, Town, and State



107 MAIN STREET, ORLEANS

UNIT MIX (Base Scenario) – all units 80% AMI

Unit Type	# of Units	Unit Size	Max Allowable Gross Rent	Utility Allowance (UA)	Max Allowable Rent (Gross Rent - UA)
1 BR (80% AMI)	9	732-770 SF	\$1,361.25	\$113.00	\$1,248.25
2 BR (80% AMI)	4	787 SF	\$1,555.00	\$134.00	\$1,421.00
3 BR (80% AMI)	1	1064 SF	\$1,930.00	\$179.00	\$1,751.00
TOTAL	14				

State funding source: Community Scale Housing Initiative (DHCD and MassHousing)

107 MAIN STREET, ORLEANS

Review of Site and Building Design

107 MAIN STREET, ORLEANS

Project Timeline

Proposed Project Timeline	
Town of Orleans Awards Project	July 2021
Execute Development Agreement with the Town of Orleans	September 2021
Town Meeting – Funding Request	October 2021
Submission of Site Eligibility (40B)	October 2021
First Zoning Board of Appeal (ZBA) Hearing	December 2021
Comprehensive Permit Issued	February 2022
Submit for CSHI funding from DHCD / MassHousing	March 2022
Receive State Funding Award	July 2022
Construction Loan Closing	October 2022
Commence Construction	October 2022
50% Construction	February 2023
Rental Lottery Held / Tenant Selection begins	April 2023
Construction Completion	June 2023
Certificate of Occupancy	July 2023
Sustained Occupancy	July 2023

HAC will communicate regularly with the Affordable Housing Trust, other town boards, and representatives of the neighborhood throughout the project.

Financing and Cost Savings

107 MAIN STREET, ORLEANS

Housing Development on Cape Cod – Cost Comparisons

Construction Costs for Recent HAC projects:

- Brewster Woods (2021) - \$420/SF
- 950 Falmouth Road, Mashpee (2021) - ^{30 units} Recent Contractor Estimate - \$338/SF
- Lofts at 57, Hyannis (2019) - 228/SF - 8 Pre-COVID pricing; simpler building design and materials. *2 affordable*

Town Subsidies on Recent Housing Projects

- Lofts at 57, Hyannis - Town of Barnstable funding (\$200,000 per affordable unit)
- Town of Yarmouth, Buy Down Programs - Provides \$150,000 per affordable unit (homeownership)
- Town of Wellfleet, Buy Down Programs - Provides \$175,000 per affordable unit (homeownership)
- Town of Orleans, John Hinckley Estates - \$125,000 per unit for 4 units
- FORWARD at the Rock - \$125,000 per unit from local CPCs

107 Main Street Budget – consistent with current regional costs

\$350 per SF Construction Cost
Town subsidy of \$134,000 per unit

107 MAIN STREET, ORLEANS

Revised Budget

Sources	Original Budget	Revised Budget	Description
Town of Orleans - AHT	\$ 2,000,000	\$ 1,876,625	Reduced from RFP
CSHI	\$ 1,700,000	\$ 1,700,000	maximum amount for CSHI Program
First Mortgage Lender	\$ 1,500,000	\$ 1,500,000	
CEDAC Predevelopment Grant	\$ 15,000	\$ 15,000	
Deferred Development Fee	\$ 223,160	\$ 223,160	5% of developer fee
HAC Equity	\$ 150,000	\$ 150,000	Cash contribution
TOTAL	\$ 5,588,160	\$ 5,464,785	\$ -
Uses			
Construction Cost	\$ 4,112,500	\$ 4,112,500	savings possible
Construction contingency	\$ 411,250	\$ 287,875	reduced from 10% to 7% - savings possible
Soft Costs	\$ 310,900	\$ 310,900	
Soft Cost Contingency	\$ 15,000	\$ 15,000	savings possible
Reserves	\$ 75,000	\$ 75,000	
Developer Fee/OH	\$ 663,510	\$ 663,510	15% of eligible costs (offset in sources)
TOTAL Development Cost	\$ 5,588,160	\$ 5,464,785	
TOTAL Per Unit Cost	\$ 399,154	\$ 390,342	

What is the Developer Fee for?

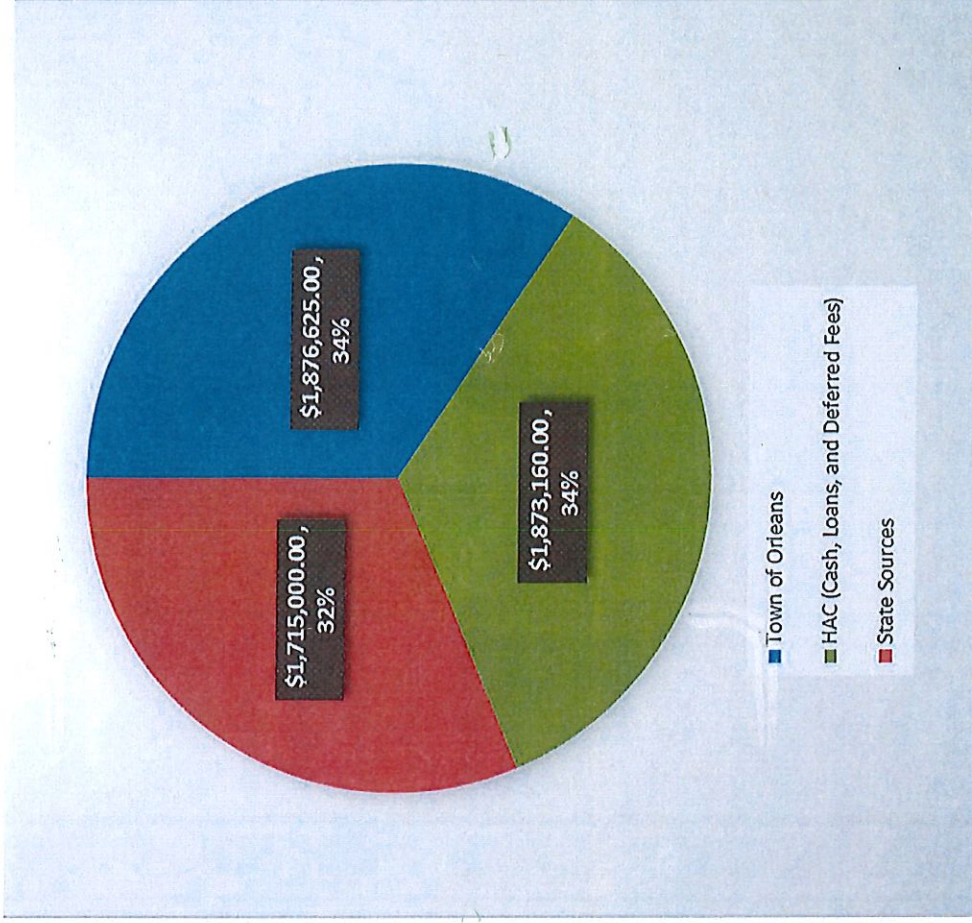
- Required by State funders to ensure long-term financial sustainability of nonprofit developer
- Covers HAC staffing and overhead costs to complete the project and developer profit

HAC has a 15% developer fee included as an project use, however, we are deferring 5% of the fee as an equity contribution to the project (included a funding source).

Sources of Funds

Sources	Budget
Town of Orleans - AHT	\$ 1,876,625.00
CSHI	\$ 1,700,000.00
CEDAC Predevelopment Grant	\$ 15,000.00
First Mortgage Lender	\$ 1,500,000.00
Deferred Development Fee	\$ 223,160.00
HAC Equity	\$ 150,000.00
TOTAL	\$ 5,464,785.00

- HAC will work to identify other project sources”
- Project Savings to:
 - Reduce Rents
 - Savings sharing between Town, State funders, and HAC



Approach to Project Cost Savings

Development Budget Savings



Reduce Contingency Budget



Unused Contingencies



Reduction in Construction Cost

Operating Budget Savings



Lower Interest Rate



Reduction in reserve account

Ongoing Management

- HAC Committed to long-term success of the project
- Open communication with neighborhood
- Financial Sound Operating Budget
- POAH Communities – Experienced Property Management with focus on positive community impact

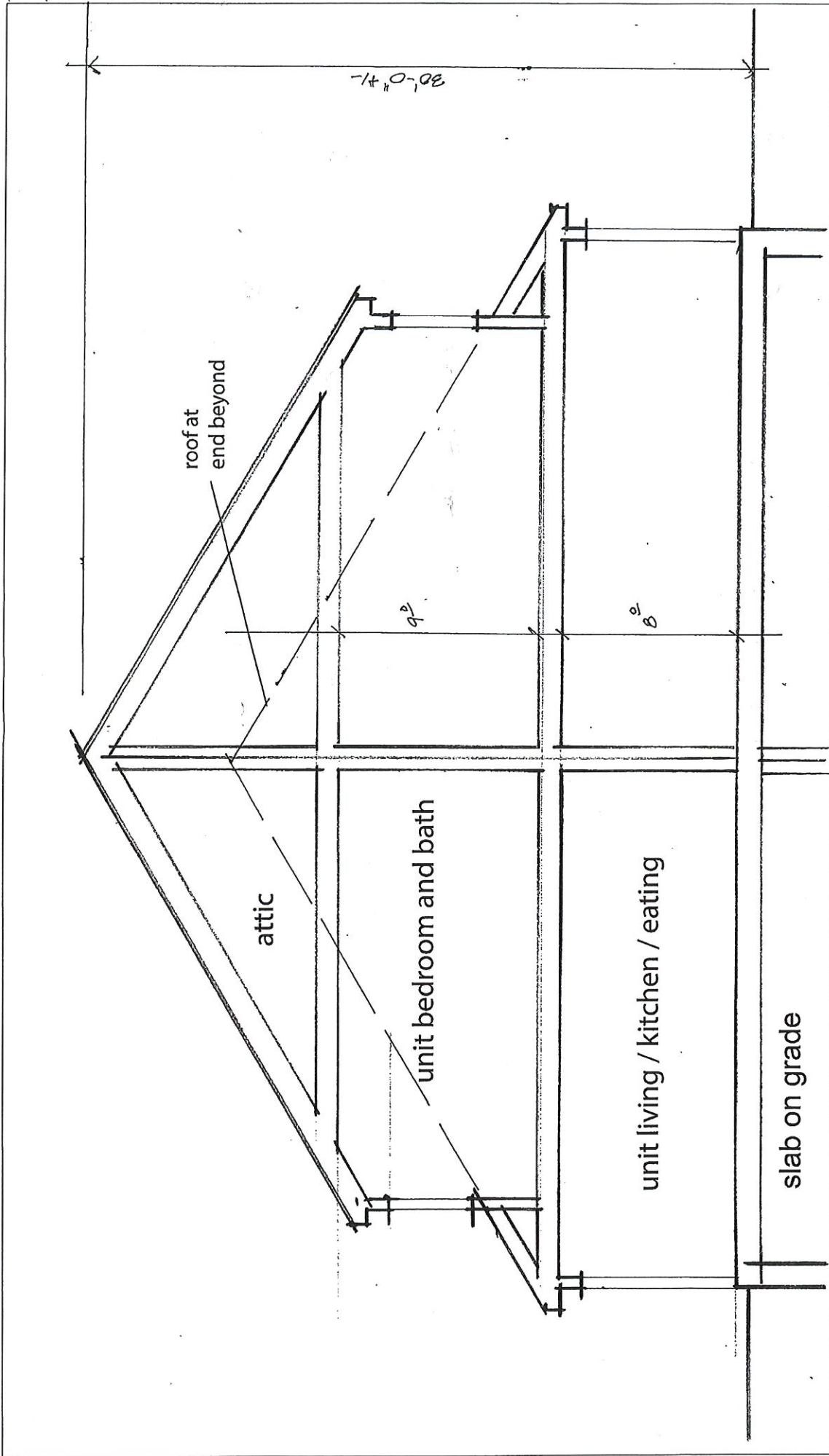
Summary


- **Housing Shortage / Crisis**
- **Costs reflect reality of current market**
- **Town contribution in line with regional local subsidies**
- **Professional and Experienced Team**

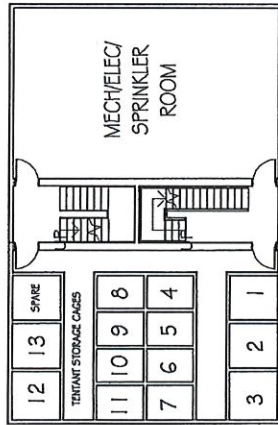
Questions?



107 MAIN STREET, ORLEANS

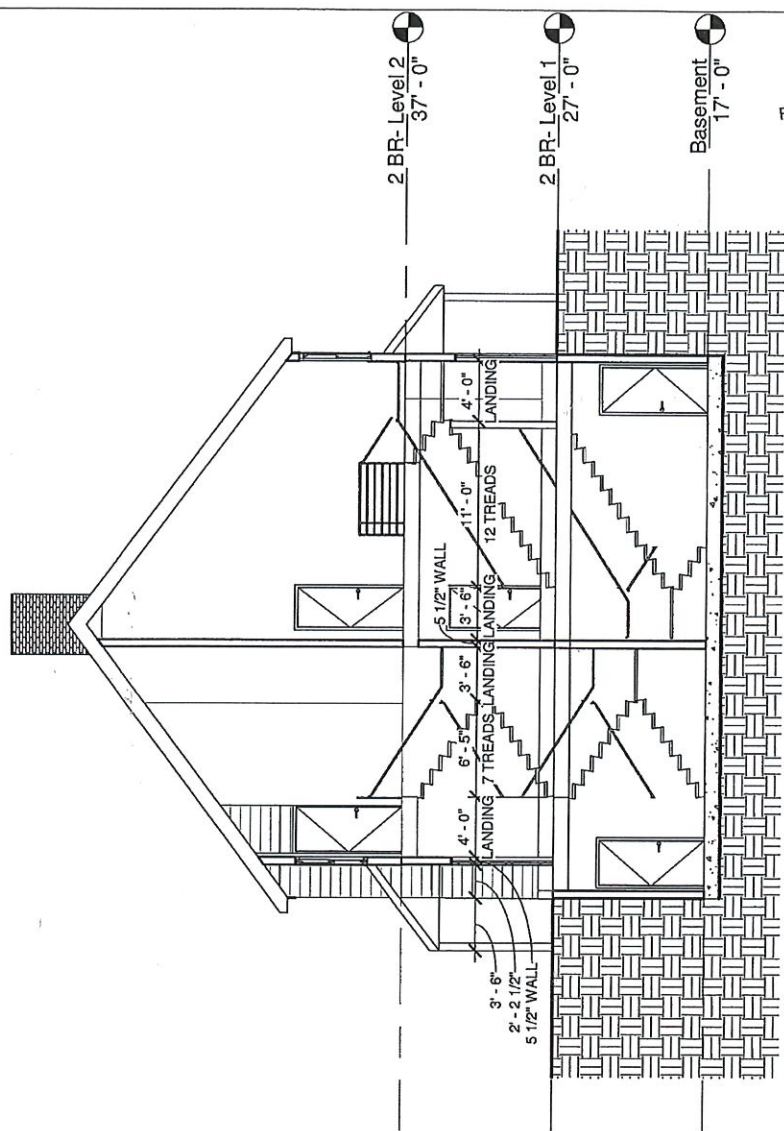


	Housing Assistance Corporation Cape Cod 107 Main Street Orleans, MA		Siemasko + Verbrige Architecture Interior Design Decorating Beverly, MA 01915 www.svdesign.com t 978.927.3745 f 978.927.6365	BUILDING SECTION
	Scale: 1/4" = 1'-0"	Date: June 2021		Reference: Issuance Date:



BASEMENT LEVEL

SCALE: 1/16" = 1'-0"







STAIR SECTION @ BIG HOUSE

SCALE: 1/8" = 1'-0"

	Housing Assistance Corporation Cape Cod 107 Alden Street Orleans, MA	BASEMENT PLAN	A3.00
	Siemasko + Verbridge 126 Dodge Street Beverly, MA 01915 www.svdesign.com (978.927.2745 F 978.927.6565)	Architecture Interior Design Landscape Design Decorating	Scale: As Indicated Date: June 2021 Issuance Date:



EXTERIOR LIGHTING LEGEND

-  12' TALL 3000K LED BLACK DARK SKY COMPLIANT CUT OFF LIGHT POLE
-  LIGHT BOLLARD 3000K LED DARK SKY COMPLIANT (BLACK)
-  DARK SKY COMPLIANT 2700K LED WALL LIGHT
-  2700K LED RECESSED LIGHT IN SOFFIT

PLAN

1 INCH = 50 FT

Housing Assistance Corporation Cape Cod 107 Main Street Orleans, MA

Architecture
Interior Design
Landscape Design
Decorating

Siemasko + Verbridge

126 Doulap Street Beverly, MA 01915 www.siemasko.com 1978.927.3745 1978.927.6365

SITE PLAN

Scales: As Indicated Reference:

Date: June 2021

Issuance Date:

A0.10

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RENDERING

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REAR VIEW OF BUILDING

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Interior Design
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Decorating

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RENDERING

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FRONT VIEW

Housing Assistance Corporation Cape Cod 107 Main Street Orleans, MA

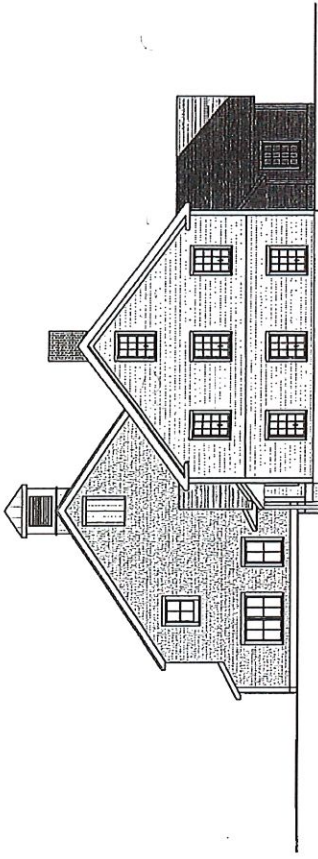
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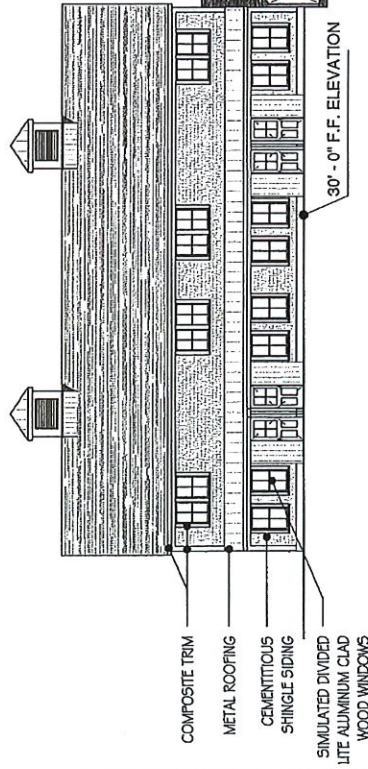
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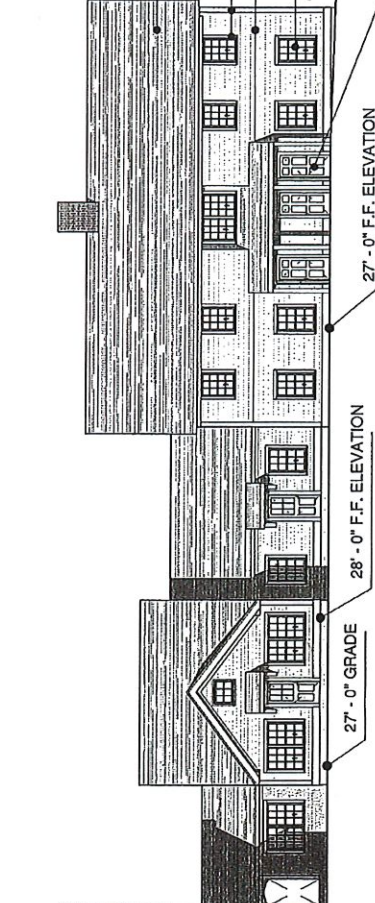
MAIN STREET (NORTH) ELEVATION

SCALE: 1/16" = 1'-0"



EXTERIOR MATERIAL SCHEDULE

- ARCHITECTURAL ASPHALT ROOF
- COMPOSITE WOOD TRIM
- CEMENTITIOUS LAP SIDING
- SIMULATED DIVIDED LIGHT ALUMINUM CLAD WOOD WINDOWS
- 6 PANEL FIBERGLASS INSULATED DOOR, PAINTED.



LEFT (EAST) ELEVATION

SCALE: 1/16" = 1'-0"

Housing Assistance Corporation Cape Cod
107 Main Street Orleans, MA

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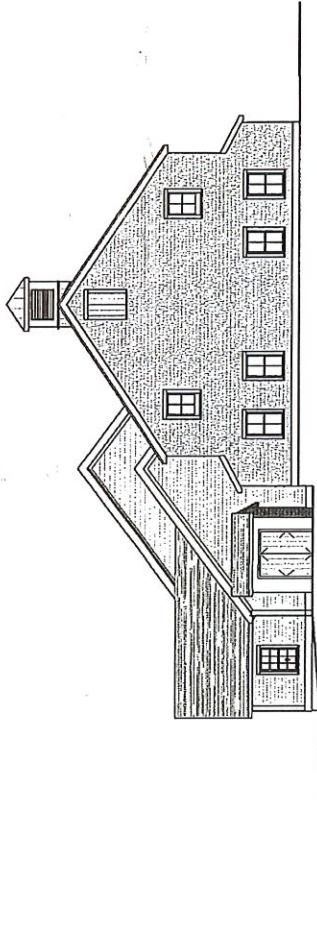
EXTERIOR ELEVATIONS

Scale: 1/16" = 1'-0" Reference:
Date: June 2021
Issuance Date:

A2.00

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LEFT (EAST) ELEVATION

SCALE: 1/16" = 1'-0"



EXTERIOR MATERIAL SCHEDULE

ARCHITECTURAL ASPHALT ROOF

COMPOSITE WOOD TRIM

CEMENTITIOUS LAP SIDING

SIMULATED DIVIDED LIGHT ALUMINUM CLAD WOOD WINDOWS

6 PANEL FIBERGLASS INSULATED DOOR, PAINTED.

27'-0" F.F. ELEVATION

28'-0" F.F. ELEVATION

REAR (WEST) ELEVATION

SCALE: 1/16" = 1'-0"

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107 Main Street Orleans, MA

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EXTERIOR ELEVATIONS

Scale: 1/16" = 1'-0" Reference:

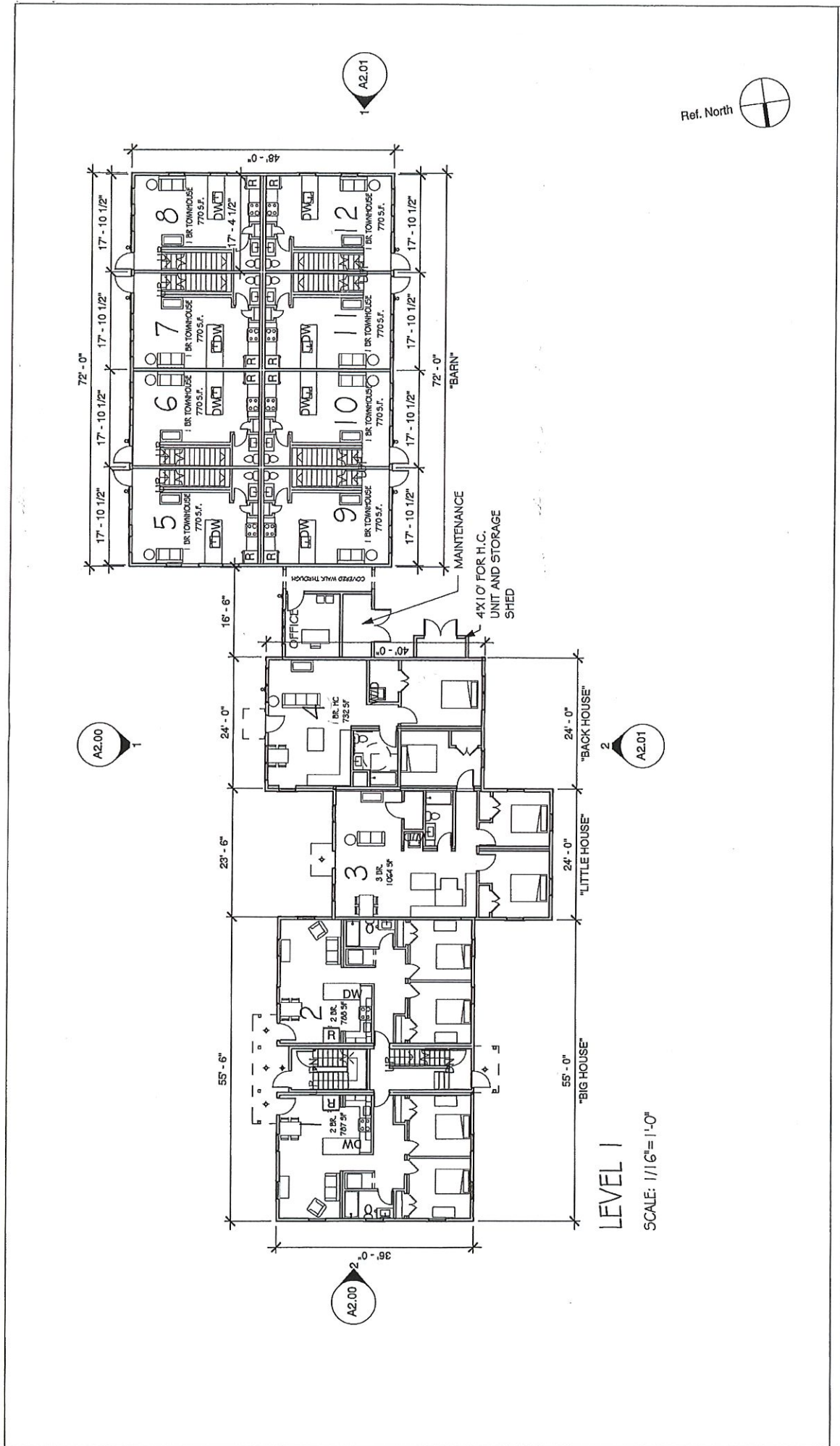
Date: June 2021

Issuance Date:

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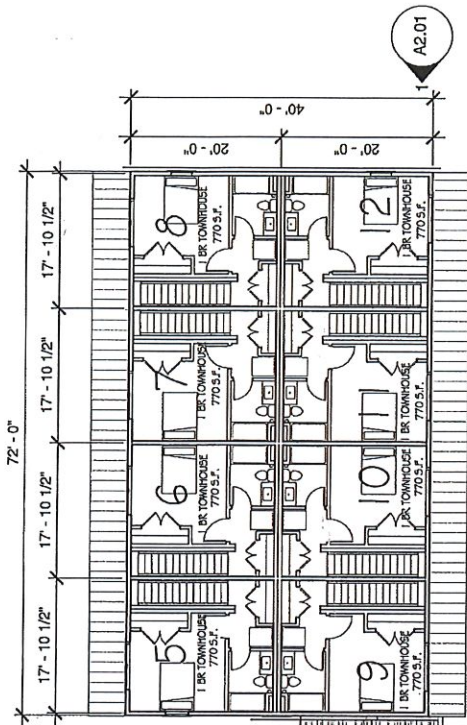




LEVEL 1

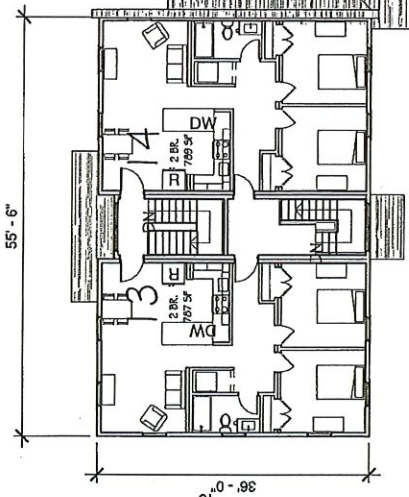
SCALE: 1/16" = 1'-0"

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	Architecture Interior Design Landscape Design Decoupling 126 Dodge Street Beverly, MA 01915 www.svdesign.com t 978.927.3745 f 978.927.6365	
OVERALL LEVEL 1 PLAN		
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Date: June 2021		Issuance Date:
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A2.01



A2.00

LEVEL 2
SCALE: 1/8" = 1'-0"



OVERALL LEVEL 2 PLAN	
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