

# Town of Orleans Governor Prence Inn Redevelopment Plan

September 2022



**GOVERNOR PRENCE INN REDEVELOPMENT PLAN**  
**October 2022**

**Governor Prence Planning Committee**

*John Sargent, Chair and Member at Large*

*Governor Prence Planning Committee*

*Debra Oakes, Planning Board Representative*

*Fran McClennen, Affordable Housing Committee Representative*

*Alexis Mathison, Affordable Housing Trust Fund Representative*

*Hadley Luddy, Member at Large*

*Tina Shaw, Member at Large*

*Mark Mathison, Select Board Representative*

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# Town of Orleans

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September 30, 2022

**TO:** Select Board and Affordable Housing Trust Fund Board  
**FROM:** Governor Prence Planning Committee  
**SUBJECT:** Report on the Re-Use of the Governor Prence Motel Property

The Select Board appointed the Governor Prence Planning Committee to recommend how to redevelop the property at 66 & 76 Route 6A, formerly the Governor Prence Motel and an adjacent commercial lot. This report represents the final report of the Committee, accompanied by the consultant report prepared by the Barrett Planning Group.

**INTRODUCTION:** On May 22, 2021, the Orleans Town Meeting approved Article 23, authorizing the Town and/or the Orleans Affordable Housing Trust Fund (AHTF) to acquire for general municipal purposes, including but not limited to affordable housing, the land known as the Governor Prence Motel at 66 Route 6A and the land at 76 Route 6A. The acquisition provided the time needed to reach consensus on the best possible re-use to meet the Town’s current and future needs. Following acquisition, the Select Board established a Planning Committee on September 1, 2021, to lead the planning process, and appointed seven (7) persons to the Committee. The Committee was charged to work with Town staff to hire a consultant to complete a study, community engagement process and planning, and make recommendations on development options and implementation strategies to the Select Board (see Charge at [link](#)). This report represents the culmination of that effort.

**PROCESS:** The Committee has spent the last thirteen (13) months carrying out its charge. The Town issued a Request for Proposal for a planning consultant and contracted with the Barrett Planning Group (assisted by sub-contractors Union Studio Architecture and Community Design, and Kirk & Company) in January 2022. The consultant conducted an in-depth analysis of the site, reviewed zoning and development regulations and policies, gathered market analytics for the Lower Cape subregion, reviewed Town plans and objectives, and compiled current and projected needs for affordable/community/workforce housing. The consultant developed a community engagement plan and conducted surveys, interviews, focus groups, and workshops. Through this extensive community engagement process, the consultants and Committee heard the views of many interested parties. The consultant developed and the Committee reviewed several development concepts, refining them and narrowing the range of options. The Committee arrived at recommended uses and development guidance for a future Request for Proposals (RFP) for developers of the site. This guidance is incorporated into recommendations for the

Select Board and the Affordable Housing Trust Fund Board. The Committee also discussed implementation strategies for moving forward with the plan that is ultimately approved by the Select Board and AHTF Board. The details of the study, the community engagement plan and results, the development options, and the implementation strategy are discussed more fully in the consultant report (see [link](#)).

**RECOMMENDATIONS:** The Planning Committee’s recommendations are laid out, along with summary explanatory comments, below. The Committee is prepared to discuss these recommendations fully with the Select Board and AHTF Board.

**1. The entire 5.5-acre Governor Prence site should be devoted to housing uses.**

*The Committee spent considerable time and effort looking at other municipal uses that could be accommodated on the site. Use for a new firehouse or library was put aside based on instruction from the Select Board. The Committee considered an option for a small public park with a small community building on one acre on the Route 6A frontage. The park was not considered to be value-added given several other parcels of open space/parkland are nearby. The Committee met with the Community Center Feasibility Task Force and discussed possible space on the site for some community center uses, but ultimately voted against that idea. During the planning process, the Committee received no formal proposal for a different specific use of the property. The Committee felt that affordable housing and housing for “missing middle” was of primary importance, urgently needed, and must be addressed as soon as possible.*

**2. The housing developed should be primarily affordable housing and qualify for federal and state low-income housing tax credits and maximum state grant funding. The developer should vigorously pursue maximum external funding and consider partnerships with other agencies to make the best project possible. The Request for Proposals (RFP) should be flexible to allow proposals that also accommodate housing for households above tax credit income limits, as well as homeownership. The Town should also consider creative proposals that include market rate housing to the extent that the overall project is most beneficial to the community.**

*Tax credits are the most significant source of funding for affordable housing and it would be advantageous to construct affordable housing with this funding source, as well as other State grants and mortgage financing (see consultant report for more discussion of affordable housing and tax credits). However, the Committee is in favor of serving a mix of incomes, recognizes the need for housing for a wide range of the Town’s working people, and would urge that the RFP provide flexibility for developer proposals that also provide housing for “missing middle” households and/or homeownership. The level of Town subsidy for the development has yet to be determined but would be commensurate with achievement of overall Town objectives.*

3. **It is extremely important that the overall development be attractive, consistent with community character, environmentally responsible, and a long-term asset to the Orleans community. The RFP process should encourage design quality and adequately funded maintenance. Building design should be inspired, building upon the history of architecture in the town. It is important that the housing incorporate energy efficient design.**

*The Committee felt strongly that this unique and visible site within the Village District, with outstanding locational advantages, should be a source of pride for the Town well into the future. Design quality, of the site as well as buildings, is paramount and should be valued during the RFP process to find a developer. At the same time, the development must be financially viable for the full financing term.*

4. **The site should be developed at the highest density allowed under zoning to maximize the number of housing units that are constructed. Buildings should generally be multi-family, up to three stories in height. The site design should aim to reduce site coverage and paved areas, retain internal open space and natural buffers to adjacent properties. Parking spaces should be the lowest number needed at this location, since it is adjacent to the bike trail and within walking distance to downtown, shopping, and potential employment, to minimize paved area. The project should abide by local zoning bylaws, but the Request for Proposals (RFP) should allow developers to propose features that require variances (or 40B waivers).**

*The site has significant topographic change and developers should be asked to creatively design a site plan to take full advantage of its unique development potential. The development should generally conform to zoning limits, but the Town should entertain site and building plans that may require variances or waivers to height limits, required parking, and number of units per building, among other provisions. Current zoning allows up to 14 units per acre and the RFP should ask for full utilization of allowed density. (See the consultant report for site analysis and discussion of site and building design considerations.)*

5. **The development should embody features that create a livable neighborhood with adequate internal open space, places to interact with family and neighbors (such as a clubhouse or neighborhood center), connection to the Rail Trail for commuting and recreation, and adequate infrastructure along Route 6A and internal to the site. Building design elements should provide for privacy and allow for individual expression. Public use of areas, such as open space adjacent to the Rail Trail should be encouraged to the extent such use does not impinge on the privacy of residents; to that end public access between the Rail Trail and Route 6A through the site should not be encouraged. Adequate storage for the needs of residents should be provided.**

*The Committee values the creation of a residential neighborhood that connects to the larger community while providing amenities for a healthful and peaceful home for the residents. Mixed income housing should be integrated so as not to physically distinguish between affordable housing and households over income limits.*

6. **The Town should seriously consider issuance of a Request for Expressions of Interest (RFI) that ask key questions of the development community regarding what would make the Request For Proposals (RFP) for development of the property most attractive, to craft an RFP which is the best balance of specificity and flexibility. The Town or AHTB should consider contracting with third-party independent experts to provide advice on the soundness of proposers' financial plans (especially for tax credit projects) and on review of the quality of proposed site and architectural designs.**

*The Committee discussed the consultant's Implementation Strategy and the specific recommendations to expedite the implementation process. The Committee feels that all but one of these recommendations are worthy of consideration by the AHTB and Select Board. The Committee does not feel that undertaking zoning by-law changes for a new 40R overlay district is advisable, given the lack of Town experience with the Village Center District, and would take significant time and effort. The Committee agrees with the recommendation on use of an RFI and on hiring of third-party experts on financial analysis and architectural and design review. On the issue of land disposition by ground lease vs. fee conveyance, the Committee takes no position.*

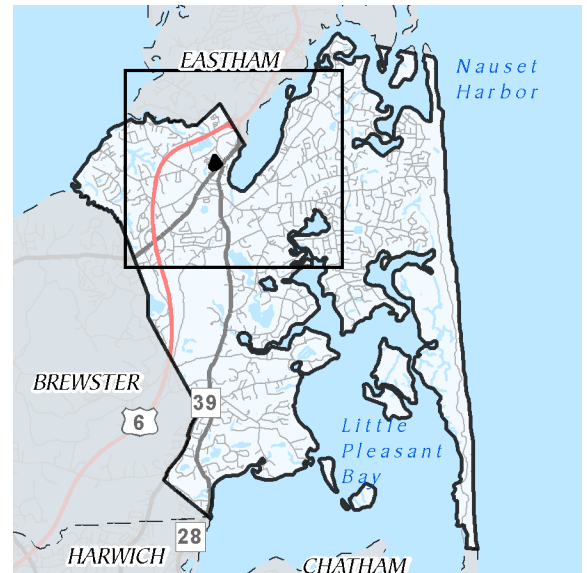
Members of the Governor Prence Planning Committee appreciate the opportunity to contribute to this effort to meet Town needs and objectives through optimal utilization of a unique and valuable site in the Town. We look forward to seeing the fruits of our work.

Respectfully submitted,  
Governor Prence Planning Committee:

John Sargent, Chair, member at large  
Mark Mathison, Vice-Chair, Orleans Select Board  
Debra Oakes, Recording Secretary, Planning Board  
Alexis Mathison (succeeding Katie Wibby), Affordable Housing Trust Fund Board  
Fran McClennen, Affordable Housing Committee  
Hadley Luddy, member at large  
Tina Shaw, member at large

# Introduction

In May 2021, Orleans Town Meeting appropriated \$2,950,000 to purchase the Governor Prence Inn property and an adjacent parcel for “general municipal purposes, including but not limited to affordable housing.”<sup>1</sup> The site includes the motel with fifty-seven guest rooms on one parcel and a small commercial building on the other parcel, providing a combined total of approximately 5.5 acres and 450 feet of frontage on Route 6A. In addition to its Downtown Orleans location, the Governor Prence Inn abuts the Cape Cod Rail Trail. As a result, it offers ready access to amenities, goods, and services.



Locus Map: Governor Prence Inn site.

The Town acquired the parcels in August 2021 following voter approval of a Proposition 2 ½ override. Thereafter, the Town sought consultants to work with the community on a Governor Prence Site Redevelopment Plan, consistent with Town Meeting’s vote and grounded in a feasibility analysis in terms of both design and economics. Toward that end, the Town engaged a team led by Barrett Planning Group in collaboration with Union Studio Architecture and Kirk and Company in December 2021.

## Public Participation in Site Design

The Select Board appointed an eight-member Governor Prence Planning Committee (GPPC) to guide the redevelopment planning process and encourage the public to participate as the site visioning work unfolded from January to July 2022. GPPC members and Town staff put significant time into this assignment, meeting fifteen times and sponsoring three major community events before completing their work in September 2022. The consultants participated in almost all of these meetings, developed an online visual preference survey, prepared vision scenarios and site alternatives for the GPPC’s review, and led several small-group

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<sup>1</sup> The total included \$2,450,000 from the Town and \$450,000 from the Affordable Housing Trust.

and individual interviews to learn what community members, businesses, service organizations, seasonal residents, and others thought about the site.

### ■ COMMUNITY INTERVIEWS

To gather some initial community input, the consulting team interviewed twenty-three people with different interests and different connections to the Town and the Governor Prence Inn property, including:<sup>2</sup>

- Representatives of various boards & committees
- Town & School staff
- Abutters to Governor Prence property
- Business community (Chamber, business owner)
- Affordable housing and/or advocacy agencies (CDP, Habitat, Housing Authority)

From these interviews, the consultants found several areas of substantial agreement:

- Orleans has a unique opportunity to “get it right” to create a “model” housing development
- Strong link between the lack of (“affordable” and Affordable) housing and difficulty maintaining local employment base
- Variety of housing needs at a range of income levels
- Cape’s unique housing needs becoming more pronounced and undeniable
- General sense that more commercial or retail activity is not necessary or appropriate for this site

However, there were also areas of disagreement, and these issues surfaced again in the community survey results, the community meetings, and discussions within the GPCC.

- Whether the site should be entirely used for housing
- What the secondary use should be if not housing
- Appropriateness of using the site to address need for seasonal worker housing
- What income levels have the greatest need (although we heard frequent references to “firefighters, police, and teachers”)

Interviewees also mentioned site-specific concerns, such as:

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<sup>2</sup> See Appendix A for interview questions.

- Security (preventing pedestrian cut-throughs)
- Visual privacy
- Noise
- Lighting
- Building height
- Traffic
- The “look” of the buildings

**■ ONLINE VISIONING SURVEY**

In March 2022, the consultants hosted an online visioning survey using Qualtrics software. Committee members had an opportunity to review and comment on the survey questions, and the survey officially launched on March 2, 2022. By the time it closed four weeks later, 559 people had responded, mainly retired older adults (65-74 years) and longer-term, year-round homeowners. Among the questions on the survey were two that have played an important role in the planning process for this site: first, what household income groups should the site’s new housing try to serve, and second, what uses in addition to affordable housing should the Town try to accommodate on the property?

**Support for Affordable Housing**

Survey participants had a somewhat different sense of the kinds of housing they wanted to see on the site. Their preferences varied slightly by residence status (year-round or seasonal), but the most notable outcome was the relatively strong support for income-restricted housing, particularly for low income, median or moderate income, and very low income households. Seasonal residents were less likely to support median or moderate income housing on the site, and non-residents responding to the survey were less likely to support extremely low income housing.

<b>Table 1.1 Income Groups Listed in Survey Question</b>	<b>% Area Median Income</b>	<b>2-Person Household (Example)</b>
Moderate Income	120% AMI	\$100,106
Median Income	100% AMI	\$85,728
Low Income	80% AMI	\$62,200
Very Low Income	50% AMI	\$38,900
Extremely Low Income	30% AMI	\$23,350

**Other Uses of the Site**

Participants were asked to identify their preferences for secondary or additional uses that might be co-located with affordable housing. The overwhelming majority of survey respondents ranked “additional housing” highest out of nine possible choices. However, a community center also ranked very high. Ultimately, the GPCC voted to recommend all housing, given the potential challenges involved with siting a community center on the property, accommodating different parking demands, funding, and recognizing that another town committee was studying the feasibility

of building a community center. The survey results also included some interest in providing space for a new library.

## **Housing Needs**

The survey included questions about the community's housing needs. More than one-third of the participants mentioned housing affordability problems for people who work in Orleans. Some participants emphasized year-round or seasonal workers or particular industries (e.g., town employees, public safety, essential workers, teachers and childcare, service industries, and more. Many survey participants mentioned families and children as well. In addition, they expressed interest in environmentally friendly and sustainable development, preserving accessible green space, high-quality construction, and making sure development fit into the context of Downtown Orleans.

A complete report of the Visioning Survey results can be found in Appendix B.

## **■ COMMUNITY MEETINGS**

The GPCC and consulting team provided three major community meetings to encourage public participation. These meetings served different purposes during the planning process and helped to bring into focus options for the site that would be feasible and substantially consistent with community needs. Due to ongoing concerns about the COVID-19 pandemic, all meetings were conducted virtually.

### **March 14, 2022**

The purposes of the first community meeting were to:

- Inform the public about the Governor Prence Inn planning process;
- Present highlights from the consulting team's initial data gathering and site analysis;
- Hear ideas, suggestions, and concerns from the community;
- Continue to promote the visioning survey; and
- Determine "Governor Prence Inn" vision at the site's best reuse and outcomes.

The consultants presented a detailed overview of the site analysis - the first major deliverable in the scope of work - and designed the meeting to allow for small-group discussions. The breakout groups considered these four questions:

- What do you know about the housing situation in Orleans? Do you know anyone who has tried to find housing in Orleans and what was the outcome?
- What do you want to see on the site? Why this location?

- What top considerations should the Town have in mind in planning for site? Building height? Serving the greatest number of households? Fiscal impact on town finances? Something else?
- What would be a dealbreaker for you for what happens on the site? Building height? Use? Something else?

Generally, five themes emerged from the breakout sessions – substantially consistent with the conclusions of the community survey:

- Majority consensus (but not universal agreement) that the site should be used to address housing needs
- Design is an important consideration.
- Preservation of trees, topography, and other environmental features also matter
- Lack of consensus about housing types, tenure (rental or ownership), and income thresholds, although significant agreement that there is room to address a variety of needs and income groups
- Lack of consensus about how much of the site should be used for housing versus other needs.

**April 11, 2022**

Consultants from Union Studio led a community “design thinking” event. Attendees participated in a visual preference survey to help with developing concepts for site. Based on the Site Report that had been completed in March, the consulting team explained that some use mixes would work better on the site than others, and that some are not feasible.

**Table 1.2. Potential Range of Housing Units by Unit Type and Mix of Uses**

Site Components	Potential Concepts	Mostly Cottages	Mostly Townhouses	Mostly Apartments	Half Bungalow/Half Apartment
Mostly Housing	Housing + Common Green Space	35-45	50-60	Up to 77	20 + 35
Some Community Space	Housing + Small Community Building and/or Commercial Space	25-30	35-40	45-50	14 + 24
Mostly Community Space	Housing + Large Community Building or Commercial Space	15-20	20-25	25-30	8 + 14

Source: Union Studio.

*Preferences, Concerns, Other Suggestions?*



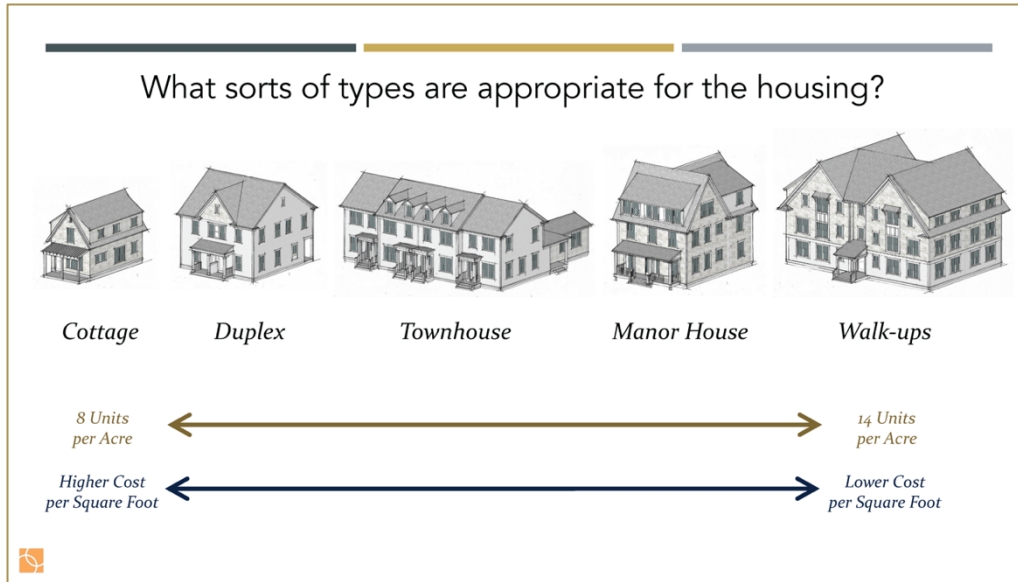
GOVERNOR PRENCE INN FUTURE USE STUDY  
DISCUSSION

UNION STUDIO

**The three site development options: all housing, mainly housing with limited community space, and housing with more community space, based on input from the first community meetings, the community survey, and visual preferences survey, and the site report.**

The most workable approach to community space would include play spaces and residential greens, and take advantage of the site's proximity to the Cape Cod Bike Trail. Possibilities - depending on budget and space allocations - could include a community building, limited mixed uses, or some type of landmark feature. Considered very unlikely were larger-scale uses that would not work well with housing on the site, such as a fire station, a community pool, or a library. The consultants said the housing yield would vary quite a bit depending on the primary residential use and whether the site was developed for housing only or a mix of housing and other uses (Table 1.2).

Before joining breakout sessions for a visual preference survey, attendees had a chance to see how different building types could accommodate a range of density on the site. They also viewed three site development scenarios, based on the assumptions outlined above, and commented on them during the breakout session.



The Visual Preference Survey results can be found in Appendix C.

### June 13, 2022

The third and final community meeting gave the GPCC and consultants an opportunity to report how the project had evolved, to explain the committee’s decision-making process, to present market analytics, and to review revised site vision plans based on public input at the previous meetings. (See next page.)

For the market overview, the consultants presented construction cost, financing, and housing subsidy program information to support the GPCC’s view that future housing on the site should be developed for rental purposes and maximize the site’s potential under existing zoning (77 units). Since the average construction cost for housing unit on the Cape today is about \$350,000, the cost to build a 70-unit (rounded) development would be \$31.5 million. While market rents in Orleans run high in relation to renter household incomes, they are not high enough to support a mortgage. Creating a 77-unit rental development on the Governor Prence property would almost certainly require federal Low-Income Housing Tax Credits (LIHTC) because funding from all other available sources, including a first mortgage the rents can support, would still leave a gap of about \$13 million.

Town of Orleans  
 Governor Prence Redevelopment Plan



GOVERNOR PRENCE INN FUTURE USE STUDY  
 67-UNIT SCHEME

UNION STUDIO



GOVERNOR PRENCE INN FUTURE USE STUDY  
 67-UNIT SCHEME

UNION STUDIO

Town of Orleans  
Governor Prence Redevelopment Plan



GOVERNOR PRENCE INN FUTURE USE STUDY  
 MOSTLY HOUSING (NO HOME OWNERSHIP): 77-UNIT SCHEME

UNION STUDIO



GOVERNOR PRENCE INN FUTURE USE STUDY  
 MOSTLY HOUSING (NO HOME OWNERSHIP): 77-UNIT SCHEME

UNION STUDIO

Town of Orleans  
 Governor Prence Redevelopment Plan



GOVERNOR PRENCE INN FUTURE USE STUDY  
 77-UNIT SCHEME - COMPARISON TO PREVIOUS SCHEME

UNION STUDIO



GOVERNOR PRENCE INN FUTURE USE STUDY  
 77-UNIT SCHEME

UNION STUDIO

Town of Orleans  
 Governor Prence Redevelopment Plan



GOVERNOR PRENCE INN FUTURE USE STUDY  
 ALTERNATE 77-UNIT SCHEME

UNION STUDIO



GOVERNOR PRENCE INN FUTURE USE STUDY  
 ALTERNATE 77-UNIT SCHEME

UNION STUDIO

## GPCC Recommendations to the Select Board

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Most cities and towns never find themselves in the position of planning for a “one-of-a-kind” site like the Governor Prence Inn property. The GPCC received many comments from the public, and not all commenters agreed about the best course of action for the Town. During the deliberations process, the GPCC itself wrestled with many of the same disagreements. Having devoted so many hours to considering information from the consultants, residents, and others, the GPCC voted on July 18, 2022, to present the following recommendations to the Select Board:

- 1) Redevelopment of the site should be limited to housing, with no co-located municipal uses such as a firehouse, library, public park, or community center.<sup>3</sup>
- 2) Future housing on the site should be primarily affordable (up to 80 percent AMI) and median (up to 100 percent AMI), but some portion for “missing middle” units for households above median should be encouraged. If feasible, the site redevelopment could also include some market-rate rental units and some homeownership units, too.
- 3) Development at maximum density of 14 units per acre is generally acceptable, consistent with the Town’s zoning, but the Committee did not agree about a minimum recommended density.
- 4) Multifamily buildings could be as high as three stories, which might require a height variance from the Board of Appeals, and perhaps a variance on the maximum number of units per building (above current limit of twelve). Many felt the latter variance may not be necessary.
- 5) A variance should also be considered to reduce parking requirements in order to limit the amount of paved surface areas.
- 6) The developer should be allowed (but not required) to offer public access to open space near the Rail Trail or to use the development’s clubhouse.
- 7) The developer should be urged to adopt energy efficient design and renewable energy sources, at or above Town requirements, aspiring to “net zero” certification.

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<sup>3</sup> The Committee voted unanimously against recommending a fire station, library, or public park; and 6-1 against recommending a community center. FIX THIS

# Site Report

## Existing Buildings and Infrastructure

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The Governor Prence Inn consists of one main building in the center of the property with four smaller structures staggered on the slope that descends from behind the main building towards the bike trail. There was an outdoor swimming pool immediately behind and below the main building, but for safety reasons, the Town of Orleans filled the pool immediately following the purchase. Adjacent to the decommissioned pool is open green space with a gazebo. The existing buildings are in a state of relative disrepair, with noticeable moisture, rot on rooves, foundation weaknesses, and access by animals and other pests. The architecture does not appear to have any unusual historic or aesthetic qualities beyond that of a typical mid-century motel. The site has two vehicular access points along Route 6A and a paved loop road that runs along almost the entire perimeter, allowing the entire property to be accessed by car. It is also served by existing gas and water connections. The site will be served by the public sewer service that will be operational by the end of 2022.<sup>4</sup>

### ■ TOPOGRAPHY

The site slopes upward from the frontage on Route 6A to a large, mostly flat front yard leading to the main motel building, which crowns the property's highest point. There is a gradual grade change of almost fifteen feet from the frontage along Route 6A to the motel building. Behind the motel, the property slopes downward until it meets the Cape Cod Rail Trail at the rear lot line. The grade change from the crown of the hill to the lowest point on the site is roughly forty-five feet. Each of the buildings on the site were designed to accommodate the slope, i.e., situated on flatter areas. The shape of the property resembles three flat terraces separated by steeper slopes. The highest has the main building, the middle has the pool and open space, and the lowest is at the level of the Rail Trail. As a result, the front part of the site functions as a visual and auditory barrier from Route 6A for the back part.

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<sup>4</sup> George Meservey (Director of Planning, Town of Orleans), email to Elizabeth Haney, February 22, 2022.



Vine-covered trees at northeast corner of the site.



Downed tree limbs behind glacial erratics.



Downed tree limb, southeastern building.



Commercial building at 76 6A.

### ■ NATURAL FEATURES

The site contains a variety of species of trees, some mature and some stands of scrubby pine that are near the end of their life. Additional tree species observed on site include pine, cedar, birch, and oak. During several of the storms in 2021-22, Town staff reported that trees on the site have lost limbs, including some within days of the site visit. Some areas of the site are more forested than others, and some of these areas of trees are inundated with vines that may be invasive species. The northeastern tip of the site remains undeveloped and appears as though it may play a role in drainage.

The site also includes several *glacial erratics*, or large rocks that were naturally deposited during the last glacial period. They clearly differ from other rocks in the area because they were carried over long distances, often hundreds of miles, and ended up in seemingly odd locations.

## Site Context

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### ■ ADJACENT SITES

The Governor Prence site is immediately bordered on west, east, and southern sides by a mix of commercial properties and religious properties. A townhouse condominium development abuts the site to the south and is separated from it by the Cape Cod Rail Trail.

### ■ SUBSURFACE CONDITIONS

The Town of Orleans conducted a Phase I Environmental assessment in August 2020. The assessment revealed three Recognized Environmental Conditions (REC) that will need to be accounted for in the development of the property.<sup>5</sup> The Town is in the process of developing a demolition plan that will include work to remediate any hazard risks, both from the existing motel building and from any environmental conditions in the soil. As a result, any development will occur on a “clean” site.

### ■ HAZARD RISKS

Though the areas around nearby Cedar Pond and Town Cove are in a Flood Zone as determined by the Federal Emergency Management Agency (FEMA), the Governor Prence site’s elevation means that it is outside these areas of flooding risk (Fig 1).<sup>6</sup> Orleans has experienced a series of highly disruptive and damaging weather events, including three successive nor’easters in March 2018, as well as significant rainfall events, such as the >4 inches of rain that fell within a few hours in August 2018.<sup>7</sup> The site lies outside the most vulnerable areas in Orleans, and not near the barrier beaches that separate Pleasant Bay from the Atlantic Ocean and other low lying coastal areas.

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<sup>5</sup> Bennett Environmental Associates, LLC, *Phase I Environmental Site Assessment of 66 & 76 Route 6A*, (August 10, 2020), 3.





<sup>6</sup> MassGIS, “FEMA National Flood Hazard Layer,” March 1, 2022, prepared by the Federal Emergency Management Agency, <https://www.mass.gov/info-details/massgis-data-fema-national-flood-hazard-layer>.

<sup>7</sup> Town of Orleans, *Community Resilience Building Workshop Summary of Findings- May 2019 DRAFT*, May 2019.

Fig. 1. Flood Hazard Zones



**FEMA Flood Zone**

-  AE: 1% Annual Chance of Flooding, with BFE
-  VE: High Risk Coastal Area
-  X: 0.2% Annual Chance of Flooding
-  A: 1% Annual Chance of Flooding, no BFE

**■ NEIGHBORHOOD CHARACTER**

Beyond the immediate abutters, the site is in a neighborhood with several small, local entities. A major commercial plaza with a Stop & Shop and TJ Maxx is a ten-minute walk away to the north on Route 6A. To the south, Downtown Orleans is an even shorter walk away, hosting numerous local businesses. The site is well within the town center and the “commercial hub of the Outer Cape,” identified by stakeholders in the Town’s economic development plan process, and surrounded by a number of key assets.<sup>8</sup>

**Table 2. 1. Travel Distance from Site to Amenities**

Amenity	Walking	Biking	Driving	Transit
Village Center	6 minutes	2 minutes	1 minute	N/A
Snows Library	11 minutes	3 minutes	2 minutes	N/A
Stop and Shop Plaza	9 minutes	3 minutes	2 minutes	N/A
Nauset Middle School	13 minutes	4 minutes	2 minutes	N/A
Skaket Corners Shopping Plaza	24 minutes	7 minutes	4 minutes	11 minutes
Nauset Beach	1 hour, 10 minutes	18 minutes	9 minutes	N/A
Skaket Beach	39 minutes	9 minutes	6 minutes	N/A
Hyannis	N/A	2 hours	30 minutes	1.5 hours
Chatham	N/A	49 minutes	20 minutes	40 minutes
Provincetown	N/A	2.5 hours	40 minutes	1.5 hours

Source: Google Maps, Barrett Planning Group.

**■ TRANSIT & CONNECTIVITY**

The Governor Prence site is uniquely well connected, with easy access for walking, biking, and driving (Table 2.1). The property has frontage on State Route 6A to the south and east, which connects to U.S. Route 6 at the nearby Eastham Rotary. To the west and northwest, the property borders the Cape Cod Rail Trail, a popular bike path, allowing convenient access to the rear of the property for cyclists and pedestrians. The front of the property is also easy to reach by foot, with sidewalks running along either side of Route 6A. This sidewalk system creates connections between the Governor Prence Inn and downtown Orleans, as well as various retail, restaurant, and grocery establishments.

<sup>8</sup> Town of Orleans, *Economic Development Plan Diagnostic* (January 25, 2022.), prepared for the Town by Streetsense.

## Constraints and Challenges

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The Governor Prence site has physical constraints to future development, as well as challenges to be addressed in any future development.

### ■ TOPOGRAPHY

Topography is a major site feature that has to be considered in any plans for the future of this property. While the upper access drive, main entry to the inn, and the upper parking area give a first impression of a relatively flat site, a grade change of almost fifteen feet extends across the front of the site, such that the lower access drive is almost a story and a half lower than the upper one. The grade difference is even more significant behind the main building. Relative to the flat area in front of the main building, the northwest corner is also roughly fifteen feet lower, but the drop occurs over a much shorter distance than across the front of the site. The largest difference is from the flat area in front of the main building to the northeast corner, which is roughly forty-five feet lower in elevation. The current site layout accommodates this grade change with a series of stepped terraces, with the main building and ancillary structures typically including a walk-out level on the lower side that is one full floor below the access on the higher side. However, the existing topography will present several challenges to site redevelopment:

- **Earthwork.** Unless a new proposal essentially places new buildings in the same locations as the existing buildings, a substantial amount of earthwork will be required. The degree to which the earthwork can be “balanced” (minimizing how much earth needs to be removed or brought to the site) is to be determined, but it does suggest significant earthwork would require the removal of existing site vegetation. The consultants did not identify specimen trees on the sloped areas. Retaining walls may be required to help support a new layout.
- **Site circulation, emergency access, and accessibility.** New options for the site will likely need to find alternate approaches to create better access for accessibility and emergency access. Any options that include detached residential structures will likely also want a more comprehensive network of vehicular and pedestrian circulation, including the potential for distributed/proximate parking. New options will also want to make a connection to the adjacent bike path. This is easiest at a point toward the lower portion of the site in the northeast corner where the site grades and bike path grades match up. Much of the site sits several feet above the bike path, such that direct connections (notwithstanding the use of stairs) would be difficult.

- **Building types.** The existing topography will likely drive what sort of building types can be considered and will suggest many of those types will include some form of walkout basements or lower levels. This will also likely require more complex building foundations. One common solution is to include parking in a lower level, but this is more commonly found in market-rate housing where the added costs can be recouped.
- **Site drainage and erosion control.** Generally speaking, the site drains to the north and to the east, with the northeast corner being the lowest point of the site. Since there are limited flat areas in these locations, the site design will likely need to incorporate a distributed, integrated stormwater approach in lieu of larger, more cost-effective facilities at these locations. Areas with steep grades may also be prone to erosion concerns that will need to be addressed.



Examples of the site's challenging topography under existing conditions.



## Existing Zoning

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The Governor Prence Inn site sits within the Village Center (VC) zoning district. The Town's zoning regulations offer guidance about varying details that will affect the site's layout. The major elements are summarized here.

The Village Center district establishes no minimum lot area and provides for a multifamily density of 10 dwelling units per acre. In addition, projects with components that support community goals may qualify for additional dwelling units as follows: for each 1-bedroom dwelling unit, an additional 1-bedroom dwelling unit is allowed, and for each affordable dwelling unit, an additional dwelling unit is allowed. The cap on additional density is 14 dwelling units per acre, which for the site's area of 5.5 acres would be a maximum of 77 units. If a commercial component is included, one half of the total lot acre covered by the commercial building plus its required parking shall be subtracted from the area used for the density calculation. The Town also requires a minimum of one affordable unit for every 10 units for any project of more than 10 units.

The front yard must be a minimum of 15 feet or the average front setback of the adjacent lots, with a maximum of 25 feet. Side and rear yards must be a minimum of 10 feet, although party walls with no setback are allowed with a special permit and approval from the Fire Chief and Board of Health. Baseline building height is constrained to a maximum of 30 feet, measured from the average undisturbed existing natural grade at the foundation on the street side of the building to the top of the ridge, although as an apartment development, a third floor is allowed with a maximum height of 35 feet measured to mean height between the bottom of the eave and the highest point of each ridge.

A maximum of 20 units is allowed per structure, and no dwelling unit shall have its lowest floor below grade at any point within its entire perimeter (something to be mindful of with the likely stepping of this site).

As it relates to parking, for the residential portion of the site, dwelling units or multifamily units of two or more bedrooms require two spaces per unit, with one bedroom units requiring one space per unit for dwelling units and one-and-a-half spaces per multifamily unit. Multifamily units also require one visitor space per three units. Any commercial or public uses on site will also require some amount of parking. These requirements vary widely per use but are listed in the Zoning Bylaw's off-street parking regulations.

## Opportunities

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### ■ COMPATIBILITY

The Governor Prence Inn lies in a transitional area between the Main Street/Village Center cluster of economic activity and the Town Cove/Waterfront cluster of larger-scale commercial development closer to the rotary. In addition to all of this nearby commercial activity, the property's immediate neighbor is the St. John of Arc Catholic Church. Across the bike trail, there is a residential townhome development. The built environment immediately surrounding the site on Route 6A consists of 1-2.5 story buildings, which have much smaller setbacks to Route 6A than the existing motel. Redevelopment of the site offers a chance to extend the village center character from the intersection of Route 6A and Main Street toward Town Cove. It also offers a chance to further enhance the built character of the downtown with an active façade that is not subordinated to parking. Finally, housing developed on the site might generate additional customers for downtown retail.

### ■ ACCESSIBLE LOCATION

One of the unique and most attractive features of the Governor Prence site is its central location in the village center of Orleans. Its five acres of developable area provide a great opportunity for building much-needed housing, potentially with some ancillary commercial or community uses along Route 6A.

Within a half-mile radius of the site, residents would have access to a range of restaurants, shops, grocery stores, pharmacies, and other services. These amenities can serve daily needs and provide potential employment opportunities within walking distance. The site is also served by bus service from the Cape Cod Regional Transit Authority and has direct access to the Cape Cod Rail Trail, both of which provide alternative means of getting around the Cape without a car. By car, the site is also conveniently accessed from both Route 6 and Route 28. These same assets make the site a good option for some ancillary commercial or community uses. The Route 6A frontage provides high visibility, too.

In addition, the site's scale and location suggest it is a good option for a new residential community of moderate density. A development in the range of ten to fourteen units to an acre could provide the critical mass needed for a feasible project and increase the supply of affordable housing and "right sized" units for a variety of household types. This kind of density is also more appropriate in a location like the Governor Prence Inn property than it would be farther away in the town's predominantly single-family neighborhoods. Still, it will be important to incorporate density in building types and forms of a scale and character appropriate for the site's context.

■ **ASSESSMENT OF COMPATIBLE USES**

Taken together, the Governor Prence site is a remarkable location that would be suitable for a variety of uses, given its proximity to local amenities, public transportation, Route 6, and the bike trail. It sits between two commercial clusters and offer an opportunity to contribute to a streetscape that connects the two. The access to grocery stores, a pharmacy, restaurants, shops, schools and the library also make the location an attractive and sensible location for residential development. Municipal uses may also be appropriate. However, any large scale uses on the site will need to accommodate the challenges of the site's topography. Efforts to substantially change the grade will incur costs around earthwork and retaining walls and may require removing vegetation. Given the significant grade changes on the site, a distributed stormwater retention strategy will be crucial in ensuring development does not cause runoff issues for neighboring residences, as well as on Route 6A.

## Vision Plan Considerations

For the Governor Prence planning process, the consulting team brought together an analysis of current and future housing needs, market conditions, and the availability of subsidy to create affordable housing. Each of these factors, along with the site's size and physical features, informed the development of conceptual site plans reviewed and vetted by the Governor Prence Planning Committee.

Any proposed design must account for the site's steep topography, which means that no matter what the exact housing mix is, the best approach will be to limit development on the northern tip of the site. This approach preserves existing trees and open space and makes use of these features to capture and manage stormwater. As

illustrated in Figure 2, Union Studio's design process found that the "middle tier" of the site is best suited for walk-out units, while the upper tier has the most flexibility for different building types and is mostly flat. Using the analysis reflected in Figure 2, the consulting team developed three initial schematic designs for the Governor Prence site. The Governor Prence Planning Committee (GPPC) selected these concepts for the initial concept drawings because of desires identified by the community feedback, including to:

- Provide as many affordable units as possible;
- See a mix of building types on the site;
- Explore homeownership opportunities compatible with USDA Rural Development loans; and
- Explore project types that would be competitive for local and state affordable housing dollars.

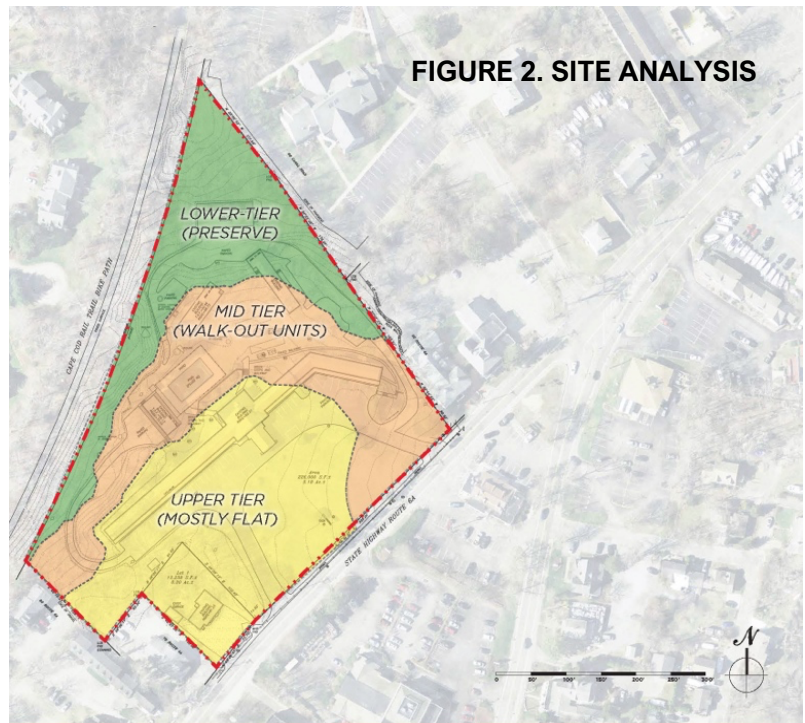


FIGURE 2. SITE ANALYSIS

UNION STUDIO

These initial concepts explored how to maximize the number of units on the site within existing zoning, how to use a wider variety of housing types across the site, and how a small community space might fit within a mix of housing types. On July 18, 2022, the GPPC decided to recommend to the Select Board that the site be developed for 77 units of mixed-income housing (with no co-location of community uses), primarily affordable at or below 80 percent AMI, but ideally to include some moderate-income units as well.

## Feasibility Considerations

### ■ PHYSICAL FEASIBILITY AND HOUSING TYPOLOGIES

The schematic design process prepared for this planning process shows that the site can easily accommodate a project of at least 44 units with nearly an acre to spare and can also accommodate a project with up to 77 units as allowed under current zoning. Union Studio found that it is possible to combine small apartment buildings, townhouses, and manor house-style buildings and still maximize housing on the site.



**FIGURE 3. INITIAL SITE DEVELOPMENT CONCEPT STUDIES**

The Governor Prence Inn site is a notable for its absence of the hazard risks from coastal flooding and storms. The site's elevation ensures that it has access to the Route 6 exit 89 entrance via Route 6A, as well as the more vulnerable rotary entrance to Route 6, which has been identified as vulnerable to flooding. The site is outside of the FEMA flood zone, which includes portions of the nearby Stop and Shop Plaza and rotary. A community center use might consider how space could be flexibly

programmed to accommodate a local emergency shelter, given the closest shelter during current emergencies is located in Eastham.<sup>9</sup>

■ **FINANCIAL FEASIBILITY**

From the outset of this project, the GPPC and many others in Orleans have said they hope the Governor Prence site can provide for a mix of household incomes, with units ranging from very-low to moderate income (defined here as up to 120 percent AMI), and possibly some market-rate units, too.

**Low-Income Housing Tax Credits (LIHTC)** could support a project at the scale possible at the Governor Prence site. With additional subsidy from the state, it may be possible for a predominantly tax credit project to include some units reserved for higher-income populations between 80 and 120 percent of AMI (likely around 10 units under current funding policies).

**Table 3.1. 2021 HUD Income Limits by Household Size**

Income Compared to Area Median Income (AMI)	Number of People in Household					
	1	2	3	4	5	6
Moderate Income (120%)	\$87,514	\$100,016	\$112,518	\$125,020	\$135,022	\$145,023
Median Income (100%)	\$75,012	\$85,728	\$96,444	\$107,160	\$115,733	\$134,250
Low Income (80%)	\$54,450	\$62,200	\$70,000	\$77,750	\$84,000	\$90,200
Very Low Income (50%)	\$34,050	\$38,900	\$43,750	\$48,600	\$52,500	\$56,400
Extremely Low Income (30%)	\$20,450	\$23,350	\$26,250	\$29,150	\$31,500	\$35,580

Source: Department of Housing and Urban Development, FY 2021 Income Limits Summary; Barrett Planning Group.

It may also be possible to include a small proportion of units reserved for affordable homeownership, but they could not comprise most of the project due to the lack of available state subsidies for homeownership development. A homeownership portion may require a subdivision, project phasing, or more complex legal structures, though it does have the benefit of providing stable housing with consistent housing costs long after move in. Currently, state resources for developing homeownership units are limited to **MassHousing** and a small number of DHCD’s soft subsidy programs (see Appendix E). Local dollars can support homeownership, but those dollars may also be needed for the rental portion of a project. The Town will need to continue to weigh trade-offs as the redevelopment process moves from planning to site disposition, developer selection, and permitting.

<sup>9</sup> Community Resilience Building Workshop Summary of Findings- May 2019 DRAFT.

Orleans has invested in increasing the supply of affordable housing by supporting redevelopment of a Cape Cod 5 site on West Road, which includes nine units restricted to households at 30 percent or below AMI. A LIHTC-subsidized project, the Cape Cod 5 development will include forty-three units for households with incomes below 60 percent AMI, and ten will be restricted to below 120 percent AMI. The market study for that property estimated that the development would need to capture 4.88 percent of potentially eligible households at 60 percent AMI and 1.25 percent of income-eligible households at 120 percent AMI in order to lease all units—meaning that huge proportions of the population who might income qualify for affordable housing have unmet needs.<sup>10</sup> This study concluded that there was high pent-up demand for any type of affordable housing in Barnstable County, and predicted a strong lottery response for any affordable housing offered in Orleans.

Market research and interviews with developers and other area experts indicate that in Orleans, a market-rate project limited to 77 units would not be able to access the competitive debt and equity sources that larger projects have successfully pursued in the more established Hyannis market. In addition, market-rate ownership units would likely need to be large and have multiple parking spaces and could not be limited to year-round residents at sale.

## **Relationship to Local and Regional Plans**

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Local and regional plans have helped to guide decisions about the redevelopment and reuse of the Governor Prence Inn site. Notably, Barnstable County has adopted a **Regional Policy Plan** to guide land use, conservation, and development across Cape Cod. It identifies the region’s growing housing crisis describes the impact of sprawling growth on the open spaces and coastal ecology that are so essential for Cape Cod’s quality of life and economy. The Regional Policy Plan also emphasizes the need to increase regional housing production and encourages new development to happen in “Community Activity Clusters” using a variety of building types. For decades, most housing on Cape Cod has involved single-family home development with private septic systems that contribute to increasing levels of nitrogen in the region’s groundwater supply. Looking to the future, the Regional Policy Plan recommends that Barnstable County towns focus on development “in centers of activity and areas supported by adequate infrastructure” and away from areas that should be protected for ecological, historical, or other reasons.<sup>11</sup>

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<sup>10</sup> LDS Consulting Group, *Rental Housing Supply and Demand Analysis for Orleans Cape Cod Five, 19 West Road, Orleans, Massachusetts, October 15, 2021.*

<sup>11</sup> Cape Cod Commission, *Regional Policy Plan*, adopted 2018, amended 2021.

The Cape Cod Commission's **2017 Regional Housing Market Analysis and 10-Year Forecast of Housing Supply and Demand** report traces the impact of the Boston region's strong economy, the Great Recession (2007-2009), and Cape Cod's appeal to retirees and vacation home buyers. The report includes population and housing production projections and pays careful attention to the rapid aging of Cape Cod's population. According to the 2017 study, 66.7 percent of Cape Cod's population is projected to be over 45 by 2025. In addition, seasonal housing on the Cape has accelerated since the Great Recession, especially for retirees and older homeowners. This has accelerated the conversion of year-round units to seasonal units, resulting in a loss of some 3,000 homes from the year-round supply between 2010 to 2015. At the time of the 2017 study, the report's authors predicted a 6.3 percent growth in seasonal unit demand and 2.7 percent growth in year-round unit demand between 2015 and 2025.<sup>12</sup> For these reasons, the Cape Cod Commission called for significant action to increase and diversify the housing stock for year-round homebuyers.

The analysis and goals in the Town's own municipal plans resonate with regional planning efforts. As early as 2006, the **Orleans Comprehensive Plan** identified an insufficient supply of affordable housing as a long-term problem so severe that "no opportunity, public or private, should be overlooked to move forward."<sup>13</sup> The plan found that while Orleans shares the housing problems found throughout Barnstable County, the issue is exacerbated here by high housing and land costs and few and expensive year-round housing opportunities.

Later plans have recognized growing needs and begun to identify the downtown area as an ideal location for affordable housing, given access to adequate infrastructure and zoning. The **Town of Orleans Community Housing Study** (2017) set a goal to create 100 units of affordable housing in 10 years. It recognized that most new affordable housing would likely be built downtown once the sewer system was operational, thereby reducing nitrogen loading to the groundwater and estuaries in outlying parts of town. In addition, it recognized that the larger developments possible in the downtown area could be more competitive for federal and state subsidies and require smaller town subsidies.<sup>14</sup>

The **Town of Orleans Community Preservation Plan** (CPP, 2022) includes a goal for the Town to continue to explore new affordable housing opportunities and to provide fair, decent, safe, affordable housing for rent or purchase that meets the

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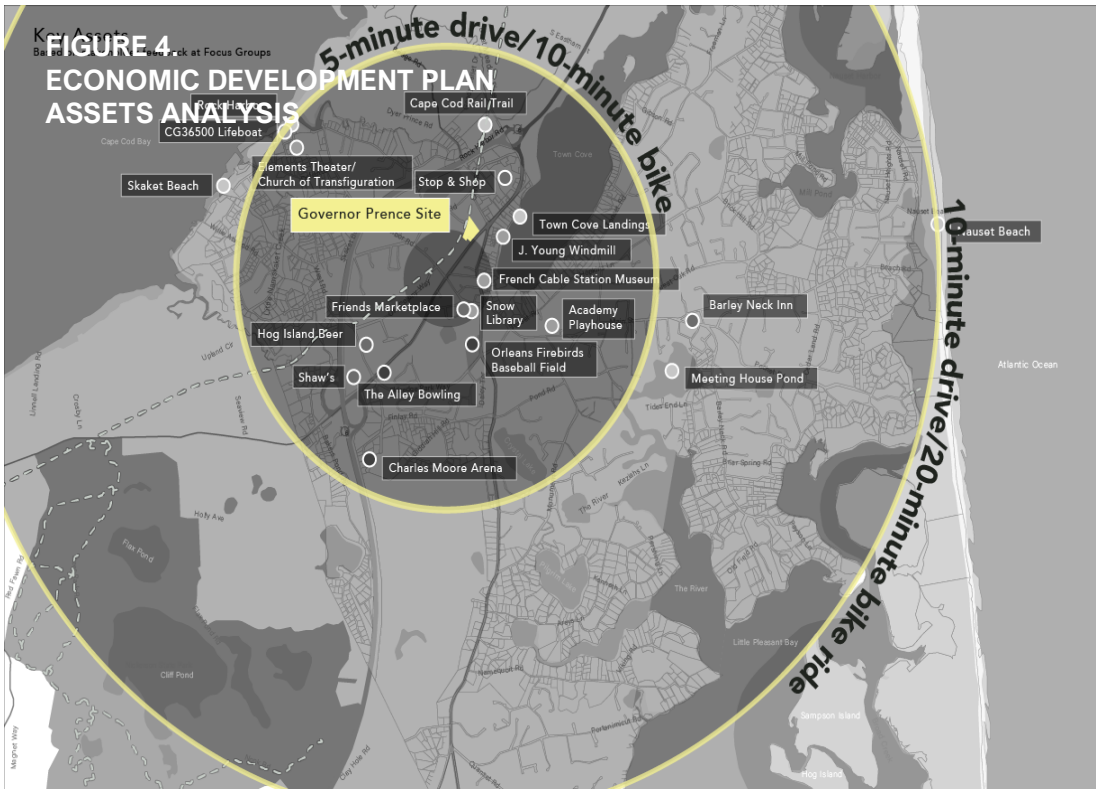
<sup>12</sup> Crane Associates and Economic and Policy Resources, *Regional Housing Market Analysis and 10-Year Forecast of Housing Supply and Demand*, 2017.

<sup>13</sup> Town of Orleans, *Orleans Comprehensive Plan*, 2016.

<sup>14</sup> *Community Housing Study*, 2017.

*Town of Orleans  
Governor Prence Redevelopment Plan*

needs of Orleans residents. It recognizes the Town’s goal to raise the Subsidized Housing Inventory (SHI) to 10 percent of all year-round units. The CPP plan seeks to provide equal opportunity in housing, both ownership and rental, and give special considerations to meeting the housing needs of the Town’s most vulnerable populations, including but not limited to very low income (50 percent Area Median Income, or AMI), low income (51-80 percent AMI) single-parent heads of households, elderly, minorities, the homeless, people with disabilities, and others with special needs.



Annotated map of key assets identified by economic development plan stakeholders, with Governor Prence site

While the Governor Prence Committee was evaluating options for the Governor Prence Inn property, consultants from Streetsense were working with the Orleans Planning Department to complete the **Town of Orleans Economic Development Plan**. Early ideas and direction for the plan identified housing affordability as a risk to the Town’s economic vitality.<sup>15</sup> Streetsense identified new public sewer as a major opportunity for developing residential density and mixed uses in the town center. In addition to middle income and housing for downsizers, Streetsense suggested

<sup>15</sup> Town of Orleans, *Economic Development Plan Diagnostic*, prepared by Streetsense, January 25, 2022, page 23.

the Town consider a cultural anchor institution downtown as well as encourage non-retail service and office uses like medical offices or co-working spaces.<sup>16</sup>

The pervasive, severe shortage of housing throughout Barnstable County and in Orleans means that any available land deserves a careful evaluation for how it might be used to address the community’s own housing crisis. Large parcels of available land are scarce, especially large parcels of land that are not exposed to coastal storm damage or flood risks.<sup>17</sup> Even fewer parcels are available that are walkable to the downtown area’s community assets or the bus stops that connect Orleans to communities from Provincetown to Hyannis. The site’s location is within a five-minute drive of many of the assets identified in the Economic Development Plan (2022).

**Table 3.2. Change in Housing Sale Prices**

	Single-Family Homes		Condominium Units	
	2020	2021	2020	2021
Closed Sales	203	121	48	42
Median Sales Price	\$827,500	\$951,000	\$337,500	\$353,950
Cumulative Days on Market Until Sale	156	94	84	48

*Source: Local Market Update - December 2021 A Research tool provided by the Cape Cod and Islands Association of REALTORS®, Inc.*

Several different and unique household types struggle to find and afford housing in Orleans. Barrett Planning Group’s **Future Use Study for the Governor Prence Site** (2021) reported that the vast majority of Orleans households with severe housing cost burdens have extremely low and very low incomes (82 percent).<sup>18</sup>

The trends identified in these plans and studies align with the most recently available housing market data. In the last 12 months in Orleans, available data from *Rentometer* identified only three two-bedroom rentals, with a median monthly rent of \$2,300, and twelve one-bedroom apartments with a median rent of \$1,600.<sup>19</sup> Meanwhile, home prices have increased while available inventory has decreased.

<sup>16</sup> Nur Atiqa Asri (Assistant Director, Streetsense), conversation with Barrett Planning Group and Town Staff, March 7, 2022. The Economic Development Plan was compiled in June 2022.

<sup>17</sup> *Community Resilience Building Workshop Summary of Findings- May 2019 Draft*, 5; Town of Orleans, *Orleans Comprehensive Plan*, 2006.

<sup>18</sup> Barrett Planning Group, *Governor Prence Inn Future Use Study*, prepared for the Town of Orleans, 2021.

<sup>19</sup> *Rentometer, Orleans One Bedroom Apartments*, March 16, 2022; *Rentometer, Orleans Two Bedroom Apartments*, March 16, 2022

The median sales price in Orleans for a single family home increased to \$951,000 in 2021, while the median sale price for a condominium was \$353,950.<sup>20</sup>

## Current and Projected Housing Needs

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Conditions have changed since both Orleans' 2006 and 2017 plans, in many ways accelerating the trends observed in these earlier studies. Since 2008, the region has seen significantly increased demand for seasonal housing. This was exacerbated by the COVID-19 pandemic, which spurred many urban and suburban households to move to their second homes, and in some cases to purchase second homes.

Barnstable had the fourth-highest net in-migration during the pandemic of all county subdivisions across the United States according to a *New York Times* analysis of U.S. Postal service change of address data.<sup>21</sup> The Cape Cod Commission also analyzed U.S. Postal Service change of address request data, and found that during 2020, Orleans had a net increase of 99 permanent inbound address changes and a net increase of 179 temporary address changes.<sup>22</sup>

The median sales price in Orleans for a single-family home increased to \$1,100,000 in 2021, while the median sale price for a condominium was \$383,950.<sup>23</sup> Rising interest rates are putting homeownership even further out of reach for the average Orleans resident or employee. As of May 26, 2022, the 30-year fixed mortgage rate was 5.1 percent - up from 2.95 percent in 2021.<sup>24</sup> For the median-priced condominium in 2021 (\$353,950), if the buyer put 5 percent down, the increase in mortgage rates alone will result in monthly principal payments that cost \$417 more for a 2022 purchaser.

Market rate rentals are scarce and expensive in Orleans. Public data on the year-round rental market in Orleans is hard to find, partially due to the market's low volume and due to the informal nature of many rental arrangements. The consulting team reviewed multiple sources to identify market-rate rental statistics.

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<sup>20</sup> Local Market Update – December 2021 A Research tool provided by the Cape Cod and Islands Association of REALTORS®, Inc.

<sup>21</sup> Kolko, Jed, Emily Badger and Quoctrung Bui, "How the Pandemic Did, and Didn't, Change Where Americans Move," *New York Times*, April 19, 2021.

<sup>22</sup> US Postal Service, accessed through Data Cape Cod website, <https://datacapecod.org/pf/address-changes/>.

<sup>23</sup> Local Market Update – December 2021 A Research tool provided by the CCIAR, Inc.

<sup>24</sup> Fannie Mae, Primary Mortgage Market Survey, May 26, 2022.

CoStar and Reonomy are traditional resources for statistics for market-rate rental data. CoStar is a market research and analytics company for the commercial real estate industry. Reonomy supplements CoStar as a market analytics source for smaller multifamily units, mainly duplex and triplex properties. Reonomy's reported sales trends illustrate conditions among classes of residential use that comprise a larger portion of the residential real estate in Orleans. Reonomy identifies a total of 19 multifamily properties in Orleans that are a mix of duplexes and triplexes, but does not include data on whether these are rented year-round, seasonally, or on a short-term basis.

Rentometer also can supplement Costar for market analytics. Rentometer uses proprietary technology and data to provide rent comparison analysis and analyzes individual rental listings. In the last 12 months in Orleans, available data from Rentometer identified only three two-bedroom rentals, with a median monthly rent of \$2,300, and twelve one-bedroom apartments with a median rent of \$1,600.<sup>25</sup>

The U.S. Census Bureau's estimates of the gross monthly rent paid by year-round renter households are reported in various places, including Social Explorer. The most recent 5-year estimates from the U.S. Census Bureau indicate that 51.1 percent of year-round rental units in Orleans rent for more than \$1,000 a month.<sup>26</sup> These are self-reported monthly costs, not asking rents, and they do not indicate what a household gets for the cost. For example, some households paying \$1,000 per month in rent may be renting a single room or a full unit. It is important to note that statistics reported by the Census Bureau include households in public housing and other income-restricted housing.

Business owners and community members who participated in community meetings and interviews reported that fewer and fewer rentals are available year-round. Orleans residents reported seeing many formerly year-round rentals sold as second homes or converted to short-term or seasonal rentals. While anecdotal, these trends seem realistic in the context of a decrease in renter-occupied housing units shown in Census data.

According to American Community Survey data released in 2011 for the five-year period 2005-2010, there were 824 renter-occupied units in Orleans. In the following ten years, the number of renter-occupied homes has fallen by 279 or 34 percent,

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<sup>25</sup> Rentometer, Orleans Apartments, March 16, 2022.

<sup>26</sup> Social Explorer Tables: ACS 2019 (5-Year Estimates), "SE:A18010: Median Gross Rent by Bedrooms."

while the number of homes that are vacant for seasonal or occasional use has increased by 613, or 31 percent.<sup>27</sup>

A rise in the number of short-term rentals is reflected in data about Orleans' collection of Local Option Room Occupancy taxes. The number of tax returns for the local option room occupancy tax increased from 539 to 643 in Orleans from 2020 to 2021, though this total includes both short-term rentals and traditional hotels.<sup>28</sup>

### ■ AFFORDABILITY GAP

All of these forces have combined to create a large affordability gap in Orleans. Table 3.3 estimates the affordability gap for entry-level town employees at the median two-bedroom apartment rent and median sale price in Orleans. Appendix D illustrates the affordability gap for the most common occupations in Orleans.

**Table 2.3. Affordability Gap for Sample of Orleans Town Employees**

	Example Entry Level Salary	Affordable Monthly Rent	Affordable Home Purchase Price	Rental Affordability Gap	Homeownership Affordability Gap
				Median Rent	Median Sales Price
				\$2,300	\$813,500
Police Officer	\$50,512	\$1,300	\$171,900	-\$1,000	-\$641,600.00
Staff Librarian	\$50,726	\$1,300	\$172,700	-\$1,000	-\$640,800.00
Firefighter	\$73,593	\$1,800	\$250,500	-\$500	-\$563,000.00
Teacher	\$55,553	\$1,400	\$189,100	-\$900	-\$624,400.00

Source: 2021 Orleans Annual Town Report, Rentometer, Barrett Planning Group. Affordable rents and home prices have been rounded to the nearest hundred dollars.

### ■ POPULATION PROJECTIONS & HOUSEHOLD FORMATION RATES

Population projections are inconsistent for Orleans over the next five to twenty years. ESRI Business Analyst supports online and desktop mapping of demographic, housing, and economic data, and reports five-year population projections. The University of Massachusetts Donahue Institute (UMDI) has a separate and different projection, while the Cape Cod Commission's 2017 Regional Housing Analysis also included population projections. Though estimates from the Cape Cod Commission's report and ESRI predict an increase in population through

<sup>27</sup> ACS, 2005-2010, 2011-2015, 2016-2020 Five Year Estimates, retrieved from Social Explorer, B25003, B25004.

<sup>28</sup> Massachusetts Department of Revenue, Data Analytics and Resource Bureau, Rooms and Meals Tax Liabilities by Month.

2026, the Donohue Institute’s projections show a steady decline in the population through 2040. Both projections foresee a continued increase in the over-65 population in Orleans through 2026 and 2030, but the Donohue Institute projections predict a decline in the senior population by 2040. Both sources that include estimates of average household size predict a decline in persons per household in Orleans, which is in line with regional trends.

### ■ CURRENT AND FUTURE MARKET SEGMENTS

The population in Orleans includes more seniors than state or county averages, but there is significant variation even within the local senior population. ESRI analyzes the “dominant tapestry” or market segments residing in communities. ESRI Tapestry Segmentation provides a detailed description of U.S. neighborhoods by dividing residential areas into distinct segments based on their socioeconomic and demographic composition. Neighborhoods with the most similar characteristics are grouped together, and neighborhoods showing divergent characteristics are separated. Tapestry is a market segmentation system built from using a large, well-selected range of attributes of demographic and socioeconomic variables to identify numerous unique consumer markets throughout the U.S. In ESRI terms, dominant tapestry’s characteristics play an important role in defining the market for locating businesses and services.

In Orleans, two senior populations comprise the dominant market groups; the Silver and Gold households (74.4percent) and Retirement Communities households (14.88 percent). The Silver and Gold households are the oldest and most affluent senior market. It includes people who typically hold college degrees and retire to vacation areas like Orleans. In contrast, Retirement Community households have lower incomes and may require care assistance. Many of these residents have outlived their partners and live alone. The third characterized market segment is the Great Outdoors households, who are generally empty nesters who have attended college and still work.

The Cape Cod Commission’s recent housing market analysis gives further detail on how these market segments may affect housing demand and supply in Orleans. The Commission’s 2017 report projected the growth in seasonal housing units over 10 years was projected to be twice as large at 6.3 percent as the growth in year-round units at 2.7 percent. This report projects net population growth of 708 households for the Lower Cape, which combined with the projected decline in household sizes will mean an even larger demand for housing. Combined, increased demand for seasonal housing, smaller household sizes, and low wage growth in major employment industries will combine to create a continued deterioration of affordability.

## Recent Housing Production

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### ■ HOUSING PRODUCTION

Market-rate housing production in Orleans and Barnstable County at large has failed to meet the demand for housing on the Cape among both year-round and seasonal residents. As a result, there has been an increased need for affordable housing, with only moderate increases in the supply of income-restricted housing.

The **Census Bureau's Building Permit Survey**, which tallies privately-owned residential construction authorized by building permits, can shed some light on housing production trends in Orleans and surrounding communities. While the Building Permit Survey collects important information, it relies on the reporting of local officials in supplying the data. Unfortunately, many municipalities fail to report all of the requested data, and this leads to inaccuracies as the Census Bureau imputes any missing data. Both in Orleans and in its neighboring communities, the vast majority of new construction has been for single-family homes. This data does not capture "net" new construction, or show how new homes built on lots where old homes were demolished fail to add to inventory.

Conversations with Town staff in these communities provided additional context for the level of market rate as well as affordable housing production.

**Eastham** has had very few additions to supply within the last few years. One project of thirty-six duplex units, with thirty affordable units was developed over the last few years. The development was permitted under existing single-family zoning. Eastham has developed an accessory dwelling unit (ADU) bylaw, though it has yet to result in significant housing production.

**Chatham** reported granting no new permits for any multifamily or condominium developments over the last few years. Only seven new single-family subdivisions with a combined total of twenty new single-family homes have been built in Chatham since 2019. There is currently one new affordable housing development of two single-family for-sale dwellings under construction.

**Barnstable** reported that no new single-family subdivisions have been permitted recently. However, several multifamily projects have been permitted or are under review at this current time. In Barnstable, there are approximately 532 units currently completed, under construction, or permitted, resulting in a total of 55 units reserved as affordable, or 10 percent of the total additions to supply. A summary of the housing production pipeline for Barnstable is available in Figure 7.

### ■ DHCD FUNDING ROUNDS: CAPE COD RESULTS

Appendix F presents the results of the most recent four DHCD funding rounds between 2019 and 2022. Only five recent projects within neighboring or comparable communities have been permitted and funded under the LIHTC and other programs within the last four funding cycles including projects in Mashpee, Nantucket, Sandwich, Falmouth, and Yarmouth.

The most recent four funding rounds include some 81 discrete projects with a combined total of 4,391 rental units and 3,881 units of affordable housing, or approximately 88 percent of all units. The average project size is indicated at 54 units and the median project size is 47 units. This confirms anecdotal information gathered from developers and subsidy providers within the affordable housing community.

Each of the projects funded in comparable communities is described below. These projects are good references to understand the capacity and interest within the development community for similar projects and the variety of sources and uses needed to serve numerous populations within the market.

**950 Falmouth Road** is a new construction project located in Mashpee. The sponsor is the non-profit Preservation of Affordable Housing. DHCD has awarded the project with federal and state low-income housing tax credits and other subsidy funds. The town of Mashpee has pledged the project with funds of its own. When completed, 950 Falmouth Road will offer 39 total units, of which, all 39 units will be affordable to households earning less than 60 percent of AMI, with six units further restricted for households earning less than 30 percent of AMI. The sponsor intends to build the project to Passive House standards.

**Ticcoma Green Workforce Housing** is a new construction project for families to be built on Nantucket. The sponsor is HallKeen Management, Inc. DHCD has awarded the project with federal and state low-income housing tax credits and other subsidy funds. The Town of Nantucket will provide substantial funds of its own to support the project. When completed, Ticcoma Green Workforce Housing will offer 64 total units. Twenty-three units will be affordable to households earning less than 60 percent of AMI, with nine units further restricted for households earning less than 30 percent of AMI, including households transitioning from homelessness.

**Megansett Crossing** (Falmouth) is a new construction housing project for families. The sponsor is Michael Galasso (Megansett Crossing LLC). DHCD has awarded the project with subsidy funds. The town of Falmouth also will support the project with Community Preservation Act funds. When completed, Megansett Crossing will offer

10 total units, three of which will be affordable for families earning less than 80 percent of AMI. This project will not be supported by LIHTC funds.

**Terrapin Ridge** (Sandwich) is The Women’s Institute for Housing and Economic Development is building 30 new units of affordable housing for families, with 14 units designated for extremely low-income households. DHCD will support the project with LIHTC and subsidy funds. The Town of Sandwich will support the project with \$1.4 million in Community Preservation Act funds. When completed, Terrapin Ridge will offer 30 new rental units. All units will be restricted for households earning less than 60 percent of AMI, with 14 units further restricted for extremely low-income households earning less than 30 percent of AMI.

**Residences at Yarmouth Gardens** (Yarmouth) is a new construction project for families. The sponsor is Commonwealth Community Developers, LLC. DHCD will support the project with federal and state LIHTC and subsidy funds, and the Town of Yarmouth will provide \$1.2 million in Community Preservation Act funds. When completed, the Residences at Yarmouth Gardens will offer 40 new rental units. All units will be affordable to households earning less than 60 percent of AMI, with eight units further restricted for households earning less than 30 percent of AMI.

The Town of Yarmouth reported that a multifamily project at 497 Route 28 was most recently permitted and constructed. The project, known as Yarmouth Gardens, includes 40 one-, two-, and three-bedroom affordable apartment rentals. This new community opened for occupancy in March 2022 and includes two 2-story apartment buildings, a community room with a full kitchen, an onsite management office, a playground, a bus shelter, and surface parking. Each building has common laundry facilities on both floors. Accessible units are designed to accommodate mobility and/or sensory impairments. Additionally, Yarmouth Commons was recently developed by Dakota Partners on the site of the former Cavalier Motel and includes 69 affordable apartments, a common green space, a community building, and a wastewater treatment facility. There are 17 one-bedroom units; 44 two-bedroom units, and 8 three-bedroom units, and the project was developed using LIHTC funds and received local support.

## **Housing Subsidy Environment**

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As Orleans considers the best possible plan for the Governor Prence site, it is important for all involved stakeholders to consider the cost of development as well as the availability of subsidies to underwrite construction. While local funding sources are limited to a few dollars at most, regional dollars are even scarcer, but

state tax credits generate hundreds of thousands of dollars each year to create affordable housing in Massachusetts.

### ■ **LOW INCOME HOUSING TAX CREDITS**

The major source for Affordable Housing development and preservation in the United States and Massachusetts comes from the Low-Income Housing Tax Credit Program (LIHTC). In a LIHTC project, the state allocates tax credits to developers, who then find corporate and individual donors who provide equity for affordable housing developments. In exchange, those investors can write down the amount of the tax credits for several years of their future tax returns.

The LIHTC program is provided in two distinct forms and from two distinct sources in Massachusetts. There is a Federal 4 percent and 9 percent credit that is provided throughout the United States, and Massachusetts further enhances that with State LIHTC Credits. These credits are the primary driver of the activity in the affordable housing space and provide, effectively low/no cost equity to affordable housing projects. The LIHTC program, in any form, is a powerful tool for developing affordable housing in Massachusetts and can be effectively coupled with several other subsidy programs.

The LIHTC program is one of the federal government's primary policy tools for encouraging the development and rehabilitation of affordable rental housing. These nonrefundable federal housing tax credits are awarded to developers of qualified rental projects via a competitive application process administered by state housing finance authorities. Developers typically sell their tax credits to outside investors in exchange for equity in the project. Selling the tax credits reduces the debt developers would otherwise have to incur and the equity they would otherwise have to contribute. With lower financing costs, tax credit properties can offer lower, more affordable rents.

Two types of LIHTCs are available depending on the nature of the construction project. The so-called 9 percent credit is generally reserved for new construction, while the so-called 4 percent credit is typically used for rehabilitation projects and new construction that is financed with tax-exempt bonds. With competition so heavy and costs so high in Massachusetts, the 4 percent credit is often used for new construction as well as preservation projects. Each year, for ten years, a tax credit equal to roughly 4 percent or 9 percent of a project's qualified basis (cost of construction) is claimed. The applicable credit rates have historically not actually been 4 percent and 9 percent. Instead, the credit rates have fluctuated in response to market interest movements so that the program has delivered a subsidy equal to 30 percent of the present value of a project's qualified basis in the case of the 4

percent credit, and 70 percent in the case of the 9 percent credit. For both the 4 percent and 9 percent credit it is the subsidy levels (30 percent or 70 percent) that are explicitly specified in the Internal Revenue Code (IRC), not the credit rates.

State Housing Finance Agencies (HFAs) allocate credits to developers of rental housing according to federally required but state-created Qualified Allocation Plans (QAPs). Federal law requires that the QAP give priority to projects that serve the lowest-income households and that remain affordable for the longest period of time. Many states have two allocation periods per year. Developers apply for the credits by proposing plans to state agencies. Types of developers include nonprofit organizations, for-profit organizations, joint ventures, partnerships, limited partnerships, trusts, corporations, and limited liability corporations.

#### ■ INTEREST SUBSIDY/FINANCING PROGRAM

To build affordable housing, developers must often take out a permanent loan to pay off the cost of construction and development over time. In Massachusetts, there are several low and no-cost debt sources that provide advantageous interest rates for affordable housing developers, but the rents that low and very low households can afford to pay are often too low to pay off the debt to build those units (“debt service”). To be able to pay back the loans that paid for construction, projects often need additional subsidies, vouchers, or soft capital sources. Debt sources with interest subsidies or advantageous financing terms almost always need to be utilized with additional layers of subsidy or a project-based voucher contract to cover operating costs unless a project gets an injection of equity from tax credits.

There are several HUD multifamily debt products that help finance affordable housing development. In addition to federal programs from HUD, FHA, and Fannie Mae (MAH), there are state equivalents and compliments available in Massachusetts. MHP provides direct loans, along with MHIC, which provides debt and equity through various products, along with MassHousing, and regional CDFIs, such as BlueHub Capital (formerly Boston Community Capital). Traditional debt products and equity sources from these agencies, organizations, and resources should be considered coupled with other sources for future development.

#### ■ SOFT AND ALTERNATIVE STATE AND REGIONAL FUNDING RESOURCES

Massachusetts is famous for the alphabet soup of various soft funds and alternative funding sources for affordable housing development. DHCD is the largest provider of these subsidies, although MassHousing, regional entities, and even local government have some sources of funding. DHCD administers federal CDBG and HOME funds, which can fund affordable housing. DHCD also has several other

sources with particular project and population requirements, including Housing Stabilization Fund (HSF), and CSHI (Community Scale Housing Initiative).

Because these sources are so desperately needed, the state and regional agencies that manage the allocation process have often adopted per-unit and per-project maximum requests. In recent years, for many soft resources, DHCD has said the per-project maximum request is \$1 million dollars.

### ■ LOCAL FUNDING RESOURCES

Orleans can generate local funds for affordable housing through its Community Preservation Act revenues, which can fund initiatives related to open space, historic preservation or affordable housing. . Historically the Town has also sought bonds at Town Meeting to add funding to the Affordable Housing Trust Fund. Local dollars can be slightly more flexible and responsive to local goals than state dollars because the local Affordable Housing Trust has the ability to allocate these dollars to rental or ownership projects, up to “moderate” income levels, or 100 percent of AMI.

### ■ HOMEOWNERSHIP RESOURCES

Affordable homeownership can offer households stable monthly housing costs as well as the chance to build equity and enjoy housing stability. There are fewer resources to support affordable homeownership than for affordable rental projects in Massachusetts and across the country. In a homeownership project, a subsidy is required to bridge the gap between the cost of acquisition or development and the price that is affordable to low-income households.

Since so much money and effort are required to create affordable homeownership units, many programs attach resale restrictions to keep the home’s price affordable over time. These ensure that when a community invests the funding to bring the price down to be affordable to a first low-income buyer, the initial buyer doesn’t get to sell their home for market rate when they sell—which in hot markets could be an enormous windfall. Most programs design the “resale formula” in a way that the initial owner earns some equity, but not so much that a family in a similar position couldn’t afford to buy when the first buyer decides to sell. Resale formulas are often indexed to a fixed percentage or rate drawn from an index like CPI or HUD’s Area Median Income. A national study of 58 shared equity homeownership programs found the median accumulation of equity in one of these programs was \$14,000 in equity, compared with a median investment of just \$1,875. The majority of purchasers in these programs are first-time homebuyers, low-income (51-80 percent AMI), female-headed households, in their late 30s, and employed in office,

retail, or service industries.<sup>29</sup> These programs leverage community investment over a longer timeline and require lower or no additional public subsidy when the same home is sold at an affordable price to a second, third, or later generation of homebuyer.

Only a select few of the funding sources mentioned above are available to support affordable homeownership. It is possible to use HOME, CDBG, local Affordable Housing Trust, or Community Preservation Act funds for affordable ownership projects, but those dollars can also support affordable rental projects. Because there is no large source of equity to underwrite large projects, homeownership projects tend to be smaller, require large infusions of local dollars, and tend to require more subsidy on a per-unit basis because project costs are spread over fewer units.

In addition to “soft subsidies”, subsidized mortgages can make homeownership possible for low or very low-income households. On the Cape, buyers can access the USDA’s Department of Rural Development’s Direct or Guaranteed Loan programs. Another subsidized mortgage is the ONE Mortgage program offered by Massachusetts Housing Partnership (MHP). ONE Mortgage offers buyers a discounted fixed interest rate. This mortgage allows for a low downpayment (3 percent) with no private mortgage insurance (PMI) and buyers may also qualify for additional interest subsidy.

Neither of these subsidized mortgage programs require that homes have a long-term affordability restriction, but some programs, like Habitat for Humanity, use a combination of soft subsidies, subsidized mortgages, and fundraising to make homeownership possible for households making less than 60 percent of AMI. Habitat homes have an attached resale restriction to ensure the home stays affordable over time.

#### ■ MARKET RATE CROSS-SUBSIDIZED PROJECTS

In particularly high-cost markets, communities can encourage (or require) market-rate developers to include affordable units in their projects, sometimes through inclusionary zoning and sometimes through expedited permitted incentives or the Chapter 40B Comprehensive permit process. For these projects to be possible, market rents to be high enough to offset the lower rents of affordable units, and developers need to be able to show demand for these units to their construction and permanent lenders.

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<sup>29</sup> Wang, Ruaniu, Claire Cahen, Arthur Acolin and Rebecca J. Walter, *Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs During Housing Market Fluctuations*, Lincoln Institute of Land Policy, April 2019.

To evaluate the potential for market-rate cross-subsidy in Orleans, Kirk and Company first evaluated the level of market rents required to support the cost of a new construction building with no affordability, assuming a two-bedroom unit as an average unit for this analysis. Typical construction costs in Orleans are between \$350,000-\$500,000 per unit. For this analysis, a project that costs \$474,000 per unit to build, on average, needs to generate at least an average rent of \$2,868 for a two-bedroom unit just to justify the cost to construct.

Market rents, in theory, are a function of a combination of costs: the cost to operate the project, the cost to construct, and the cost of land. The market will increase or decrease rents in line with the price of land to the very point at which the market is supported. If there is additional rent capacity in a community, typically the price of land will increase to reflect that additional value. Because land prices so quickly recognize and rise to reflect increasing rents, it is often hard to capture additional rent capacity as a cross-subsidy.

Market rents of \$2,868 per month are high enough to support themselves without contributing any additional value to a cross-subsidy. According to the Pennrose market study for the Cape Cod Five development, the current market rents for a two-bedroom unit in the market are closer to \$2000, which represents a significant gap between the current market and the market rate feasibility rent of some \$900. The rents would need to be around \$3,000 a month to provide cross-subsidy to support affordable units, even at 80 percent AMI. A household would need to make \$120,000 a year for \$3,000 rents to not cost burden them.

This means that if a developer attempted to build market-rate units in Orleans today, those market units would cost more to build than the revenue they generate and have no additional capacity to cross-subsidize affordable units. At \$2,000 a month, market-rate units do the opposite of cross-subsidizing, they actually detract from the project's feasibility because they cost more to build than they can bring in and there is no subsidy to offset the difference. If developers believed they would be able to achieve monthly rents of \$3,000, they would need to prove it to the lender underwriting their construction and permanent loan. A market study would need to be able to prove conditions in Orleans are vastly different than the market study conducted for the Cape Cod Five project, and the underwriting lender would need to find evidence of comparable properties achieving rents around \$3,000 a month for two-bedroom apartments.

In addition, while the Cape Cod Commission has had success negotiating with New England Development to rent their market-rate units through year-long leases at

the Wilkens Campus site, these market rate rentals have no obligation to keep market rents attainable over time.

## **Sample Project Structures**

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To illustrate the variety and complexity of affordable housing financing sources, also referred to as the capital stack, the consulting team researched the sources and uses of four recent affordable housing developments in Orleans, Beverley, Rockport, and Brewster. Each of these projects represents a discrete set of feasibility and funding problems and each one uses unique solutions to fill funding gaps and create a capital stack that will be sufficient to build the development without overburdening the project with excessive financing costs.

As communities look to increase their supply of affordable housing, it is best not to approach the process as about finding the path of least resistance, but rather finding the best path to guaranteed success. There is no formula or one-size-fits-all approach, each project has a tailored funding program, and the goal is less about finding a model and rather about creatively plugging funding gaps. This effort is often iterative, together with funders and state agencies, such as DHCD. Because each project is unique and each capital stack is unique, it is reasonable to assume each developer will propose a unique program and funding structure. No structure is better or worse than the next, however, the project must be feasible, and the funding sources must be available for the development to be built and sustainable.

As you can see from the example projects, local projects can be structured for homeownership or higher incomes in ways that low-income housing tax credits cannot, but they require a larger percentage of local investment within the overall combination of development sources.

### **■ LOCAL AND REGIONAL PROPOSED PROJECTS**

Several local and regional proposals for market rate housing provide context for what is possible on the Governor Prence site. Each of the following projects has yet to close on financing or begin construction, so their viability may change as interest rates have increased in response to inflation.

Two projects in Hyannis demonstrate that extremely large-scale projects may have the ability to cross-subsidize affordable units in the Hyannis market, where there is a larger market of potential renters and where institutional capital and equity are willing to finance these larger projects. All three projects are predominantly market-rate projects, without local, state, or federal subsidies. All have yet to close on their

construction financing or begin construction, and their ultimate success will not be clear until the projects begin leasing units.

### **Wilkins Campus Development | Barnstable, MA**

Cape Cod Hospital and New England Development have a joint agreement to develop land owned by the hospital into housing, commercial space, and a hospital expansion. Ultimately the developers plan to construct a 272-unit residential project as well as a big box store on 32 acres of land. The project has been in process since 2003 when the phased redevelopment included a 263,000 square-foot outpatient medical complex. Only one building of that proposed complex was built, and Cape Cod Hospital has scaled back its portion of the project to only include a 25,000-square-foot hospital expansion.<sup>30</sup> New England Development has revised their plans for the site to include a big box store rather than a medical complex. As required under Barnstable's affordable housing ordinance, the developers will provide 10 percent of the units as affordable to households making less than 65 percent of AMI. In addition, the developers have committed to making an additional 3 percent of the units affordable to households making less than 80 percent AMI and to renting 90 percent of the market rate units on a year-round basis for the next 25 years.

### **Emblem Hyannis | 35 Scudder Avenue, Barnstable, MA**

Lennar Multifamily Communities is under agreement to purchase and develop land at the Twin Brooks Golf Course at 35 Scudder Avenue in Hyannis. The project is a 312-unit project that would include 41 units affordable to households making less than 65 percent of AMI and the remaining rented as market-rate rentals offered for yearlong leases.<sup>31</sup> While the project's developers have indicated their intention to offer units to "workforce" renters and downsizing households, there would be no specific restrictions around the population who could rent these market rate units.

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<sup>30</sup> Cape Cod Commission, Draft Revised and Amended Development Agreement between Cape Cod Commission, Cape Cod Healthcare, Inc and Wilkins Lane Properties LLC, June 13, 2022.

<https://www.capecodcommission.org/resource-library/file?url=%2Fdept%2Fcommission%2Fteam%2Fmember%2FProject+Documents%2FWilkins+Campus+Development+Agreement%2FDraft+Decision%2F2022-06-13+Wilkins+DA+DRAFT+REVISED.pdf>

<sup>31</sup> Cape Cod Commission Staff Report Development Agreement Review 35 Scudder Residential Community (Emblem Hyannis), April 7, 2022. <https://www.capecodcommission.org/resource-library/file?url=%2Fdept%2Fcommission%2Fteam%2Fmember%2FProject+Documents%2F35+Scudder+Residential+Community%2FReports%2F2022-04-07+35+Scudder+Ave-Staff+Report.pdf>

<sup>32</sup> Jennette Barnes, "Developer adds affordable units to Twin Brooks apartment plan", GBH, May 18, 2022. <https://www.capecandislands.org/local-news/2022-05-18/developer-adds-affordable-units-to-twin-brooks-apartment-plan>

### **Orleans Bayberry Square “Underground Mall”**

In Orleans, Maple Hurst Builders has proposed building a 43-unit rental development at the site of the vacant Bayberry Square shopping center, located adjacent to where Route 6A travels beneath the Route 6 highway.<sup>33</sup> The project would be distributed across 6 buildings, with a mix of unit sizes. The developer presented to a joint meeting of the Orleans Affordable Housing and Old Kings Highway Regional Historic District Committee (OKHRHDC) in January of 2022.<sup>34</sup> The presentation described a plan to include 5 affordable units and to have the remainder of the units be “modestly priced rental apartments.” While the project has been described as “workforce” and “moderately priced” is not clear from available materials how market-rate rental pricing would be set, how rents would be limited over time, or if the developer will agree to lease market rate units on a year-round basis.

### **■ DEVELOPER OBSERVATIONS**

For this analysis, we contacted active developers within the region to understand what they see as opportunities and challenges, but also to gather anecdotal information relative to the current environment for similar sites within the market. The information collected from non-profit and for-profit multifamily rental developers was generally consistent across the developers interviewed. We also contacted Habitat for Humanity, the sole currently active developer of affordable homeownership projects within the region.

### **Multifamily Rental Developers**

Multifamily rental developer contacts generally agreed that the most likely and most feasible program for a development site today would be a traditional LIHTC project. All developers indicated that including market-rate or so-called “workforce” housing (also called “attainable” housing) makes the economics and the project structure much more difficult. While not optimal, including a mixed-income component to the development is possible at a low level of set-aside in the range of 5-10 percent of the total units. Fewer resources are available for attainable housing and no additional subsidy is available for market-rate components, which can have an impact on feasibility if the market-rate rental market is not strong enough to contribute in a significant way to cash flow.

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<sup>33</sup> Town of Orleans Affordable Housing Committee, Meeting Minutes, January 4, 2022. [https://www.town.orleans.ma.us/AgendaCenter/ViewFile/Minutes/\\_01042022-30](https://www.town.orleans.ma.us/AgendaCenter/ViewFile/Minutes/_01042022-30)

<sup>34</sup> Rich Eldred, “‘Underground Mall’ could sprout above ground housing” Wicked Local, January 26, 2022. <https://www.wickedlocal.com/story/cape-codder/2022/01/26/maple-hurst-builders-proposes-apartments-orleans-underground-mall-babyberry-plaza/6600936001/>

All contacts reported that low-density garden-style buildings of two or three stories are currently the most cost-effective building design. Townhouse units are being developed in the market; however, the costs are higher than mid-rise and less preferable from a funding perspective. All developers preferred higher density to lower density, with an indicated sweet spot in the 50- to 60-unit size. One developer indicated they build 28-unit buildings of 2-3 stories for lower density sites with a model of two 28-unit buildings and a community building of 5,000-8,000 square feet.

Of note, projects that have been programmed based on the LIHTC guidelines and supported by the local community through a local contribution, subsidy, or other local financial support, are typically funded and built faster than projects that do not show local support. Contacts noted that local support can shave a year or two off the application approval time, getting projects funded and built within 2-3 years after submission. Project applications without local support can expect the wait time to be 3-5 years.

All developers interviewed said they actively and eagerly respond to RFPs for sites sponsored by municipalities. Their collective experience was that RFPs that guide the developer's response without being overly restrictive are the projects that garner the most submissions and those that ultimately get built and get built with the fewest delays.

Construction costs were pointed to as the most significant pinch points and challenges in developing housing, at all levels. Contacts reported that per-unit construction costs ranged from \$350,000-\$500,000 for stick-built mid-rise apartments, depending on several factors, including site costs, utility infrastructure, parking design, and project design. Townhouse and low-density semi-detached project costs exceed those quoted development costs. Creative design and additional subsidies are required to bridge the gap.

### **Homeownership Developers**

Habitat for Humanity of Cape Cod is the only developer in the region actively and consistently working on affordable homeownership, though historically, Housing Assistance Corporation has done projects with affordable homeownership components as well.<sup>35</sup>

Habitat for Humanity of Cape Cod is an affiliate of the global Habitat for Humanity International organization. Habitat affiliates share a unique model of homeownership, where families who buy through Habitat invest "sweat equity" in

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<sup>35</sup> Interview with David Quinn and Alisa Magnotta, Housing Assistance Corporation, April 21, 2022.

building their homes. This means that they work on the construction of their home and other buyers' homes alongside other volunteers.<sup>36</sup>

Habitat for Humanity of Cape Cod's typical developments are of 2-3-bedroom ranches or Capes with six to ten homes per project or project phase. Historically, Habitat has served buyers with incomes below 60 percent AMI, though the organization's board recently approved serving households at or below 80 percent AMI. Habitat has been working on a new bungalow cluster model that is slightly denser than their traditional Cape and ranch builds. Projects at a scale of six to ten units work well for the fundraising and volunteering aspects of Habitat's program. Habitat for Humanity Cape Cod is known nationally for the energy efficiency of its homes.<sup>37</sup>

Habitat typically makes their projects work financially by leveraging their organization's fundraising capacity, proceeds from the Habitat ReStore with local Affordable Housing Trust or Community Preservation Funds. Habitat for Humanity Cape Cod projects utilize USDA Rural Development's Direct Loans for their buyers. Habitat reported development costs of \$400,000-500,000 a unit *without* land cost, though aims to reduce the development cost through the donation of land or labor.

Like the multifamily rental developers listed, Habitat for Humanity actively responds to RFPs issued by municipalities across the Cape, usually focusing on RFPs that specifically seek ownership.

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<sup>36</sup> Habitat for Humanity "Frequently asked questions", May 28, 2022, <https://www.habitat.org/about/faq#homeownership>.

<sup>37</sup> ResNet, "Habitat for Humanity of Cape Cod Honored at #RESNET2022," April 28, 2022. <https://www.resnet.us/articles/habitat-for-humanity-of-cape-cod-honored-at-resnet2022/>

## Case Studies

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Orleans can learn from the experience of other municipalities that have moved forward with community-driven development projects. Community members in Orleans have expressed interest in a variety of options for the Governor Prence site. The following case studies offer lessons learned, ingredients for success, and models for Orleans in evaluating how to move the Governor Prence planning process forward.

### ■ CO-LOCATED HOUSING AND COMMUNITY USES

#### **Sally's Way, Truro, MA**

Conceived in its 2002 Master Plan process, the Town of Truro developed a Community Center and sixteen rental homes on the 10.6-acre site of the Truro Public Library (built-in 1912). Voters at a Special Town Meeting in 2003 agreed to allocate nearly \$4 million to the Community Center project, but blueprints and construction bids came in consistently over budget. In 2004 and 2005, voters declined to approve additional funding.<sup>38</sup> To get the project budget within the amount originally funded at the town meeting, the portable stage and outdoor deck that were part of the original plans had to be removed.<sup>39</sup> A lawsuit, brought by neighbors and local business owners over drinking water and wastewater concerns, delayed the residential development in court for about five years, which resulted in a temporary loss of funding reservations.

After more than a year of construction, the Community Center opened in 2009. The space is a 9,000-square-foot facility that is home to the Truro Council on Aging, the Recreation and Beach Department, and a multi-purpose room and kitchen, as well as the 7,500-square-foot Puma Park Playground. The Community Center and Library Complex share a driveway on Standish Way, a small, residential connector road between Routes 6 and 6A in North Truro. Separated by a small stand of scrub pines, Sally's Way is a small neighborhood of sixteen units in six buildings on a cul-de-sac situated behind the Town facilities.

After completing the necessary infrastructure for residential development on the site in 2011, construction began in December 2012 and was completed in September 2013. Non-profit developer Community Housing Resources, Inc. (CHR)

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<sup>38</sup> Eric Williams, "A smaller community center?" *Cape Cod Times*, Apr 1, 2006. <https://www.capecodtimes.com/story/news/2006/04/01/a-smaller-community-center/50889833007/>

<sup>39</sup> Mary Ann Bragg, "On time, on budget, Truro Community Center soon to open," *Cape Cod Times*, Aug 2, 2008. <https://www.capecodtimes.com/story/news/2008/08/02/on-time-on-budget-truro/52315966007/>

received over \$1.9 million in financing from Massachusetts Housing Partnership (MHP),<sup>40</sup> in addition to \$1.5 million in housing subsidies from the Massachusetts Department of Housing and Community Development (DHCD).<sup>41</sup> Public funding totaled approximately \$3 million.<sup>42</sup> All sixteen homes are affordable to families with incomes up to 80 percent of Area Median Income (AMI).

In 2020, the *Provincetown Independent* interviewed Truro residents about the project and found that their only criticism of the development was that only one out of sixteen units is fully accessible to people with disabilities. Residents of Sally's Way report a tight-knit community, created through an affordable housing lottery as well as screening interviews through CHR.<sup>43</sup>

Recent improvements to the Puma Park Playground have expanded the use and accessibility of the Town's first playground. After multiple efforts to win state grants to make accessibility improvements to the playground and allocations of \$150,000 from the Community Preservation Committee, the Town moved forward in 2019 with replacing the playground's sand and wood chip base in favor of a wheelchair-accessible poured foundation. The renovation also included new features, games, and equipment for visitors of all ages.<sup>44</sup> Sun protection areas and adult equipment for supporting strength, stability, and flexibility are new to the playground as of May 2022, and a May 8 Facebook post indicates safety fencing to separate the adult equipment from the play area is expected soon.

### **Sandywoods, Tiverton, RI**

Sandywoods Farm, developed in 2010 by non-profit developer Church Community Housing Corporation (CCHC), incorporates housing, arts, and agricultural uses. The development also enabled the construction of the Town's new library, completed in 2015. There is a strong focus on land stewardship and sustainable development at Sandywoods Farm, and the energy-efficient homes utilize electricity generated by an on-site wind turbine to make the development carbon-neutral.

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<sup>40</sup> Massachusetts Housing Partnership, "Truro: Sally's Way," accessed May 28, 2022. <https://www.mhp.net/projects/truro-sallys-way>

<sup>41</sup> Community Housing Resource, Inc., "Sally's Way, Truro," accessed May 28, 2022. <http://chrgroup.net/sallys-way/>

<sup>42</sup> Mary Ann Bragg, "Truro takes big step forward in affordable housing," *Cape Cod Times*, Sept 14, 2014. <https://www.capecodtimes.com/story/news/2014/09/14/truro-takes-big-step-forward/36025443007/>

<sup>43</sup> Sabina Lum, "Life on Sally's Way, 7 Years Later," *The Provincetown Independent*, July 23, 2020. <https://provincetownindependent.org/news/2020/07/23/life-on-sallys-way-7-years-later/>

<sup>44</sup> Jan Garver-Flanders, "Puma Park to be accessible, multi-generational," *Provincetown Banner on Wicked Local*, Jan 3, 2019. <https://www.wickedlocal.com/story/provincetown-banner/2019/01/03/puma-park-to-be-accessible/6398581007/>

CCHC split the large site and sold 96 acres, now known as Basket Swamp, to the local Tiverton Land Trust for conservation, funded in partnership with the R.I. Department of Environmental Management, The Nature Conservancy of RI, and the Bafflin Foundation.<sup>45</sup> To preserve the agricultural land, wooded areas, and wetlands of the existing farm, CCHC sited the housing and community space on about 30 acres of rocky, undeveloped land. The Town of Tiverton purchased another portion of the site to develop the 24,000-square-foot library, which utilizes the Sandywoods site's infrastructural improvements. The housing, community space, and library were planned by the architects of Union Studio.

The site is home to many, with 50 affordable rental cottages, 22 single-family lots for market-rate homeownership units, and 3 affordable properties in CCHC's Community Land Trust Program on the site.<sup>46,47</sup> Before the outbreak of the COVID-19 pandemic, the community space on the site, including the Sandywoods Center for the Arts' Grange Hall (studio, gallery, and performance space) and other rental spaces,<sup>48</sup> were popular venues for public and private events, including concerts and performances, weddings, and retreats. The space hosts a variety of classes, including fitness, art and drawing, and cooking classes. There is also an Incubator Kitchen for culinary and food-industry start-ups and entrepreneurs.<sup>49</sup>

The development utilized Rhode Island's Comprehensive Permit process for local permitting. CCHC leveraged Low Income Housing Tax Credits (LIHTC) to fund most of the project, as well as CDBG funds and funds from a RI-state grant program to assist in renewable energy. The development faced little community opposition.

Changes to a tax agreement between the Town of Tiverton and CCHC led to financing challenges and legal action against the Town. Less-than-expected revenue from the wind turbine also resulted in losses for the developer. CCHC is in the process of upgrading the renewable energy systems on-site, including replacing the wind turbine and installing a solar field.

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<sup>45</sup> Tiverton Land Trust, "Basket Swamp." <https://www.tivertonlandtrust.org/protected-lands/blog-post-title-four-31d4b-jg46w>

<sup>46</sup> Church Community Housing Newport, "Buying A Home Through Church Community Housing," accessed May 25, 2022. <https://www.cchcnewport.org/homes>

<sup>47</sup> Interview with Stephen Ostiguy, CCHC Asset Manager, by Barrett Planning Group on May 27, 2022.

<sup>48</sup> Union Studio, "Sandywoods Farm, Tiverton, RI," accessed May 12, 2022. <http://unionstudioarch.com/projects/sandywoods-farm/>

<sup>49</sup> "Sandywoods Center for the Arts," Sandywoods Music. Accessed May 12, 2022. <http://www.sandywoodsmusic.com/>

## ■ RECENT LOW-INCOME HOUSING TAX CREDIT PROJECTS

### Ticcoma Green, 6 Fairgrounds Road

Much like Orleans and Cape communities, Nantucket faces soaring property values and displacement of its workforce. In response to this affordable housing crisis, the Town of Nantucket has been working on creative solutions to the housing shortage.

Nantucket's Public Safety Complex, home to the Town's Police Department since 2010 and Fire Department Headquarters since it opened in 2020, is located on a 6.4-acre site at 4 Fairgrounds Road. Town Meeting has approved (several times, including unanimously in 2015)<sup>50</sup> the development of affordable housing at 6 Fairgrounds Road, adjacent to the public safety facilities, for the Town's workforce and municipal employees.<sup>51</sup> The Town issued a Request for Proposals (RFP) and received three bids in 2017. The selected proposal from HallKeen Management and its partners included 64 units eligible for the Subsidized Housing Inventory (SHI), including an income mix ranging from 50 percent to 150 percent of Area Median Income (AMI).<sup>52</sup> According to the proposal, there were over 500 municipal employees who could be income-eligible for these units. Of 64 apartments and townhouses, ten were proposed to be ADA-accessible. Twenty-three units will be affordable to households earning less than 60 percent AMI, with nine units further restricted for households earning less than 30 percent AMI, including households transitioning from homelessness.<sup>53</sup>

The development is to be situated on 4 acres of the 6.4-acre site, south of the Fire Station along Fairgrounds Road and continuing parallel to Ticcoma Way. The facilities would be visually separated by the Public Safety Complex's parking lot as well as a vegetative buffer. Inspiration for the design derived from historic homes and the island's open space resources, which the developers call "An Integrated

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<sup>50</sup> Libby Gibson, Andrew Vorce, and Tucker Holland, "Clarifying need, misconceptions on affordable housing at 6 Fairgrounds," Letterbag, *The Inquirer and Mirror*, Oct 26, 2017. <https://nantucket-ma.gov/DocumentCenter/View/17568/Town-Letter-to-the-Editor-regarding-6-Fairgrounds-Rd-Housing-Project-PDF>

<sup>51</sup> Town & County of Nantucket, "6 Fairgrounds Workforce Housing," <https://www.nantucket-ma.gov/1045/6-Fairgrounds-Workforce-Housing>

<sup>52</sup> In this context, households with incomes below 80 percent AMI are considered low income. Housing for households with incomes between 80 and 150 percent AMI is scarce and in high-demand in Nantucket's extremely competitive housing market. Units designated for this median- to moderate-income bracket is sometimes called "workforce housing."

<sup>53</sup> Terry MacCormack, "Baker-Polito Administration Announces \$139 Million in Funding and Tax Credits to Produce and Preserve 1,346 Units of Affordable Rental Housing," Governor's Press Office, July 15, 2021.

<https://www.mass.gov/news/baker-polito-administration-announces-139-million-in-funding-and-tax-credits-to-produce-and-preserve-1346-units-of-affordable-rental-housing>

Balance of Town and Island." The design focuses on minimizing environmental impact through Low Impact Development (LID) techniques and stormwater best practices, including porous pavement, stormwater retention basins, and a rain garden. Other environmentally friendly features include high-performance windows, high-efficiency insulation, an electric car charging station, and solar panels, for which the developers allotted \$250,000. Construction was anticipated to take between 10 and 15 months.

Original cost estimates put the development at \$27.3 million in 2017. As planned, the development is to be funded through \$10.4 million in state and federal Low Income Housing Tax Credits (LIHTC), \$2.9 million from MassHousing Workforce Housing Trust Funds, a \$12.1 million MassHousing Construction loan, and the \$1.9 million developer fee loaned back to the project.<sup>54</sup> Despite strong town meeting support for this development, neighbors appealed the Planning Board's special permit for the project in 2018.<sup>55</sup> The litigation eventually ended in the Town's favor, but as of April 2022, the development is expected to cost an additional \$6 million, and this has put the project on hold. The chief operating officer of HallKeen stated that the project now has "a very significant risk profile, an uncomfortable risk profile."<sup>56</sup>

### 31 Fairgrounds Road

In 2019, voters allocated \$25 million to the Nantucket Affordable Housing Trust (NAFT) to help address the island's dire housing needs. In the Town's 2021 Housing Production Plan process, the Town identified 31 Fairgrounds Road as a potential site for affordable housing development on privately held land. In February 2021, NAFT granted \$3.6 million to Housing Nantucket for the purchase of the 2-acre site. The Trust also loaned Housing Nantucket an additional \$6.75 million for the development of the property.<sup>57</sup>

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<sup>54</sup> HallKeen Management, "Workforce Affordable Rental Housing Development, 'Ticcoma Green,'" Public Presentation, June 21, 2017. <https://nantucket-ma.gov/DocumentCenter/View/16092/6-Fairgrounds-Presentation-HallKeen-Management-PDF>

<sup>55</sup> Joshua Balling, "Neighbors appeal Planning Board on 6 Fairgrounds affordable housing," *The Inquirer and Mirror*, Jan 18, 2018. <https://www.ack.net/stories/neighbors-appeal-planning-board-on-6-fairgrounds-affordable-housing,3748?>

<sup>56</sup> Brian Bushard, "Delay in building has put Ticcoma Green housing project in jeopardy," *The Inquirer and Mirror*, April 14, 2022. <https://www.ack.net/stories/delay-in-building-has-put-ticcoma-green-housing-project-in-jeopardy,28222?>

<sup>57</sup> Brian Bushard, "Affordable Housing Trust seals the deal on apartment project," *The Inquirer and Mirror*, Feb 12, 2021. <https://www.ack.net/stories/affordable-housing-trust-seals-the-deal-on-apartment-project,23265>

The development will be composed of 22 affordable rental units in eight buildings to be situated along a horseshoe-shaped driveway at the rear of the lot next to Fairgrounds Restaurant. The open green space planned for the front of the site will be open to the public. Developer Billy Cassidy broke ground in January 2022 and expects the housing to be ready for occupants by Fall 2022.<sup>58</sup>

### **Anchor Point, Beverly, MA**

Anchor Point is a 77-unit development currently under construction in Beverly by non-profit developer Harborlight Community Partners, architects SV Designs, and Groom Construction. The project received pivotal municipal support in streamlining zoning and permitting, as well as local funding.

The project will include three buildings on a formerly vacant 5-acre site: two buildings will house a total of 77 affordable apartments for low-income families (including 15 units for homeless families), and the third, termed The Lighthouse Center (TLC), will be a community-building/education center for on-site daycare, after-school programming, adult education including ESL and GED classes, financial counseling, a teaching kitchen, case management, and other uses. There will also be programmed and unprogrammed outdoor spaces, including community gardens, playgrounds, patios, a splash pad, and other open space.

Harborlight anticipates that the total development cost will be nearly \$19 million, resulting in an average cost of \$500,000 per unit. About \$9.6 million will be funded through federal and state Low Income Housing Tax Credits (LIHTC) as allocated by the Massachusetts Department of Housing and Community Development (DHCD). More than \$4.3 million in "soft debt" will be financed through one or more of DHCD's affordable housing programs, and the project will require about \$800,000 of local funding (including allocations from Beverly's Community Preservation Commission, Affordable Housing Trust, and Beverly HOME). The remainder, about \$4.3 million will be financed through a conventional mortgage.<sup>59</sup> A MassWorks grant of \$1.75 million will assist with necessary infrastructural improvements. The site is within a walkable distance of the MBTA Commuter Rail, Beverly High School, and other local resources in Downtown Beverly.

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<sup>58</sup> Joshua Balling, "Fairgrounds Road apartment project should be move-in ready by fall," *The Inquirer and Mirror*, Jan 21, 2022.

<https://www.ack.net/stories/fairgrounds-road-apartment-project-should-be-open-by-july,27306>

<sup>59</sup> Kristin Carlson, "What does a housing development pro-forma look like?" Harborlight Community Partners, Public Presentation, Jan 2021.

<https://www.housingtoolbox.org/writable/files/downloads/HCP-MHP-presentation-Jan-2021-002.pdf>

In a Boston Real Estate Times article from May 2021, praise for the collaboration between the City of Beverly and Harborlight Community Partners was effusive, saying "the City of Beverly has been amazing with both the local leadership and citizens saying, 'yes' to this project early on, by the adoption of 40R zoning, which paved the way for the project. Further commitment is also demonstrated by strong local funding."<sup>60</sup> The housing and services that will be available on-site are responsive to the regional strategy of the North Shore Mayors' Task Force on Homelessness.

Phase I of the project, which includes 38 of the 77 units, broke ground in June 2021. The lottery for applicant selection was held on March 15, 2022.<sup>61</sup>

### **Morton Station Village, Mattapan, MA**

Morton Station Village is an example of a creatively structured low-income housing tax credit project that responds to community goals. This project is a mixed-income, mixed-tenure project in the Mattapan neighborhood of Boston. It is also an example of how tax credits with more complex structures can take longer to secure a diverse range of funding sources and get under construction.

Morton Station Village is on the site of a former Boston police station on Morton Street in Mattapan. The City of Boston's Office of Housing (formerly called the Department of Neighborhood Development) facilitated an RFP process for the site, which included a community desire for a park to honor a local teen who was a victim of violence on the property. Ultimately, the proposal from Caribbean Integration Community Development and the Planning Office for Urban Affairs was determined to be the most advantageous one received, and that team was designated as the developers of the site in 2016.

As the project began to move forward with architectural plans, zoning, and funding applications, the development team also conducted an extensive community-driven process to revise the proposal. This resulted in revisions to the proposal in 2018 to add homeownership units and add a large community room space.<sup>62</sup>

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<sup>60</sup> Boston Real Estate Times, "Anchor Point, 77-Affordable Homes, to Break Ground in June," *Boston Real Estate Times*, May 21, 2021. <https://bostonrealestatetimes.com/anchor-point-77-affordable-homes-to-break-ground-in-june/>

<sup>61</sup> Jennie Oemig, "Lottery for affordable housing at Anchor Point in Beverly coming up. Do you qualify?" *Herald Citizen via Wicked Local*, Feb 15, 2022. <https://www.wickedlocal.com/story/herald-citizen/2022/02/15/lottery-anchor-point-affordable-housing-beverly-coming-up-do-you-qualify/6664357001/>

<sup>62</sup> Caribbean Integration Community Development, Inc. and the Planning Office for Urban Affairs, "Morton Station Village" Article 80 Small Project Review Application. Submitted to the Boston Planning and Development Agency, September 3, 2018.

Ultimately the City of Boston awarded the project funds in 2019 and DHCD awarded tax credits to the project in 2021.<sup>63 64</sup> The project broke ground in May 2022 and is scheduled to complete in Fall 2023.<sup>65</sup> Ultimately the project underwent three shifts in project structure from initial proposal to going under construction—from 38 rental units to 31 rental with nine homeownership to 28 rental and 12 homeownership units.

In addition to the 28 rental apartments and 12 affordable homeownership units, the project will include a community room. The project is adjacent to the Morton Station Fairmount Commuter Rail Station and a new City of Boston park, the Steven P. Odom Serenity Garden.

## ■ MIXED RESULTS IN SECTOR-SPECIFIC HOUSING

### **Cow Pond Apartments, Nantucket, MA**

The Town of Nantucket created a task force in 2000 to identify ways to enable teachers and staff in the Nantucket Public Schools to stay on the island. The task force identified land and solicited a design for the project, which would become the 12 units at the Cow Pond Lane Apartments. With a mix of 1-, 2-, and 3- bedroom apartments, the Nantucket Education Trust (NET) sought to house educators and staff and their families in interim housing (1-year lease) while they try to find more permanent accommodation. The units are "reserved for teachers, administrators, and staff of the Nantucket Public School district. Should all housing requests be satisfied for Nantucket Public Schools employees, NET accepts housing applications from employees of Nantucket Cottage Hospital and the Town of Nantucket."<sup>66</sup> Ultimately the Town found few school employees applied because of the limited application window (open annually in April or May) and single-year lease application and ended up expanding program eligibility for town employees, and the general public.<sup>67</sup>

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<sup>63</sup> Boston Real Estate Times, "Boston Mayor Walsh Announces Over \$26 Million in New Funding for Affordable Housing" February 20, 2019. <https://bostonrealestatetimes.com/boston-mayor-walsh-announces-over-26-million-in-new-funding-for-affordable-housing/>

<sup>64</sup> Citizen's Housing and Planning Association "Baker Administration Awards \$46 Million for Affordable Housing" March 2, 2021. <https://www.chapa.org/housing-news/baker-administration-awards-46-million-for-affordable-housing>

<sup>65</sup> Seth Daniel, "Morton Station Village project takes off 'This is a dream that is happening' Dorchester Reporter, May 26, 2022. <https://www.dotnews.com/2022/morton-station-village-project-takes-dream-happening>

<sup>66</sup> "Housing," Nantucket Education Trust. <https://www.nantucketeducationtrust.org/blank-page-2>

<sup>67</sup> Lindsay Pykosz, "Nantucket Education Trust a helping hand for Nantucket Public Schools" The Inquirer an Mirror, February 25, 2016. <https://www.ack.net/stories/nantucket-education-trust-a-helping-hand-for-nantucket-public-schools,7338?>

## ■ INGREDIENTS FOR SUCCESSFUL COMMUNITY CENTER DEVELOPMENT

### **Fitzpatrick Collaborative, Pepperell, MA**

The Fitzpatrick Collaborative in Pepperell is a non-profit organization that operates a community center in the former Peter Fitzpatrick School now known as "the Fitz." The 80,000-square-foot facility sits on a 19-acre site. The Fitz offers meeting rooms, a cafetorium, gym, party room, and a "big backyard," including a field and playground.<sup>68</sup>

The Community Center came out of a contentious disposition process. The Peter Fitzpatrick School closed in FY2010 for budgetary reasons, and by 2012 the building was in use under-capacity by administrators and special needs programs. Efforts by the Planning Board and the Board of Selectmen to rezone the property for commercial use met staunch resistance at Town Meeting. In 2015, Town Meeting allocated \$40,000 for a site and zoning analysis for three Pepperell properties, including the school. The process and its 13-page product did not foster trust between the community and its leadership.

In 2018, the Pepperell Board of Selectmen appointed the Peter Fitzpatrick Feasibility Committee, charged with recommending a future use of the. The work of the Committee revealed that residents generally favored reusing the building for community purposes. The Committee compiled its final report to the Board of Selectmen in 2019.<sup>69</sup> The final report concluded that the sale or demolition of that property was not cost-effective or valuable to the town, and instead focused on cost-effective uses with benefits to the Town.<sup>70</sup> In particular, the committee did an analysis that showed a community center for arts, education, and recreation was economically feasible. The Fitzpatrick Feasibility Committee looked at self-sustaining models in other: Littleton's recreation department, The Roudenbush Community Center (Westford, MA), Groton-Dunstable Community Education, and Cogswell ArtSpace (Haverhill).

The Fitzpatrick site was move-in ready for these purposes and could expect to generate income from long-term tenants (lease per square foot), ongoing programming (registration fees), and short-term rentals (rental fees). Some of these potential income streams would require the Town pursue zoning changes.

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<sup>68</sup> "Our Facility," Fitzpatrick Collective. <https://www.fitzpatrickcollaborative.org/facility/>

<sup>69</sup> Peter Fitzpatrick Feasibility Committee Meeting Minutes from Jan 26, 2019. [https://town.pepperell.ma.us/AgendaCenter/ViewFile/Minutes/\\_01262019-2002](https://town.pepperell.ma.us/AgendaCenter/ViewFile/Minutes/_01262019-2002)

<sup>70</sup> Peter Fitzpatrick Feasibility Committee Final Report, prepared for Town of Pepperell Board of Selectmen,, April 24, 2019.

After the feasibility committee concluded their report, the Town issued an RFP to operate the school for community purposes. Possible uses suggested in the RFP included social, recreational, and educational programs, a business incubator, collaborative workspaces, a community center, general office uses, residential uses, or a combination of uses. The town evaluated proposals based on submitters' financial capacity, operational capacity, contract value, and financial or other benefits.

Community members founded a new nonprofit, called the Fitzpatrick Collaborative, which was awarded a contract with the Town in January of 2020 to repurpose the Fitzpatrick school into a mixed-use facility with a variety of businesses and community-focused activities.<sup>71</sup> The Fitzpatrick Collaborative hosted its first community events in March 2020. After two years, its newest initiatives, supported by a MassDevelopment grant, include a food hub and commercial kitchen for use by local farmers.<sup>72</sup> The Town's Agricultural Commission is excited about the potential of the program. The rollout was dependent on the adoption of an Adaptive Reuse Overlay District,<sup>73</sup> which passed at Town Meeting in 2022.

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<sup>71</sup> Town of Pepperell, Annual Town Report, 2020.

<sup>72</sup> Shane Rhodes, "Fitzpatrick Collaborative, Pepperell partnering to open food hub, commercial kitchen," *The Lowell Sun*, Jan 28, 2022. <https://www.lowellsun.com/2022/01/28/fitzpatrick-collaborative-pepperell-partnering-to-open-food-hub-commercial-kitchen/?fr=operanews>

<sup>73</sup> "Please Support the Adaptive Reuse Article," Fitzpatrick Collective.  
<https://www.fitzpatrickcollaborative.org/2022/05/03/please-support-the-adaptive-reuse-article/>

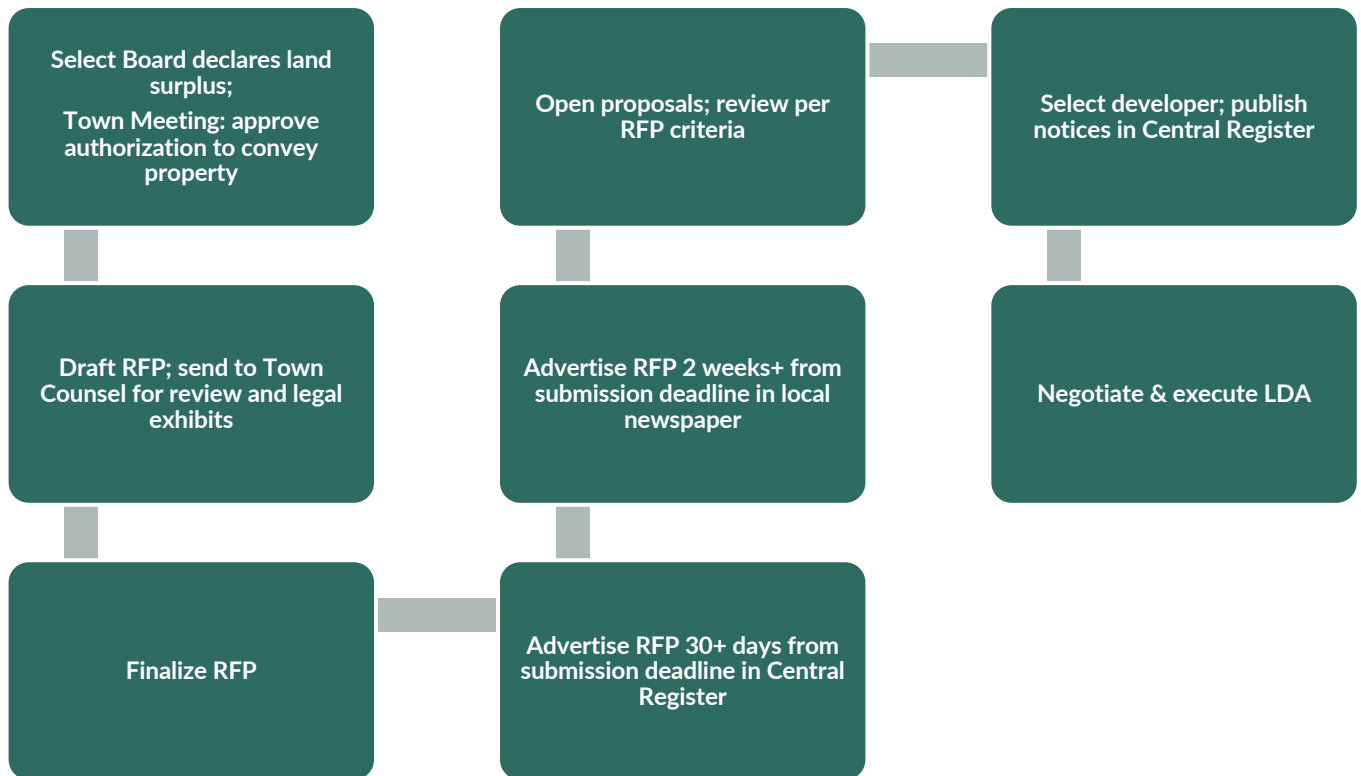
## Implementation Strategy

The Governor Prence Redevelopment Plan represents an early step in the process toward creating affordable housing on the Governor Prence site. The plan encompasses assumptions that could change about housing subsidy program policies and requirements, housing conditions in the Lower Cape area, and possibly the Town’s priorities and needs, too. For affordable housing to materialize on this property, the Town will need to become not just a willing partner, but an “all-in” partner – a cooperative landlord, an investor, an ally in applications for public and private funding sources, and perhaps most important, a source of sustained leadership in housing education and advocacy, both affordable housing and fair housing.

### **Land disposition and development: the basics**

For a municipality to create affordable housing on town-owned land, the basic steps are fairly straightforward. The following outline assumes that Orleans will convey the property through a 99-year ground lease. If the Town decides to convey the land through a fee simple sale, the steps are substantially the same.

- Town Meeting needs to authorization for the Select Board to convey the property through sale or long-term lease exceeding 30 years (G.L. c. 40, § 3).
- The Select Board needs to declare the property surplus and available for disposition, including any restrictions or limitations that will be placed on the conveyance (such as a below-market sale for the public benefit of affordable housing).
- The Town Administrator needs to conduct a fair and open procurement process to select a qualified developer, conforming to the requirements of G.L. c. 30B, § 16. The proposal review process may, and often does, involving a screening committee or panel of reviewers designated by and advisory to the Town Administrator. At its most basic level, the procurement process requires:
  - Preparing a Request for Proposals (RFP), a draft of which is included in Appendix G;
  - Publishing a notice in a local newspaper, once a week for two consecutive weeks before the date the proposals are due;



- Publishing a notice in the Central Register at least 30 days before the date the proposals are due;
- Distributing the RFP and maintaining records to document the names and addresses of all parties receiving it (both those informed of the RFP by the Town and those requesting it in response to the public notices);
- Opening the proposals received, which must happen on the date and at the time stated in the RFP;
- Evaluating the proposals, conforming to the review process described in the RFP;
- Selecting the developer;
- Publishing a notice in the Central Register, identifying the selected developer and the basis for disposing of the property for less than market value;
- Filing with the Division of Capital Asset and Management and Maintenance (DCAMM) the Disclosure of Beneficial Interest required by G.L. c. 7C, § 38 (the notice must be filed by the Town or developer).

- Select Board negotiates a Land Disposition Agreement (LDA), which may include a pre-development loan or grant, and executes it with the developer.
- The developer completes all lease contingencies in the LDA, pursues and obtains all required permits, construction financing, and permanent financing.
- The Town and developer enter into a ground 99-year lease.

Given the relentless competition for Low-Income Housing Tax Credits (LIHTC), it could take as long as four years for the developer to complete all the steps required to proceed from the date of the LDA to executing the ground lease. Many changes could occur during that time, especially conditions in the housing market and capital markets. The timing of funding awards and town meeting dates will come into play as well. Thus, while the legally required steps from here to project completion seem simple enough, public policy changes, the local political environment, competing needs for funding, the availability of interested and capable developers, local capacity, and other factors will introduce plenty of complexity along the way.

## What could help to move the project forward?

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The redevelopment planning process culminated in a vote by the Governor Prence Planning Committee (GPCC) on July 18, 2022, to recommend affordable housing for the property. At the same time, the GPCC identified several preferences, i.e., development features or qualities that could make a proposal more competitive than others. Some aspects of repurposing the property could be explored further, beyond what can be accomplished in this plan, such as the feasibility of including some market-rate housing on the Governor Prence. Since issuing the RFP is several months into the future, the Town should consider an intermediate step known as a Request for Expressions of Interest (RFI). The RFI can be very helpful for discerning and clarifying the following matters:

1. Approaches to partnerships between local government and developers;
2. Developer interest in and openness to land sale vs. land lease;
3. How best to identify and reach qualified developers for a project of this size and complexity;
4. Opportunities and challenges associated with developing ownership and rental units on the property;

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**Recommendation:**  
*Consider a Request for Expressions of Interest (RFI) before issuing a Request for Proposals (RFP)*

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5. Suggested trade groups for sharing the Governor Prence development opportunity;
6. The advantages and drawbacks (if any) of involving adjacent communities as investors in the project (e.g., Cape Cod Five);
7. Approaches to permitting and any permitting concerns, e.g., the Town's existing zoning and any changes that should be considered to the Village Center District, other zoning strategies should be considered (such as Chapter 40R), or a Local Initiative Program (LIP) Comprehensive Permit;<sup>74</sup>
8. Applicability and any concerns about other jurisdictional issues, e.g., the Cape Cod Commission's Development of Regional Impact (DRI) process, Old Kings Highway Regional Historic District review, MassDOT permit, and so forth.

If the Town accepts this recommendation, the RFI should be distributed to several rental housing developers with LIHTC experience. Since the RFI is not a procurement process leading to sale or lease of the property, its distribution can be fairly informal, i.e., to developers that might respond to the RFP anyway and others that might be interested in the project if the RFP requirements and disposition process seemed reasonable. Some experienced off-Cape developers of affordable housing, especially the developers that have done all-affordable projects, might be very interested in the Governor Prence property, and it would be wise for the Town to include them. The point of using the RFI process is to gather information that could help the Town issue the best possible RFP.

### **Attracting qualified developers: options for permitting**

Orleans has taken the right steps so far to attract interest from developers in the Governor Prence site. Any town that invests over \$2.95 million to acquire a developable property and prepare it for reuse sends a positive message to the development community. The RFI process could help to shed light on what developers may be looking for - enough so that Orleans could attract competition from qualified applicants. There may be additional steps the Town could take to make the Governor Prence site property attractive from a developer's perspective.

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**Recommendation:**  
*Consider permitting mechanisms to reduce developer risk and maintain adequate local control.*

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<sup>74</sup> G.L. c. 40R (2004), encourages the creation of districts for compact, higher-density residential development. To qualify as a Chapter 40R district, the bylaw has to meet specific density targets set by the statute, provide for as-of-right permitting, and undergo a state review and approval process before Town Meeting votes to approve the district. Towns that adopt a Chapter 40R district become eligible for state payments (a) when the district is adopted and (b) on a per-permit basis as building permits are issued for units that could not have been built without the Ch. 40R designation.

For example, instituting a permitting process that reduces the developer's risk would make considerable sense.

Section 1 of this report explains the Town's existing zoning requirements for development in the Village Center district: the Zoning Board of Appeals can grant a special permit for apartments at a maximum density of 14 units/acre (assuming affordable or one-bedroom unit "incentive" additions to the normal maximum of 10 units/acre), with building height capped at three stories and 35 feet, modest setbacks on all sides, and a 20-unit size limit on multifamily dwellings. These features of the Village Center district seem well-suited to development on the Governor Prence site.

However, the special permit creates risk or uncertainty. Orleans should weigh the perceived benefits of the special permit against the potential downsides for the developer. At least two Massachusetts towns have had significant problems carrying out housing development projects on municipal land because of lengthy special permit appeals by abutters.

Some options Orleans may want to consider:

- Working with DHCD to establish a Chapter 40R overlay district on the Governor Prence site (perhaps to include some nearby properties, too, if the owners agreed). Under G.L. c. 40R (2004), the Town could create an overlay district to allow up to 20 units per acre on an "as-of-right" basis,<sup>75</sup> subject to site plan approval (presumably by the Planning Board). Since Chapter 40R specifically provides for the creation of design standards as part of the overlay zoning requirements, the Town would still be able to exert considerable control over the appearance and siting of the development as part of the permitting process. Chapter 40R also brings some financial benefits, notably a "zoning incentive" payment when Town Meeting approves the district, and a \$3,000 bonus payment for each building permit issued for units that could not have been built as of right without the overlay district. The law also places limits on the ability of aggrieved parties to appeal a Chapter 40R plan approval.
- A Local Initiative Program (LIP) Comprehensive Permit (sometimes called the "friendly" 40B), where the basic elements of the project are negotiated and agreed to by the Select Board and developer before the developer can apply for a Project Eligibility Letter (PEL) from DHCD. With a LIP Comprehensive Permit, the Town has far more control "up front" to control the size and design

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<sup>75</sup> The law sets these density requirements: 20 units/acre multifamily, 12 units/acre townhouse, 8 units/acre for single-family dwellings, where "acre" is based on the net developable area of the site.

of the project. This feature of the LIP process significantly reduces the possibility that Orleans would see poorly planned, unwanted comprehensive permit project. The Zoning Board of Appeals (ZBA) will still have the same authority under Chapter 40B that it has with any other comprehensive permit, but it will be reviewing a more well thought-out application and one that already has local support.

## **Being a partner: funding affordable housing**

Developing affordable housing requires some type of subsidy, and usually it requires multiple subsidies. As a result, every LIHTC round invites competition from many worthy projects. There is never enough funding to accommodate all the projects, so developers often have to reapply, and sometimes they have to reapply more than once. Sometimes, it takes a few application rounds for a project to gain LIHTC approval.

Although DHCD can accept LIHTC applications almost anytime, there are two official rounds, fall and spring, and sometimes a “mini-round” award cycle. For purposes of this implementation plan, the fall and spring rounds are most important because any other application method is by invitation only from DHCD. The agency’s funding goals and priorities also matter, and they are outlined in each year’s LIHTC Qualified Action Plan (QAP).

One feature of LIHTC competitiveness that never changes is the competitiveness advantage of developments with local support. Cities and towns with federal Community Development Block Grant (CDBG) or HOME Investment Partnership (HOME) funds, or local resources such as the Community Preservation Act (CPA) or an Affordable Housing Trust Fund, are expected to contribute to the cost of development. Orleans would be familiar with this because the Town provided financial support for the Pennrose development on West Road (the former Cape Cod 5 property).

Currently, DHCD requires LIHTC applicants to submit to the pre-qualification round in the fall in order to compete in the winter funding cycle. That is the typical application process and the one the Town should assume will be necessary for the Governor Prence site. If there are still funds available to award, DHCD will announce a “mini-round” application process at some point during the year, but the Town should not count on it. While there is also a “rolling” application process for 9 percent tax credits, it is usually limited to developments with a significant number of extremely low-income units (incomes below 30 percent AMI).

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**Recommendation**  
: Play an active role in helping the developer obtain funding approvals from the state.

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The Town can take steps to enhance the competitiveness of tax credits and other funding applications filed by the designated developer. The developer's ability to demonstrate local support really matters. For the Governor Prence site, ideally this will mean three key actions:

1. Town Meeting's authorization for the land disposition and approval of other actions that may come out of the RFI process (such as zoning changes); *and*
2. Issuing the permits and approvals necessary for the project to be built; *and*
3. Seeking letters of support from the Town's legislative delegation for the developer to include with applications for LIHTC and other funding sources.

## Implementation Plan: Summary

Action	When	Primary Responsibility	Support Roles & Responsibilities	Resources Needed
Submit final Governor Prence Redevelopment Plan Report	September 2022	Consultants	Governor Prence Planning Committee Dir. Planning & CD Housing Coordinator	None
Submit Plan to Select Board; presentation at Select Board meeting	October 2022	Consultants Governor Prence Planning Committee Dir. Planning & CD Housing Coordinator		None
Conduct RFI process	Late Fall 2022-Winter 2023	Director of Planning & CD	Housing Coordinator Consultant (if needed)	RFI
Seek Town Meeting authorization to convey the property; make additional funds available for RFP process	Spring 2023	Select Board	Town Administrator Director of Planning & CD Affordable Housing Trust Fund Board Affordable Housing Committee	Town Meeting warrant article Town Meeting presentation(s)
Prepare, advertise, and distribute RFP	Late Spring 2023 (Assume a 2-month response period, at least)	Town Administrator	Town Counsel Director of Planning & CD Housing Coordinator Affordable Housing Trust Fund Board	RFP Central Register, local paper announcements

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<b>Action</b>	<b>When</b>	<b>Primary Responsibility</b>	<b>Support Roles &amp; Responsibilities</b>	<b>Resources Needed</b>
Review proposals received	Late Summer 2023	Town Administrator	Director of Planning & CD Housing Coordinator Proposal Review Committee Consultant (if needed)	Proposal review protocol
Designate developer; negotiate LDA	Fall 2023	Town Administrator Select Board	Town Counsel Director of Planning & CD	
Developer prepares permit-ready plans and submittals	Winter 2024	Developer		
Developer applies for local approvals <sup>76</sup>	Spring 2024	Developer	Director of Planning & CD Affordable Housing Committee Other sources of local support	Permitting authorities may want outside assistance from peer review consultants to review applications, write conditions of approval, etc.
Developer applies for subsidy commitments	Fall 2024 <sup>77</sup>		Town Administrator	Support letters from legislative delegation, other local sources (Affordable

<sup>76</sup> The time required for this phase of implementation will depend on the permitting mechanism (special permit, plan approval for as-of-right use, 40B) and the entities responsible for processing applications. The timeframe has been estimated conservatively in this table.

<sup>77</sup> Assumes filing an application to the LIHTC “pre-qualification” round in the fall, even if all permits and approvals have not been granted yet.

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Action	When	Primary Responsibility	Support Roles & Responsibilities	Resources Needed
				Housing Committee, Chamber of Commerce, etc.)
Developer obtains permits and approvals from Town boards	Late Winter 2025	Zoning Board of Appeals or Planning Board (Others?)	Affordable Housing Committee	
Developer applies to Spring 2025 LIHTC round (assuming green light from Fall 2024 round) <sup>78</sup>	Spring 2025	Developer	Select Board Affordable Housing Committee Director of Planning & CD Housing Coordinator	Letters of support from legislative delegation Local letters of support
Developer secures MassDOT approval for vehicular access to the site	Spring 2025	Developer	Director of Planning & CD Dept. of Public Works & Natural Resources	
Developer completes departmental requirements (e.g., water, sewer) and applies for building permit	Fall 2025	Developer Building Commissioner	Director of Planning & CD Dept. of Public Works & Natural Resources Water Department Fire Department	Town may want outside assistance from peer review consultants to review applications
Developer, Select Board execute ground lease	Fall 2025	Select Board	Town Administrator, Town Counsel	

<sup>78</sup> If permits and approvals have not been granted by the time the Spring 2025 round closes, the project may be eligible under a subsequent “mini-round” invitation from DHCD. Application deadlines, funding criteria, and other conditions will affect the timing of subsidy applications and approvals.

# Appendix

## Appendix A. Interview Questions

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What is your affiliation with Orleans?

*[For residents] How long have you lived in Orleans? Has your neighborhood or the Town as a whole changed much in your time in Orleans? If yes, how has it changed?*

*[For residents] Are you involved with any other civic or volunteer groups or Town bodies?*

### **Governor Prence Site - General Questions**

Were you involved with prior planning around the Gov. Prence site?

What parts of this project are you most interested in?

What are your hopes for the site? What are your fears or concerns?

Are there any buildings in or around Orleans that you particularly like? Why?

### **Primary Use - Housing**

What do you know about the housing market situation in Orleans?

Do you know/have you worked with people who've tried to find housing in Orleans in the last five years? Did they succeed? If not successful, do you know why they couldn't find housing here? Was the problem affordability, housing quality, housing size/type, or something else?

In your own experience, based on your knowledge of the Town and its housing needs, what types of housing does Orleans need the most? What needs exist that the market is not responding to? (Needs may be affordable housing, the types of housing available, rental vs. for sale, etc.).

How do you think this site could help meet those needs?

What is the most common complaint you hear about housing? (The complaints don't have to be limited to affordable housing - they could be about any housing.) Where do the complaints come from?

Can you point us to a couple of affordable or mixed-income developments in Orleans or the surrounding region that have generally been well received? Where are they? Why are they well-received?

### **Secondary Use**

If the site is not used entirely for housing, what's a priority for secondary community use? Why? In what ways is this use compatible with the site and with the community's needs?

Do you have a preference on using the site for something that might generate revenue for the Town or something that might add to the tax levy?

## Appendix B. Visioning Survey Summary

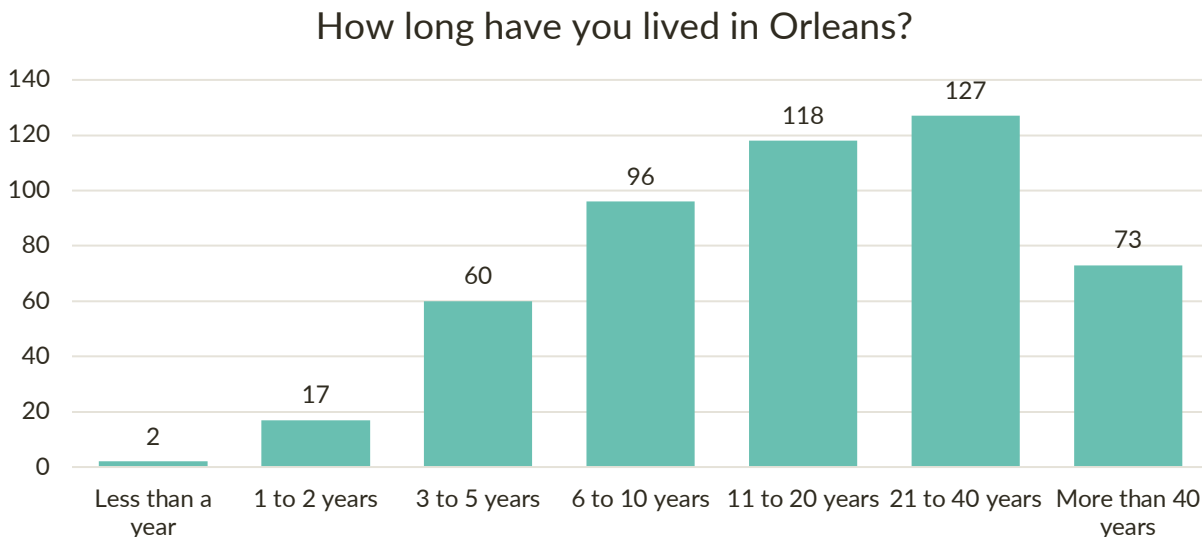
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From March 2 to April 1, 2022, an online Community Survey was available to Orleans residents to voice their thoughts on the redevelopment of the site of the former Governor Prence Inn on Route 6A. The purpose of the survey was to collect information on unmet needs within the community to develop a vision for the future of the site. The survey received 559 responses.

### Who took the survey?

Year-round residents of Orleans made up the vast majority of survey respondents (80.4 percent, or 446 out of 555 survey-takers who indicated their place of residence). Seasonal residents made up 8.5 percent of respondents, and the remaining 11.2 percent were not Orleans residents. Of the 493 Orleans-resident respondents, 463 own their homes (93.9 percent). Less than 5 percent were renters, and 1.4 percent live with family or have other living arrangements. Figure 1 shows survey-takers' duration of residence in Orleans, and nearly two-thirds (64.5 percent) of these residents have lived in Orleans for more than ten years.

**Figure 1. Duration of Residence**

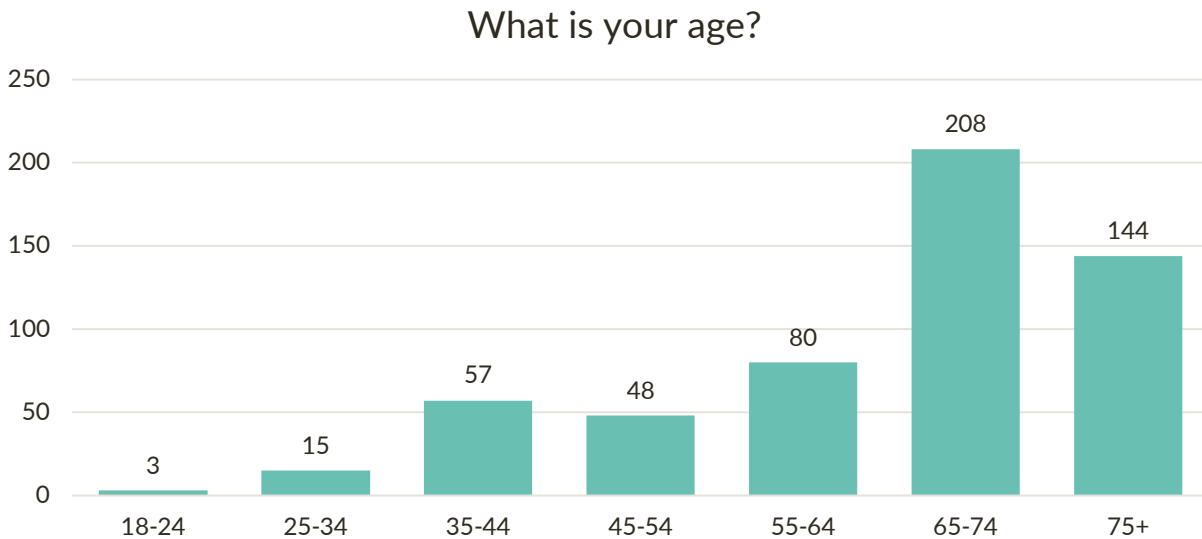


The respondent pool's median age group was 65-74,<sup>79</sup> and Figure 2 shows that 63.4 percent of participants were over the age of 65.

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<sup>79</sup> The US Census Bureau's American Community Survey (ACS) Five-Year Estimates 2016-2020 reports a median age of 63 for Orleans residents.

**Figure 2. Age of Respondents**



### Relationship to the Site

When asked whether they live or work within a 10-15 minute walk from the site of the former governor Prence Inn, 103 respondents indicated that they lived in the area, and 83 indicated that they work in the area.<sup>80</sup>

More than 80 percent of respondents said they go to Downtown Orleans every day or several times per week. The most popular form of transportation in Orleans among respondents was by driving a personal vehicle (471), followed by walking (37), and biking (20).

### Site Reuse

The site of the former Governor Prence Inn was acquired by the Town of Orleans after residents voted at 2021 Town Meeting to purchase the site for "general municipal purposes, including but not limited to affordable housing."<sup>81</sup> Respondents indicated their preferences for housing and other uses in the visioning survey.

Figure 3 shows the household income categories that respondents wish to see served by housing developed on the site, grouped according to whether respondents were year-round, seasonal, or non-residents. Respondent preferences vary slightly by residence status, but the most notable trend shown in Figure 3 is the relatively strong support for income-restricted

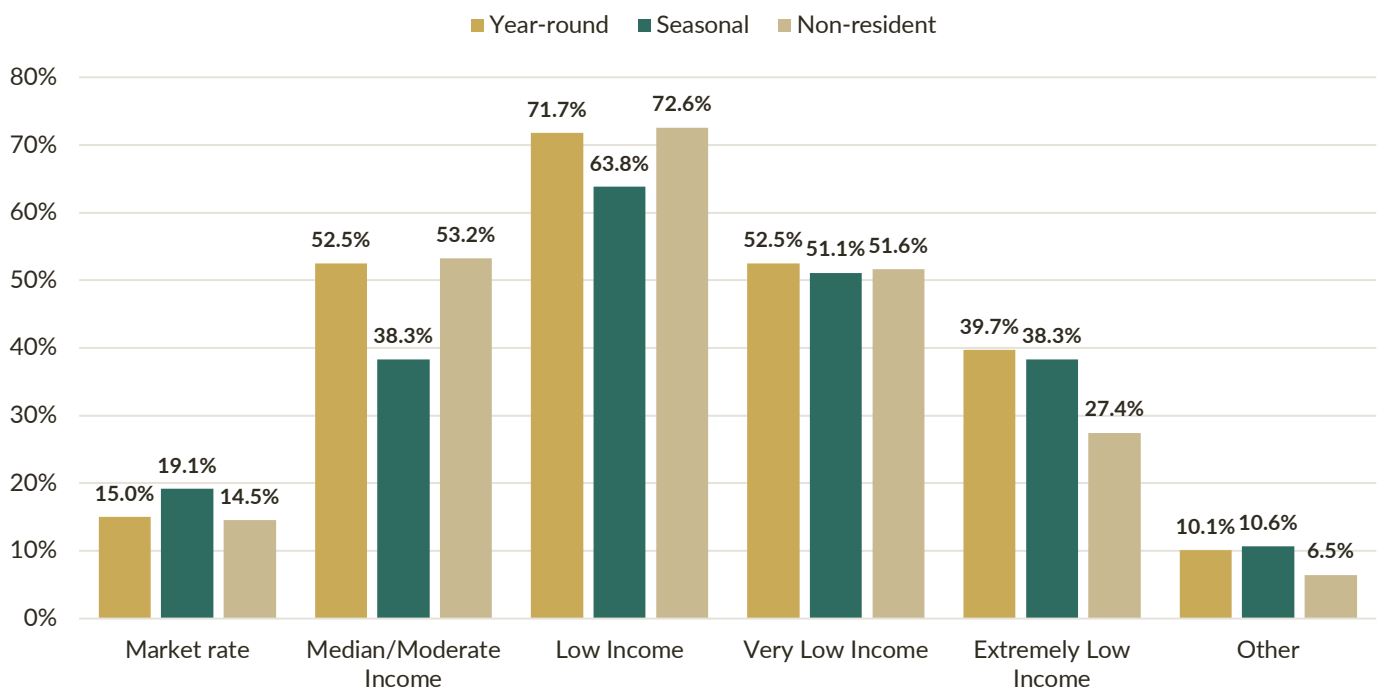
<sup>80</sup> Respondents were only asked if they worked in walking distance if they indicated they worked in Orleans, and not if they said they work "remotely."

<sup>81</sup> Town Meeting Warrant Article 23, May 2021 <https://www.town.orleans.ma.us/ArchiveCenter/ViewFile/Item/272>

housing, particularly for low income (80 percent of Area Median Income), median/moderate income (100 to 120 percent of Area Median Income), and very low income (50 percent of Area Median Income) households. Seasonal residents were less likely to support median/moderate income housing on the site, and non-residents were less likely to support extremely low income housing on the site.

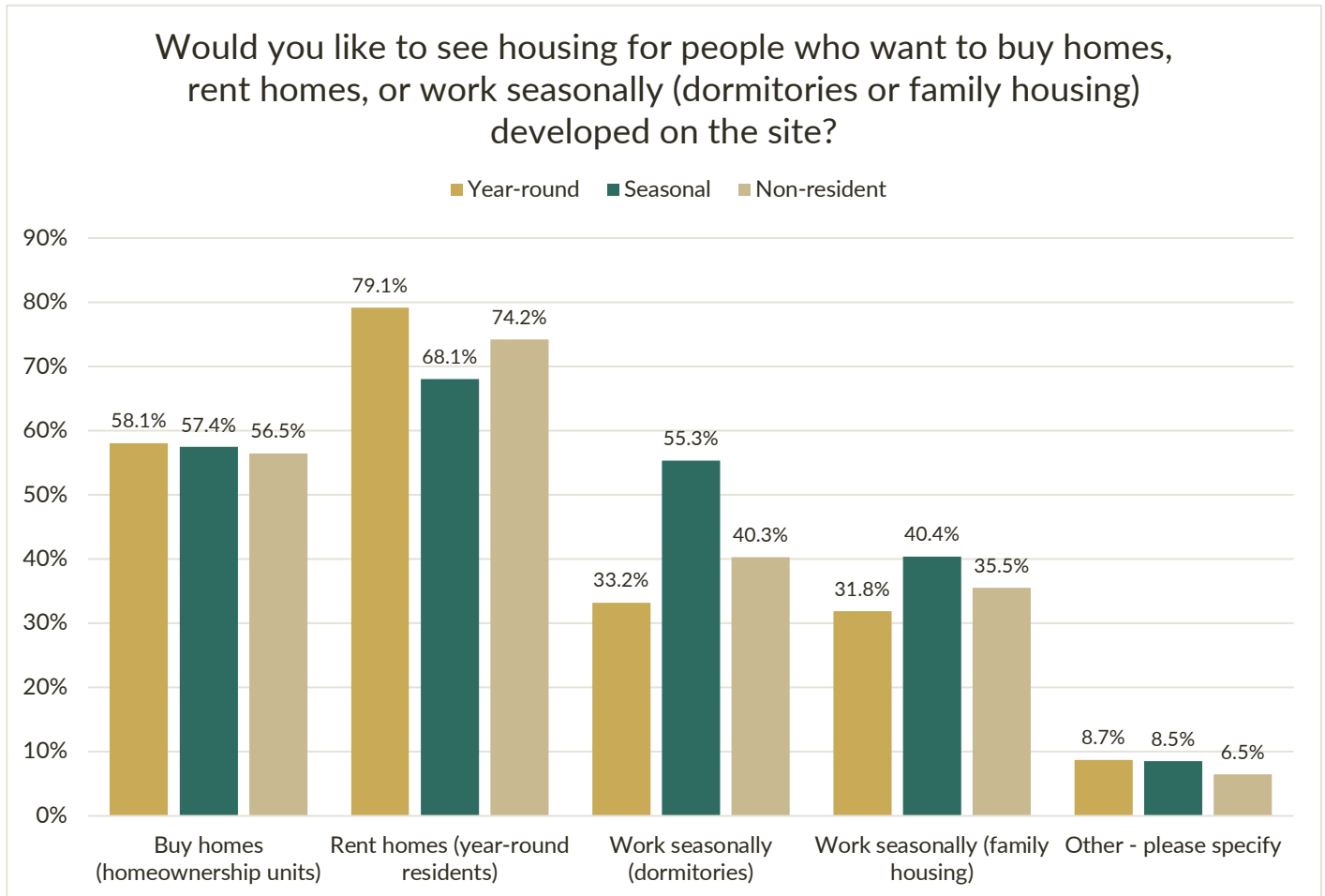
**Figure 3. Populations Served on the Site, By Residence Status of Respondents**

What households would you want to be sure could find housing on the site?



When survey-takers were asked what types of tenure (homeownership, rental, dormitories, etc) would be appropriate on the site, respondents supported year-round rental and homeownership opportunities most strongly with 77.7 percent and 57.8 percent support overall respectively. Figure 4 shows the levels of support for each type of tenure by respondents' residence status, and it highlights the relatively strong support for seasonal accommodations for seasonal workers among seasonal residents.

**Figure 4. Desired Tenure Types, By Residence Status**



Figures 5, 6, 7, and 8 illustrate the priority level assigned to potential secondary uses of the site (assuming housing is the first, based on the text of the Town Meeting Warrant Article and funding from the Affordable Housing Trust). Figure 5 shows the top five selections by all respondents, and Figures 6, 7, and 8 provide the preferences of year-round residents, seasonal residents, and non-resident respondents. Overall, the clearest priorities for secondary uses are the development of a community center, additional housing, or a community park with public connection to the Rail Trail at the rear of the site.

Figure 5. Secondary Uses, All Respondents

Top Five Site Secondary Uses: All Respondents' Preferences

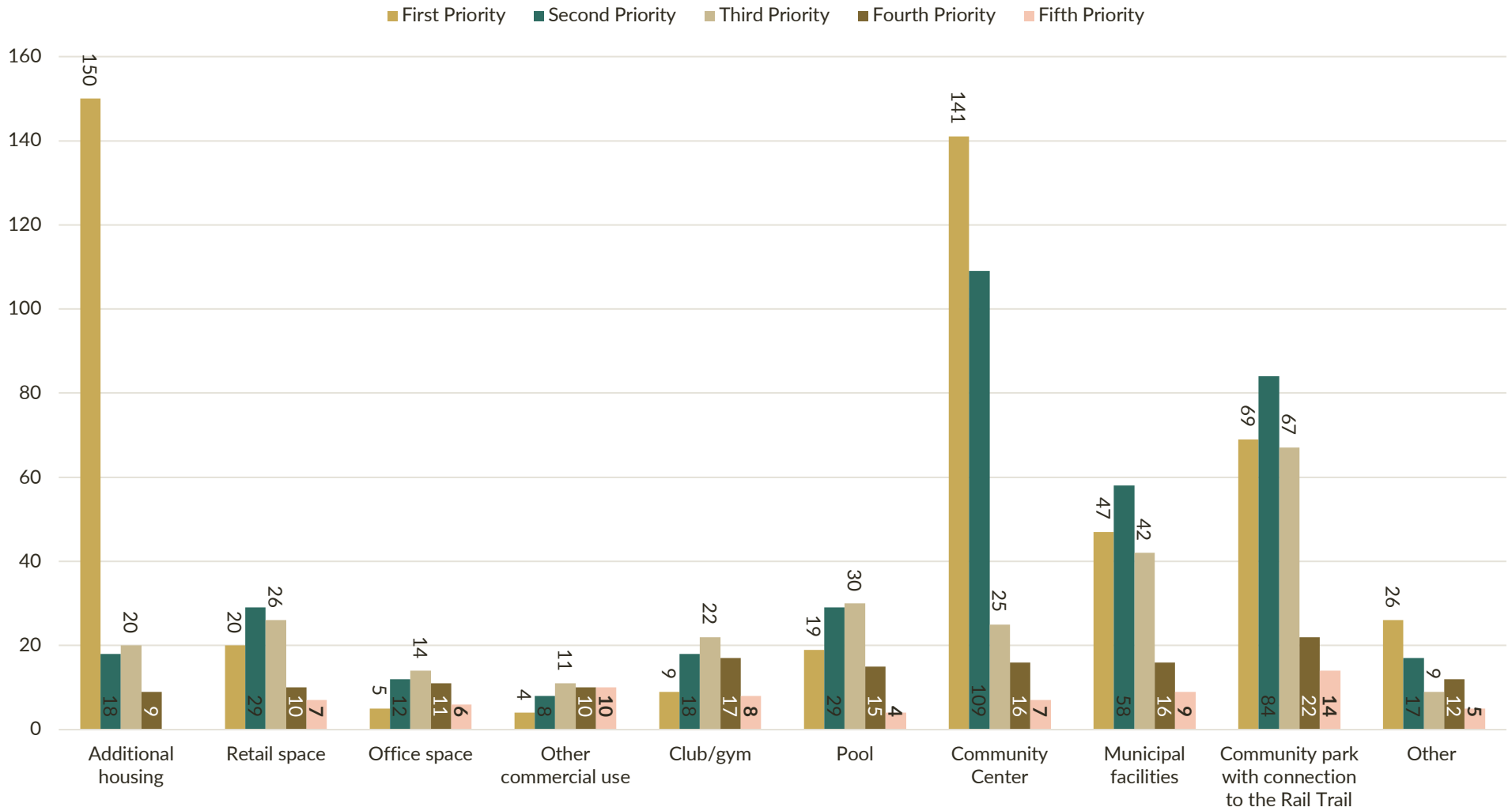


Figure 6. Secondary Uses, Year-Round Residents' Responses

Top Five Site Secondary Uses: Year-Round Resident Preferences

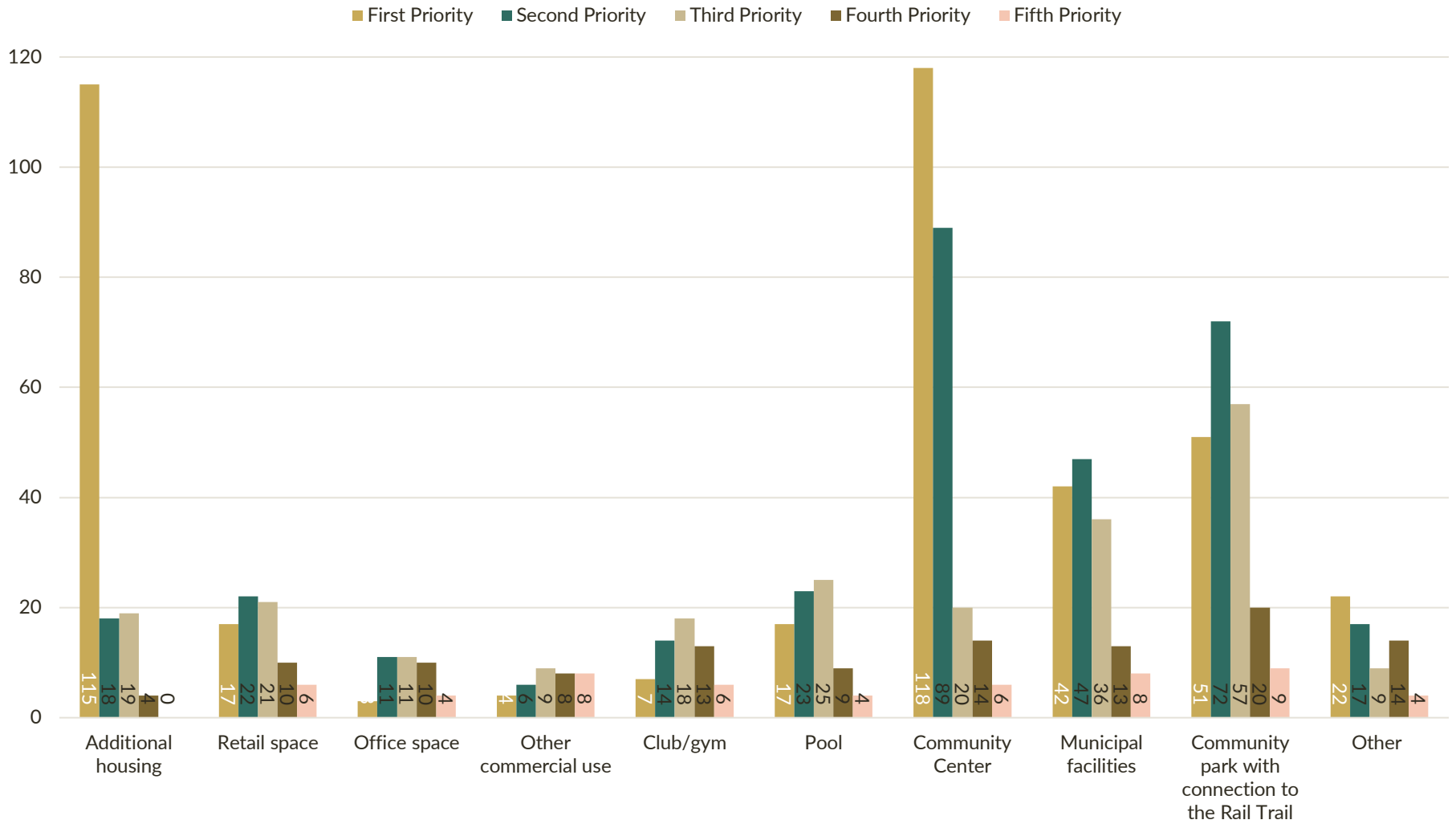
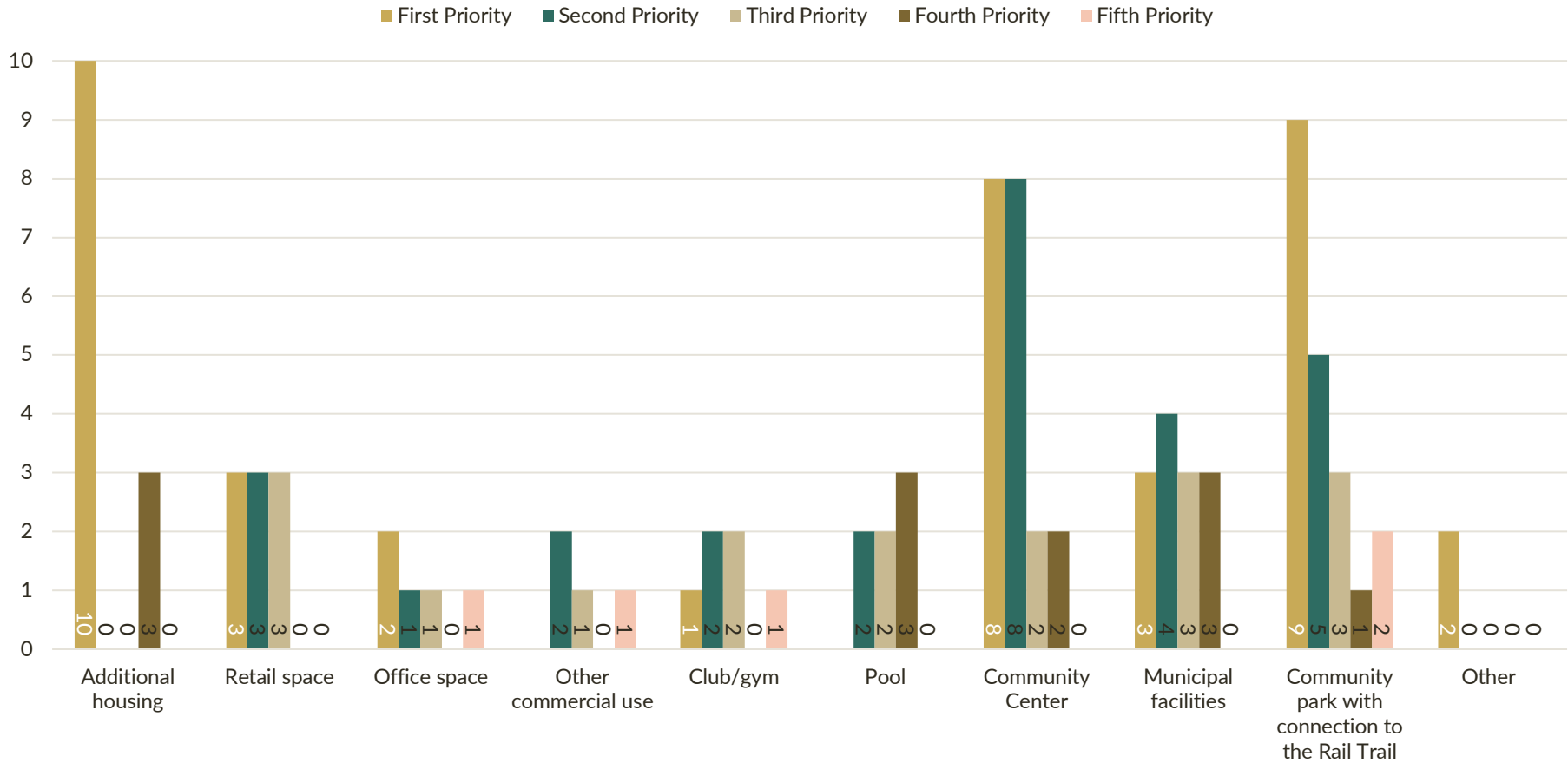


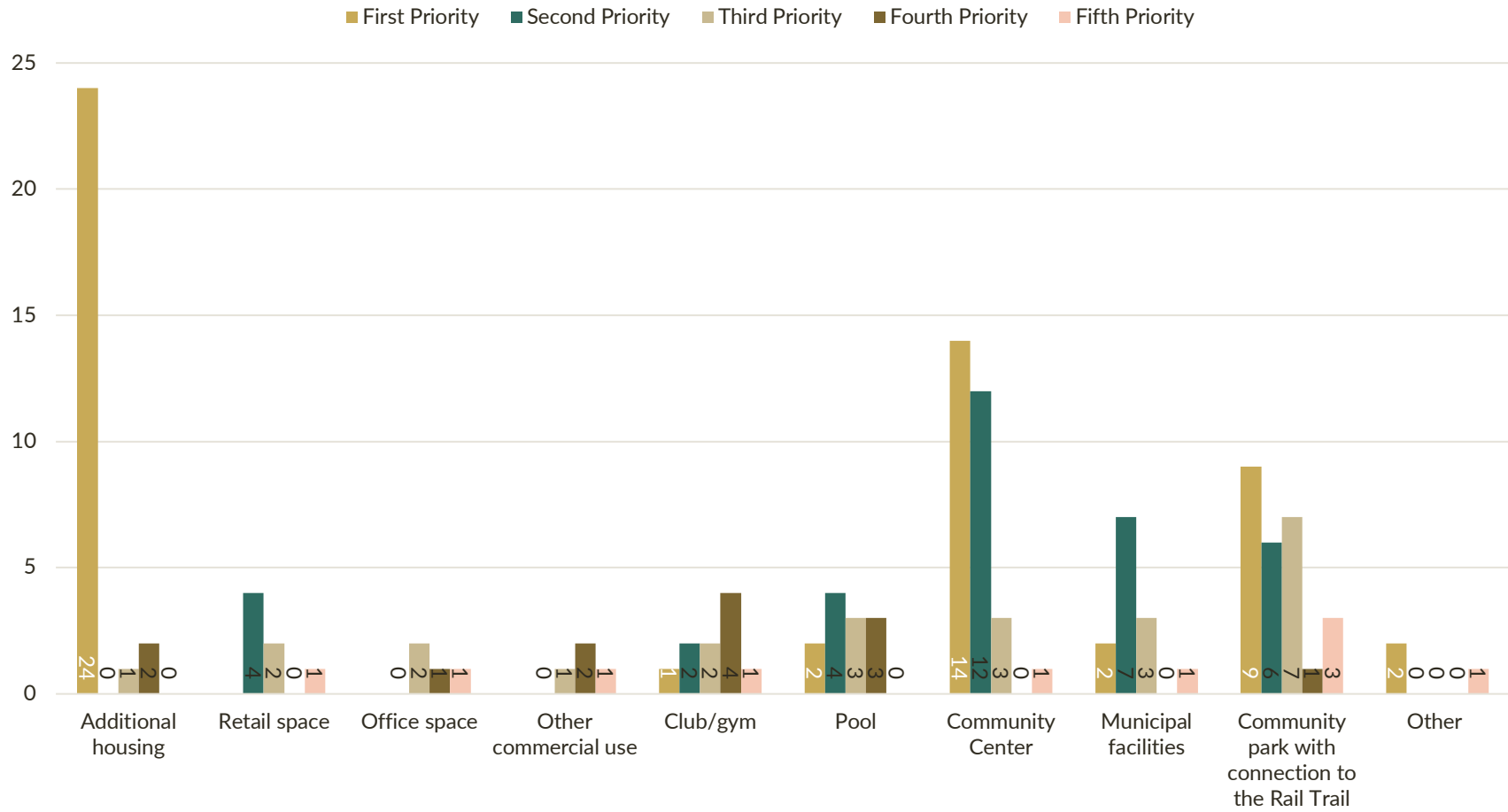
Figure 7. Secondary Uses, Seasonal Residents' Responses

Top Five Site Secondary Uses: Seasonal Resident Preferences



**Figure 8. Secondary Uses, Non-Residents' Responses**

Top Five Site Secondary Uses: Non-Resident Preferences



Asked what groups of people have unmet housing needs in Orleans, there was a considerable range of answers from 338 respondents. More than one-third of respondents mentioned the housing and affordability difficulties faced by members of the local workforce. Some respondents specified between year-round and seasonal workers or by industry (municipal employees and public safety, essential workers, teachers and childcare, service industries, trades, etc), but there was considerable mention of the needs of each of these populations. More than 100 respondents mentioned families and children. Other popular themes included young people (89 mentions), low income (68 mentions), as well as everyone or many groups (55 mentions).

Other considerations that respondents wished to share with the Town were also demonstrated significant variability. The largest proportion of respondents used the opportunity to express support for the use of the site for affordable housing (48 respondents). A smaller proportion expressed disagreement with the site's use for affordable housing (21 respondents) for various reasons. Some comments indicated that other developments at the Cape Cod Five Site (62 units) and the Masonic Hall at 107 Main Street (14 units) may satisfy unmet housing needs. These responses seem to indicate a lack of understanding of the scale of the need for affordable housing in Orleans, as documented by several Orleans specific and Cape wide studies. A 2017 regional housing analysis conducted by the Cape Cod Commission found that over 4,600 rental units were needed to reduce housing stress for households earning at or below 80% of AMI on Cape Cod, while the market study for Orleans' own Cape Cod Five project found that the 60% AMI restricted units would capture just 4.60% of the demand from qualified households.<sup>82</sup>

Additional responses expressed interest in environmentally friendly and sustainable development. Respondents were interested in preserving accessible green space, and making sure development fit into the architectural context of Downtown Orleans, with quality building methods. Some comments expressed concern about the quality of construction and property maintenance at existing or to be developed affordable housing in Orleans. Many respondents expressed a desire for community space, though the vision for that space varied widely. Ideas for community uses often included references to moving the senior center to the site, as well as creating spaces for youth focused programming as well as broader recreation (gym or pool). A large number of respondents (46) expressed interest in the site as a location for the library, and a few also mentioned the need for and appropriateness of a local conference center. Fourteen respondents expressed concern about the local tax burden— expressing concern that that affordable housing might increase local residents' tax burdens or that other uses might contribute to the tax rolls more than affordable housing.

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<sup>82</sup> Crane Associates, Inc. and Economic Policy Resources, *Regional Housing Market Analysis and 10-Year Forecast of Housing Supply and Demand*, prepared for Barnstable County and the Cape Cod Commission, June 30, 2017.; LDS Consulting Group, *Rental Housing Supply and Demand Analysis for Orleans Cape Cod Five, 19 West Road, Orleans, Massachusetts*, prepared for Pennrose, LLC, October 15, 2021.



## Appendix C. Visual Preference Survey Summary

The Town of Orleans has the opportunity to decide which of many housing types to pursue in the redevelopment of the site of the Governor Prence Inn. To learn about community preferences, an online survey presented several images for participants to assess. Survey takers were asked to rate the appropriateness of the scale and form of the pictured housing options for the future of the site. The survey was available online from April 15 to May 13, 2022. The survey received a total of 312 responses.

### Who took the survey?

Of 307 respondents who indicated where they live, 216 are year-round residents (70.1 percent), 24 are seasonal residents (7.8 percent), and 68 are non-residents (22.1 percent). Sixty-one percent of the non-residents who responded work in or for the Town, work in the Nauset School District, or own a business in Orleans, and most others live in adjacent communities.

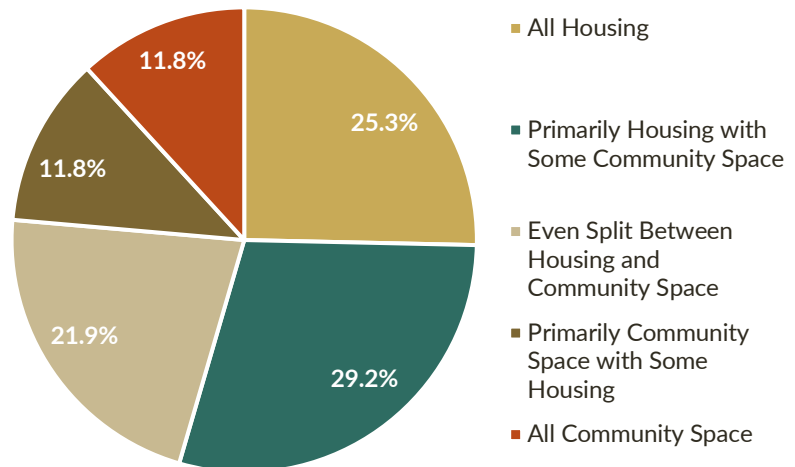
About two-thirds of respondents have not attended a community forum associated with the project.

### Housing on the Site

The Visioning Survey conducted in March revealed that some residents do not favor of housing on the site at all. To learn more about the way members of the community feel about using the site for housing, mixed uses, or exclusively non-housing uses, we asked respondents what proportion of the site should be designated for housing versus used for community space. Figure 1 shows that of 288 responses, only 11.8 percent oppose housing on the site. More than half of respondents said that the site should be either “all” or “primarily” housing.

**Figure 9. Preferred Uses on the Governor Prence Site**

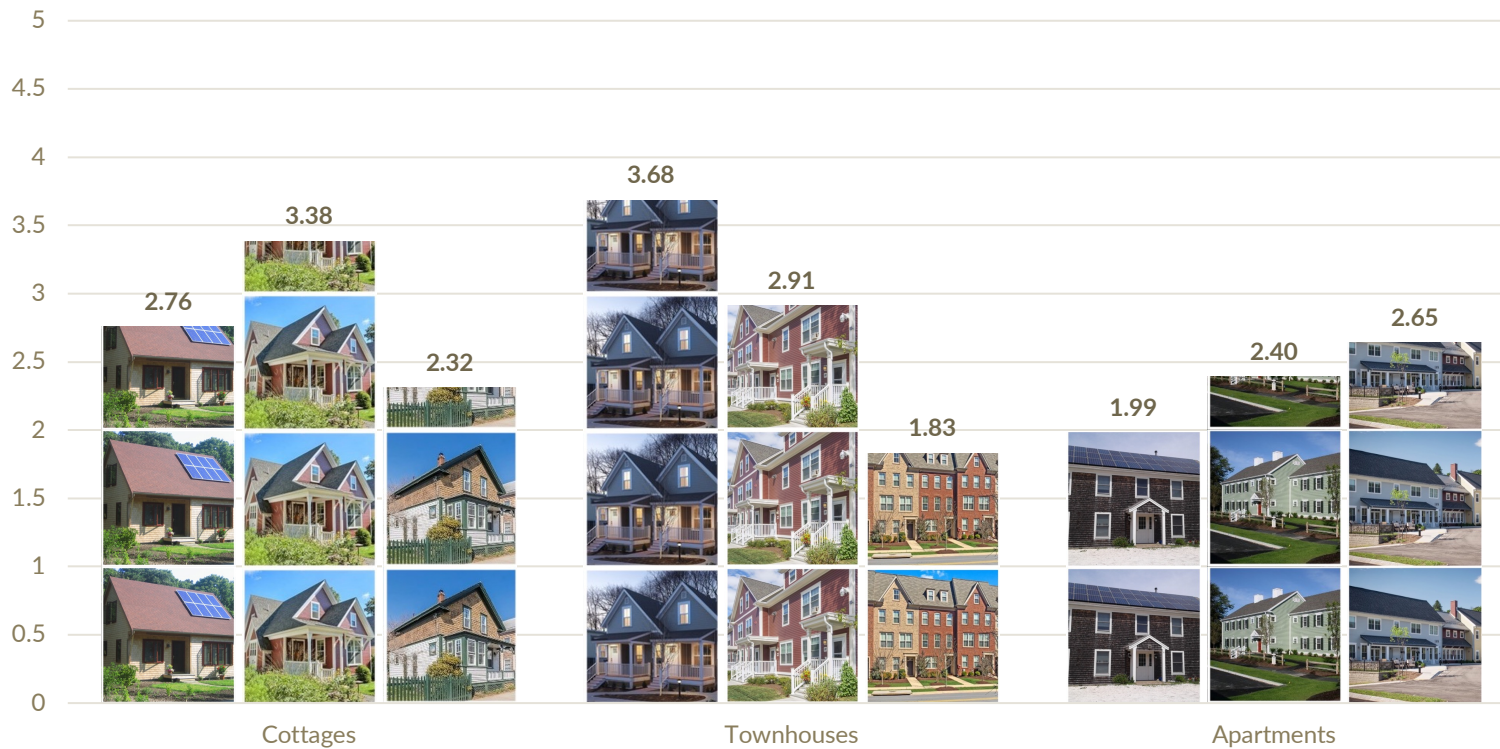
In your opinion, what proportion of the land on this site should be reserved for housing vs. community space?



### Visual Preference by Housing Type





The survey presented nine images for respondents to rate on a scale from one star, “definitely not a good fit” to five stars “definitely a good fit.” With each image, survey-takers were asked, “Do you think a building like this could be a good option for the Governor Prence site? For your answer, try to focus on the size, height, and overall form of the building and NOT factors such as style, color, material, landscaping, or other architectural features that could readily be adapted for this site.” The images were presented in a randomized order to ensure that input was not affected by which pictures came earlier or later in the sequence. Figure 2 shows the average ratings of each of these images, which are grouped here by housing type.






**Figure 10. Average Ratings Out of Five Stars: Visual Preferences for the Governor Prence Site**



Cottages and townhouses rated very similarly overall (each had a 2.8 average among the three images), and apartments scored lower (2.3 average between the 3 images). Only two images achieved better-than-neutral average ratings, or average ratings over 3.0. These highest-rated images share significant visual similarities (particularly in their rooflines and front porches), and respondents’ comments suggest that the visual character of these homes was particularly popular. Discussion of architectural style dominates the comments, although density and unit count were common considerations. Many commenters suggested that small homes (1-2 floors) fit the community context best, but cottage-style housing may not result in a sufficient number or density of units.

Table 1 shows the number of respondents who selected each rating. The highest number of 5-star ratings went to the image labeled Question 8 in the table, which depicts 2-story townhouse units. More than eighty respondents gave all three pictures of apartment buildings only one star, but the image with the most 1-star ratings, labeled Question 10, depicts 4-story townhouse buildings. Many of the comments on number 10 describe the look as too urban, too tall, too brick, and not at all in line with the character of the rest of the Town of Orleans. The highest-rated apartment building was the image labelled Question 13, and many comments said that it may be appropriate in a mixed-use context, particularly because it is visually broken up into sections, but suggested that the size of the building rendered it too imposing.

		1 star	2 stars	3 stars	4 stars	5 stars	Total Scores	Average Score
Question 5		69	37	51	53	32	242	2.76
Question 6		37	30	46	<b>60</b>	<b>67</b>	240	3.38
Question 7		<b>93</b>	51	46	30	21	241	2.32
Question 8		22	22	48	<b>70</b>	<b>81</b>	243	3.68

<b>Table 1. Visual Preference Survey: Single Image Ratings</b>								
		1 star	2 stars	3 stars	4 stars	5 stars	Total Scores	Average Score
Question 9		62	34	48	59	39	242	2.91
Question 10		<b>149</b>	34	23	23	13	242	1.83
Question 11		<b>127</b>	31	54	20	10	242	1.99
Question 12		<b>99</b>	28	50	41	21	239	2.40
Question 13		81	35	49	45	33	243	2.65
Total Ratings		739	302	415	401	317	2174	2.66

Other common comments included favorable views of solar panels on roofs, unfavorable views of boring or boxy styles, suggestions of mixing (smaller) housing types, and a general preference for single-story living.

### Visual Preference Comparisons

As in the April 11 Community Meeting, the survey gave participants paired images to compare. Survey respondents were asked, "Of the two buildings shown, which one do you think is a better fit for the Governor Prence site? If you think both could be a good option, choose both. If you don't think either is a good fit, choose neither. If you can, please share an explanation of why you made your choice. For your answer, try to focus on the size, height, and overall form of the building and NOT factors such as style, color, material, landscaping, or other architectural features that could readily be adapted for this site." Table 2 shows the number

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and proportion of participants in the April 11 meeting and the number and proportion of survey respondents who selected each option. The most popular selection for each prompt among meeting-goers and survey-takers is shown in bold.

<b>Table 2. Visual Preferences Between Paired Images</b>										
Image		Left		Both		Right		Neither		
		Meeting	Survey	Meeting	Survey	Meeting	Survey	Meeting	Survey	
Survey Question 14, Meeting Pairing 4		12	28	11	37	<b>16</b>	<b>102</b>	1	67	
		30.0%	12.0%	27.5%	15.8%	<b>40.0%</b>	<b>43.6%</b>	2.5%	28.6%	
Survey Question 15, Meeting Pairing 2		11	<b>110</b>	<b>12</b>	17	5	8	8	96	
		30.6%	<b>47.6%</b>	<b>33.3%</b>	7.4%	13.9%	3.5%	22.2%	41.6%	
		<b>31</b>	38	0	43	1	67	6	<b>85</b>	




Image	Left		Both		Right		Neither	
	Meeting	Survey	Meeting	Survey	Meeting	Survey	Meeting	Survey
Survey Question 16, Meeting Pairing 5 	<b>81.6%</b>	16.3%	0.0%	18.5%	2.6%	28.8%	15.8%	<b>36.5%</b>
Survey Question 17, Meeting Pairing 1 	<b>15</b>	<b>87</b>	<b>15</b>	56	8	51	0	36
	8	51	4	14	<b>14</b>	42	<b>14</b>	<b>124</b>

Image	Left		Both		Right		Neither	
	Meeting	Survey	Meeting	Survey	Meeting	Survey	Meeting	Survey
Survey Question 18, Meeting Pairing 3 <div style="display: flex; justify-content: space-around; align-items: center;">   </div>	20.0%	22.1%	10.0%	6.1%	<b>35.0%</b>	18.2%	<b>35.0%</b>	<b>53.7%</b>

**Figure 11. Visual Preferences Between Paired Images: Total Support**

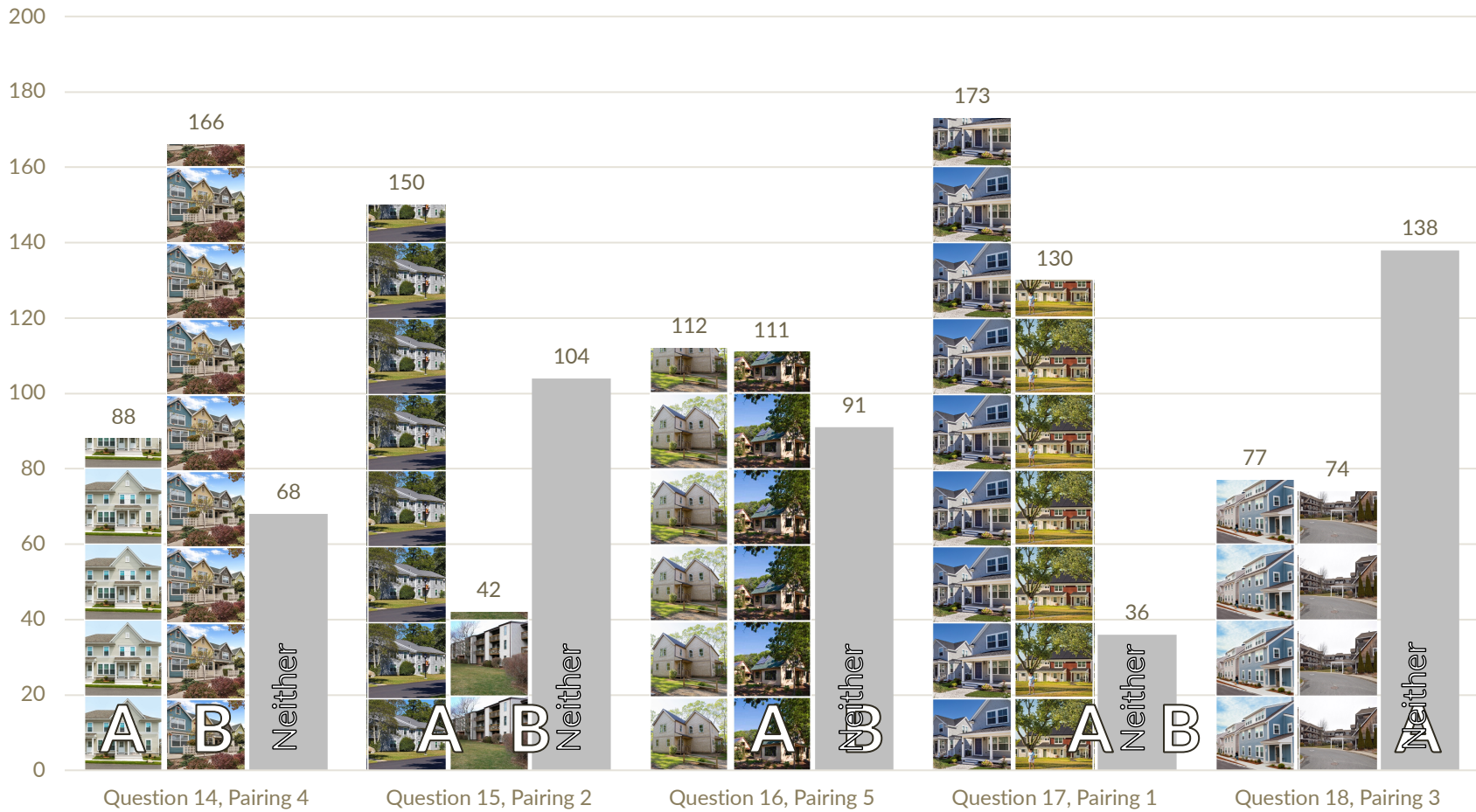


Figure 3 shows the overall preferences of meeting participants and survey respondents by adding the “both” selections to both columns A and B. This representation “double counts” responses by adding answers of “both” to each column, but it illustrates how many people deemed each image appropriate for the site context.

The most popular images among the pairs were of a development of two-story detached cottages that each enjoy their own front porch (Question 17, A) and of two-story townhouses that are visually separated through rooflines and color (Question 14, B). The least popular image shows a three-story apartment building (Question 15, B). Many comments echoed those of the first set of images: the homes that many described as “boring and boxy,” “institutional,” and “dated” tended not to score well. Solar panels were looked upon favorably.

Some of the largest differences of opinion between meeting participants and survey takers were in their responses to the images of duplexes, which many survey respondents commented looked like large single-family homes.

### **Additional considerations**

The visual preference survey gave respondents an opportunity to voice any other thoughts and feedback regarding the development of the Governor Prence site. More than 130 respondents provided additional feedback. The most common themes included preferences for “Cape Cod charm,” accommodating an optimal number and density of housing units, sustainable and energy-efficient development, and secondary and alternative uses (these are consistent with the findings of March’s Community Visioning survey, including common desire for a Community Center).

**Full Images from the Visual Preference Survey**  
Single Images

Question 5



Question 6



Question 7



Question 8



Question 9



Question 10



Question 11



Question 12



Question 13



**Paired Images**

Question 14, Meeting Pairing 4



Question 15, Meeting Pairing 2



Question 16, Meeting Pairing 5



Question 17, Meeting Pairing 1



Question 18, Meeting Pairing 3



## Appendix D. Affordability Gap

Table 3: Affordability Gap for Top Orleans Occupations							
	Sector	Number of Employees	Annual Income	Affordable Monthly Rent	Affordable Home Purchase Price	Rental Affordability Gap	Homeownership Affordability Gap
						Median Market Rent	Median Sales Price
						\$2,300	\$813,500
1	Retail Trade	1051	\$40,248	\$1,000	\$145,500	-\$1,300.00	-\$805,500.00
2	Restaurants and other eating places	836	\$27,404	\$700	\$99,000	-\$1,600.00	-\$852,000.00
3	Accommodation and Food Services	457	\$27,560	\$700	\$99,600	-\$1,600.00	-\$851,400.00
4	Food services and drinking places	430	\$27,404	\$700	\$99,000	-\$1,600.00	-\$852,000.00
5	Food and beverage stores	400	\$39,104	\$1,000	\$141,300	-\$1,300.00	-\$809,700.00
6	Construction	384	\$59,124	\$1,500	\$213,700	-\$800.00	-\$737,300.00
7	Professional and Technical Services	384	\$73,736	\$1,800	\$266,500	-\$500.00	-\$684,500.00
8	Professional and Business Services	338	\$63,700	\$1,600	\$213,700	-\$700.00	-\$737,300.00
9	Grocery stores	332	\$39,416	\$1,000	\$142,500	-\$1,300.00	-\$808,500.00
10	Supermarkets and other grocery stores	297	\$39,988	\$1,000	\$144,500	-\$1,300.00	-\$806,500.00
11	Health Care and Social Assistance	292	\$48,308	\$1,200	\$174,600	-\$1,100.00	-\$776,400.00

Source: Orleans Employment and Wages (ES-202), Rentometer, Barrett Planning Group. Affordable rents and home prices have been rounded to the nearest hundred dollars.

## Appendix E. Subsidy Program Requirements

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### Tax Credit Equity

In Massachusetts, the Department of Housing and Community Development (DHCD) is the allocating agency for tax credits. DHCD is responsible for preparing the annual allocation plan and making it available for review by interested members of the public before final publication. Since it depends on investor capital rather than just direct government subsidies, the **Low-Income Housing Tax Credit** (LIHTC) has imposed market discipline that results in long-term stability for the projects. Investors assume significant risks and assert strict business discipline in selecting projects and overseeing their development and long-term operations. Four percent tax credits are allocated by DHCD in conjunction with MassHousing's tax-exempt bond financing. The Massachusetts Development Finance Agency (MassDevelopment) also allocates 4 percent tax credits in conjunction with tax-exempt bonds.

The current (2022-2023) QAP for Massachusetts provides the following priorities and DHCD intends to deploy the power of the federal and state housing credits, as well as subsidy funds, to promote six overarching goals:

- Supporting the production of new affordable rental units in markets throughout the state, with ongoing emphasis on units that will serve populations particularly impacted by the pandemic.
- Supporting the production of new affordable rental units for homeless families and for unaccompanied homeless adults, as the Commonwealth seeks to deconcentrate the population living in homeless shelters and to increase the supply of housing with services.
- Investing in projects whose sponsors are responding to climate change by incorporating into their projects green, sustainable, and climate resilient designs, building materials, and construction methods.
- Promoting greater diversity within the affordable housing industry, to be measured both by deeper and more significant MWBE participation on specific projects and by greater diversity within the entities constituting the development teams.
- Providing stability in the investment environment for development teams who currently are coping with unfavorable construction costs, an unpredictable supply chain, and labor shortages exacerbated by the pandemic. The development teams are the delivery system for the increased production which the state so greatly needs.
- Reinforcing with all participants in the Commonwealth's LIHTC delivery system the critical importance of the original Congressional intent when the program was created in 1986. It is DHCD's belief that LIHTC units are intended to stand the test of time as affordable housing and to serve low- to moderate-income renters for generations to come.

DHCD funded all types of housing, including new construction, adaptive re-use, preservation projects, affordable family housing, mixed-income housing, senior housing, and housing with services for special populations. Numerous projects are located near mass transit and feature important elements of green and sustainable design. Many projects will be service enriched. Multiple projects will bring abandoned historic mill buildings back to life as affordable or mixed-income housing. Two projects represent the first conversion of COVID-impacted hotels to permanent supportive housing units for homeless individuals.

Through the 2022-2023 QAP, DHCD intends to continue its emphasis on all the following matters related to the allocation process:

- The ongoing importance of managing project costs;
- The ongoing need to prioritize preservation projects in accordance with the interagency preservation matrix;
- The ongoing importance of producing more integrated housing opportunities for persons with disabilities;
- The ongoing need to continue promoting thoughtful and strategic efforts to affirmatively further fair housing in every community in the Commonwealth.

The **Massachusetts State Low Income Housing Tax Credit Program** was established to assist in the production and preservation of affordable rental housing for low-income families and individuals. Any person or entity (of whatever type) with an ownership interest in a qualified Massachusetts project and who receives an allocation of federal Low-Income Housing Tax Credits with respect to such project is eligible to receive an allocation of the Massachusetts Low-Income Housing Tax Credit with respect to such project. Three types of Massachusetts projects are eligible: projects to which the Department of Housing & Community Development (DHCD) has made a prior allocation of federal Low-Income Housing Tax Credit, projects to which DHCD makes a simultaneous allocation of federal Low-Income Housing Tax Credit, and projects with respect to which the federal low-income housing tax credit is allowable by reason of Section 42(h)(4) of the Code applicable to buildings financed with tax-exempt bonds. The State credit can be used for the acquisition and/or rehabilitation of existing structures for rental use, including distressed or failed properties, and the new construction of rental projects. Typically, projects seeking tax credits must have a minimum of 8 tax credit-assisted units, the minimum term of affordability is thirty years, and all units receiving tax credit assistance must have: 20 percent or more households earning no more than 50 percent of area median income, or 40 percent or more households earning no more than 60 percent of the area median income. In addition, 10 percent of the total units must be reserved for persons or families earning less than 30 percent of the area median income.

The QAP is revised through a lengthy process each year and priorities and requirements can change

significantly from year to year. Because of this, municipal RFPs that have some flexibility and adaptability in the required development program can adjust their plans agilely in response to shifting state priorities. Typically, affordable housing development projects take at least between 2 and 5 years to go from concept to completion. In that time, the priorities and funding requirements can substantially be modified within the QAP and other funding program guidelines.

## **Interest Subsidy/Financing Programs**

### **■ MASSACHUSETTS HOUSING PARTNERSHIP**

The Massachusetts Housing Partnership (MHP) works with communities to create innovative policy and financing solutions that provide affordable homes and better lives for the people of Massachusetts. A statewide public non-profit affordable housing organization, MHP works in concert with the Governor, the Department of Housing and Community Development, and the state's other quasi-public housing organizations. MHP was established in 1985 to increase the state's overall rate of housing production and work with cities and towns to demonstrate new and better ways of meeting the need for affordable housing. In 1990, the state legislature took that premise to heart, becoming the first and only state in the nation to pass an interstate banking act that requires companies that acquire Massachusetts banks to make funds available to MHP for affordable housing.

MHP provides capital for the construction and preservation of affordable rental housing in Massachusetts through various sources. They are a Fannie Mae and FHA lender, but also have a direct lending program. The fixed-rate program offers competitive rates, flexible underwriting terms, and loan sizes from \$250,000 to \$10 million with a rate lock up to two years prior to closing and up to 20-year term and 35-year amortization. Additionally, they provide tax-exempt financing with direct placement through one of their bank credit lines, yielding the lowest transaction costs for tax-exempt execution. Permanent loan sizes from \$1 million to \$5 million with 30-year amortization and borrowers have the choice between tax-exempt and taxable permanent take-out of bond-funded construction loan.

MHP provides additional financing support through various programs, some specifically targeted toward non-profit developers and owners.

### **■ MASSACHUSETTS HOUSING INVESTMENT CORPORATION (MHIC)**

MHIC was founded in 1990 as a private non-profit by a consortium of banks to fill a critical gap in meeting the credit needs of affordable housing developers at a time when the real estate market was in turmoil. To date, MHIC has raised over \$3.12 billion from over 165 institutional investors to support its LIHTC activities in Massachusetts, Rhode Island, and Connecticut and its NMTC activities throughout New England. MHIC provides a wide range of debt and equity products for financing affordable housing and commercial real estate in low-income communities.

MHIC provides additional financing support through various programs, some specifically targeted toward non-profit developers and owners developing affordable housing with significant social and economic impact.

■ **BLUEHUB CAPITAL - CDFI**

BlueHub, formerly Boston Community Capital, is a CDFI that provides funding resources with an aim at building healthy communities where low-income people live and work. BlueHub Loan Fund has invested over \$1.3 billion to support low-income communities, creating and preserving over 24,000 units of affordable housing, 13,800 jobs, healthcare services for more than 197,000 patients, and education and daycare for more than 50,000 children. BlueHub Loan Fund provides financing for affordable housing, education, healthcare, and economic and environmental vitality – key elements to creating healthy communities. As a national, certified Community Development Financial Institution, we partner with other nonprofits, government, and businesses to connect low-income communities with capital that generates economic opportunity and stability.

■ **FEDERAL HOME LOAN BANK**

The Federal Home Loan Bank of Boston offers an affordable housing program targeted at housing solutions within New England. The Affordable Housing Program (AHP) allows the Federal Home Loan Bank of Boston to address, in partnership with member institutions, affordable housing needs primarily in communities across New England. A portion of the Bank's net earnings funds the program, which awards grants and low-interest advances, or loans, through member institutions. Each year, funding for projects submitted to the AHP by member institutions is awarded in at least one competitive round. Subsidized loans (advances) and direct subsidies (grants) are available. The actual terms are determined by the member financial-institution applicant, based on the specific needs of the development.

**Soft and Alternative Funding Resources**

■ **COMMUNITY SCALE HOUSING INITIATIVE (CSHI)**

The CSHI is a joint initiative of DHCD and MassHousing, providing funding for small scale projects, in municipalities with a population of no more than 200,000. Both non-profit and for-profit developers are eligible to apply for CSHI funds and the general guidelines for the project include a floor and ceiling on unit count of at least 5, but no more than 20 rental units. The project must be new production (new construction or adaptive re-use) resulting in additional affordable rental units and CSHI affordable units will be targeted to households at or below 80 percent of AMI.

A minimum of 20 percent of the total units must qualify as CSHI affordable units, however, both DHCD and MassHousing expect that most proposed projects will have a minimum of 50 percent of such units. Sources of funding available are \$5 million from DHCD's Housing Stabilization Fund and \$5 million from MassHousing's Opportunity Fund.

The CSHI subsidy requested may not exceed \$200,000 per CSHI unit, assuming the sponsor is not requesting DHCD project-based rental assistance. However, if the sponsor also intends to seek DHCD project-based rental assistance, the CSHI subsidy may not exceed \$150,000 per CSHI unit.

There is a \$1 million maximum for the CSHI per project and the total development cost per unit for CSHI projects may not exceed \$350,000.

To qualify for CSHI, the project must be financially feasible without federal 9 percent, federal 4 percent, or State low-income housing tax credits, or any other State housing resources that have not been previously committed and are not available in the current NOFA. CSHI funds will be made available to selected projects through deferred payment loans which will have no interest or principal payments during its term and will be due in full at the end of its 50-year loan term.

In general, the evaluation criteria for all applications include, but are not limited to, the following:

- There must be a financial commitment for the project from the host community.
- The project must have received all funding commitments, except those which are being applied for in this funding round.
- Percentage of units to be reserved as affordable
- Strength of overall concept
- Strength of development team
- Submission of a third-party market study demonstrating market demand for all units in the project
- Evidence of satisfactory progress on projects previously funded by DHCD and/or financed by and/or regulated by MassHousing
- Appropriate design for the project that promotes green building standards and increased accessibility
- Appropriate total development costs
- Evidence of readiness to proceed. Projects that receive awards are expected to close and proceed to construction within 12 months of the date of the award letter

#### ■ **WORKFORCE HOUSING INITIATIVE**

MassHousing provides a program designed to support the creation of rental housing that is affordable for households whose incomes are too high for subsidized housing but are priced out by market rents. The program is called the Workforce Housing Program and generally supports housing with rents affordable to individuals and families with incomes of between 60 percent and 120 percent of Area Median Income (AMI). The program provides up to \$100,000 of subsidy per workforce housing unit, up to a maximum project limit of \$3,000,000, and complements but does not replace traditional MassHousing development financing. The workforce housing units must be deed restricted as affordable. The program prefers new units and 20 percent of units must be affordable for households earning at or below 80 percent of AMI.

Per MassHousing financing requirements, borrowers must be single-asset, sole-purpose entities. Both for-profit and not-for-profit borrowers are eligible and will be subject to limited dividend requirements. Mass Housing expects to lend the workforce housing funds at an interest rate of between 0-3 percent. Repayment of principal (and interest if applicable) will be based on an established amortization schedule or through a cash flow sharing mechanism of between 15 and 40 years. In certain circumstances, MassHousing may consider alternatives to full repayment at sale or refinancing and the first mortgage loan for the development will be financed directly by MassHousing or through a lending platform approved by MassHousing.

■ **CAPITAL IMPROVEMENT AND PRESERVATION FUND**

The Capital Improvement and Preservation Fund is aimed at preserving and improving existing privately owned, state, or federally assisted affordable rental developments and funding is available to local housing authorities, and for-profit and non-profit developers. The program is State bond-funded and can be used in the acquisition, refinancing, and/or rehabilitation of an existing rental property. Eligible properties include housing at risk of losing affordability restrictions due to the potential for the prepayment of its mortgage or housing in which a project-based rental assistance contract has expired.

■ **COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

CDBG helps cities and towns implement housing, community, and economic development projects that assist low and moderate-income residents, or that revitalize areas of slum or blight. Massachusetts cities and towns with populations over 50,000 receive CDBG funds directly from the federal Department of Housing and Urban Development (HUD). Those cities and towns with populations under 50,000 that do not receive CDBG funds directly from HUD are eligible to receive CDBG funding from the Department of Housing and Community Development. Eligible CDBG projects include but are not limited to housing rehabilitation or development, micro-enterprise, or other business assistance, and downtown or area revitalization, among others unrelated to affordable housing development and service administration.

■ **HOUSING DEVELOPMENT INCENTIVE PROGRAM (HDIP)**

HDIP is designed to increase residential growth, expand the diversity of housing stock, support economic development, and promote neighborhood stabilization in designated Housing Development Zones in Gateway municipalities by providing two tax incentives to developers to support market-rate housing for sale or lease. Key Eligibility Criteria: Designated Gateway municipalities as defined under Chapter 23A Section 3A are eligible with a population greater than 35,000 and less than 250,000, median household income below the state average, and a rate of educational attainment of bachelor's degree or above that is below the state average. There exist two tax incentives to developers that include a local option property tax exemption and a State tax credit for qualified rehabilitation expenses. Up to \$5M is available each year for the Housing Development Tax Credit and can be used for multi-unit residential development for sale or lease as market-rate

housing, substantial rehabilitation of an existing property, and mixed-uses, including commercial components.

■ **HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)**

The HOME Program is a federally funded program that provides funding to non-profit or for-profit developers for affordable rental housing production and rehabilitation. The program funds a broad range of activities including new construction, acquisition, and rehabilitation of rental properties. Federal funds are administered by DHCD and in general, DHCD HOME awards are structured as loans with 0 percent interest, and a 30-year deferred payment term. Projects seeking HOME funds must have a minimum of 5 HOME-assisted units. All units receiving HOME assistance must be occupied by households earning no more than 60 percent of the area median income. At least 20 percent of the HOME units must be affordable to households earning no more than 50 percent of the area median income. In general, \$750,000 to \$1,000,000 is the maximum amount available per project; \$50,000 to \$75,000 is the maximum amount available per affordable unit in HOME entitlement/consortium communities and non-entitlement or non-consortium communities, and the maximum amount available per affordable unit is \$65,000 to \$90,000, up to the per-project maximum. A project located in a HOME entitlement/consortium community must include a matching commitment of local funds, or the application will not be scored. In general, preference will be given to applications with full match commitments.

■ **HOUSING STABILIZATION FUND (HSF)**

The Housing Stabilization Fund (HSF) is a state-funded program for municipalities, non-profit, or for-profit developers to support affordable rental housing production and rehabilitation. HSF monies can be used for the acquisition and/or rehabilitation of existing structures for rental use, including distressed or failed properties, or the new construction of rental projects. Projects seeking HSF funds must have a minimum of 5 HSF-assisted units. All units receiving HSF assistance must be occupied by households with incomes no greater than 80 percent of the area median income during the first 40 years. DHCD will award the lesser of \$1,000,000 per project and up to \$50,000 per HSF-assisted unit in HOME entitlement/consortium communities. In non-entitlement or non-consortium communities, the maximum award is up to \$65,000 per HSF-assisted unit, up to a per-project maximum of \$1,000,000. In general, HSF monies are structured as a 50-year deferred payment loan at 0 percent interest. DHCD reserves the right to structure the loan with an interest rate above 0 percent to any HSF loan. In addition, projects receiving allocations of Low Income Housing Tax Credits in combination with HSF may be structured with an interest rate acceptable to DHCD set at the time of closing. All HSF loans are non-recourse and secured by a mortgage on the property.

■ **MASSWORKS INFRASTRUCTURE PROGRAM**

The purpose of MassWorks is to provide public infrastructure funding to support economic development. MassWorks consolidates these six grant programs into one office to streamline the grant process: Community Development Action Grant (CDAG), Growth District Initiative (GDI) Grants, Massachusetts Opportunity Relocation and Expansion Program (MORE), Public Works Economic

Development (PWED) Grants, Small Town Rural Assistance Program (STRAP), and Transit-Oriented Development (TOD) Grant Program.

#### ■ **URBAN CENTER HOUSING - TAX INCREMENT FINANCING (UCH-TIF)**

UCH-TIF was designed to promote multi-unit housing and commercial development, including affordable housing, in commercial centers through tax increment financing. Such development must be primarily residential. Eligibility criteria include cities and towns having designated commercial centers with a need for multi-unit housing. The development must be primarily residential, and 25 percent of housing units produced must be affordable. A participating city or town must adopt an Urban Center Housing Tax Increment Financing Plan ("UCH-TIF Plan") for a designated commercial area (the "UCH-TIF Zone"). The UCH-TIF Plan must include development plans for proposed public and private projects in the UCH-TIF Zone and executed agreement(s) with property owners undertaking new development who will be receiving tax increment exemptions ("UCH-TIF Agreements") on these projects.

DHCD provides no direct funding, however, cities and towns may grant a real estate tax exemption of up to 20 years on all or part of the increased value of improved real estate due to new construction or significant improvements. Tax increment financing may be combined with grants and loans from local, state, and federal development programs. Multi-unit housing in designated commercial centers with 25 percent of units affordable to households with incomes at or below 80 percent of area median income are eligible.

### **Local Soft Funding Sources**

#### ■ **COMMUNITY PRESERVATION ACT (CPA) FUNDS**

The CPA allows cities and towns to create a CPF by assessing a surcharge on annual real estate taxes, which can be used to address three core community concerns: acquisition and preservation of open space, creation, and support of affordable housing, and the acquisition and preservation of historic buildings and landscapes.

#### ■ **AFFORDABLE HOUSING TRUST FUND (AHTF)**

The Affordable Housing Trust Fund framework was created to permit municipalities to establish trust funds for the creation and preservation of housing that is affordable to people with incomes that do not exceed 110 percent of the AMI, as defined by HUD. Basic criteria include a minimum affordability restriction of 30 years, DHCD evaluation for feasibility, applications are submitted to MassHousing, funding preferences shall be given to those projects that are most likely to be able to commence development promptly upon approval of funding. These funds can come in the form of deferred loan payments, low or no interest loans, credit enhancements and mortgage insurance guarantees, matching funds for municipalities that sponsor affordable housing projects, matching funds for employer-based housing, predevelopment funding from the Community Economic Development Assistance Corporation (CEDAC) to nonprofit organizations, and Section 8 Project-Based Vouchers (PBV). Priority is given to activities that create, preserve, or acquire housing for the benefit of people

with incomes that do not exceed 110 percent of AMI, provide for permanent or transitional housing for homeless families and individuals, and the modernization, rehabilitation, and repair of public housing.

## **Subsidized Mortgage Programs for Affordable Homeownership**

### **■ USDA RURAL DEVELOPMENT LOANS**

The USDA offers two types of single-family mortgage programs, the USDA Section 502 Direct Loan Program and the USDA Section 502 Guaranteed Loan Program.

Low or Very Low-Income buyers are eligible to apply for Direct Loans, which are typically 33-year term loans, which have payment assistance available. These loans allow buyers to purchase or build with no downpayment. Buyers apply directly to their region's Rural Development Office.<sup>83</sup>

Buyers making below 115 percent of median household ("Moderate Income") income can qualify for Guaranteed Loans. This program also allows buyers to purchase or build with no money down, but its mortgages are structured as 30-year fixed-rate mortgages and buyers must apply through approved lenders.<sup>84</sup>

### **■ MASSACHUSETTS HOUSING PARTNERSHIP'S ONE MORTGAGE**

The ONE Mortgage program offered by Massachusetts Housing Partnership (MHP) offers buyers a discounted fixed interest rate. This mortgage allows for a low downpayment (3 percent) with no private mortgage insurance (PMI) and buyers may also qualify for additional interest subsidy. These mortgages can be used to purchase units with or without long-term affordability restrictions. MHP estimates that homebuyers may see a monthly mortgage payment lowered by twenty percent.<sup>85</sup> The City of Boston has funded additional interest rate buydowns to make ownership more accessible through its OnePlus Mortgage Program, which uses local dollars to further subsidize MHP's program.

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<sup>83</sup> USDA, "Single Family Housing Direct Home Loans", June 22, 2022. <https://www.rd.usda.gov/programs-services/single-family-housing-programs/single-family-housing-direct-home-loans>

<sup>84</sup> USDA, "Single Family Housing Guaranteed Home Loans", June 22, 2022. - <https://www.rd.usda.gov/programs-services/single-family-housing-programs/single-family-housing-guaranteed-loan-program>

<sup>85</sup> Massachusetts Housing Partnership, "ONE Mortgage Program," accessed May, 25, 2022, [https://www.mhp.net/writable/resources/documents/mhp\\_summary\\_documents\\_english\\_final.pdf](https://www.mhp.net/writable/resources/documents/mhp_summary_documents_english_final.pdf)

## Appendix F. Recent LIHTC Awards

<b>2022 Round</b>			
<b>Project</b>	<b>Town</b>	<b>Total Units</b>	<b>Affordable Units</b>
Mildred Hailey Building Phase 1A	Jamaica Plain	100	100
Rindge Commons Phase 1	Cambridge	24	24
Chester Commons	Chester	15	15
Fitchburg Arts Community	Fitchburg	68	68
The John J. Meany Affordable Housing	Gloucester	44	44
Library Commons 2	Holyoke	41	41
Island Parkside Phase 2	Lawrence	40	40
950 Falmouth Road	Mashpee	39	39
117 Union Street	New Bedford	45	40
Knox II	Springfield	41	41
Van Der Heyden	Springfield	45	45
Littleton Drive Family	Wareham	49	47
Maple Woods	Wenham	45	45
Helena Crocker Residences	Westford	18	18
153 Green Street	Worcester	83	83
<b>2021 Round</b>			
<b>Project</b>	<b>Town</b>	<b>Total Units</b>	<b>Affordable</b>
Rosewood Way Townhouses	Agawam	62	57
Amherst Supportive Studio Housing	Amherst	28	22
Hillcrest Acres	Attleboro	100	65
Burbank Terrace	Boston	27	27
Eva White Apartments	Boston	102	102
Old Colony Phase Four (Bonds)	Boston	75	75
Old Colony Phase Four (Taxable)	Boston	26	26
Residences Off Baker	West Roxbury	60	60
William Barton Rogers School	Boston	74	61
Zelma Lacey House	Charlestown	48	48
25 Sixth Street	Chelsea	56	44
Carlson Crossing	Framingham	68	68
Merrimack Place	Haverhill	62	62
Voces de Esperanza	Holyoke	37	37
608 Broadway	Lawrence	87	87
Eagle Mill Phase 1	Lee	56	56
555 Merrimack Place	Lowell	27	27
Mill 8 Apartments	Ludlow	95	67
Glen Brook Way Phase 2	Medway	44	44
Ticcoma Green Workforce Housing	Nantucket	64	32

*Town of Orleans  
Governor Prence Redevelopment Plan*

Broad Street	Quincy	30	30
Simon C. Fireman Expansion	Randolph	45	45
Granite Street Crossing	Rockport	23	23
Plaza Apartments	South Hadley	60	60
Knox Residences I	Springfield	55	55
Littleton Drive Senior	Wareham	44	44
Woodland Cove II	Wareham	63	56
Sanctuary Place	Wrentham	8	8

**2020 Round**

<b>Project</b>	<b>Town</b>	<b>Total Units</b>	<b>Affordable</b>
Mary D. Stone	Auburn	55	45
Bartlett Station Building A	Boston	60	51
Bowdoin Street	Boston	41	41
Grace Apartments	East Boston	42	42
Creative Class Lofts	Fall River	55	11
Essex Street	Lawrence	39	39
Glen Brook Way Apartments	Medway	48	48
Cliftex Phase II	New Bedford	71	56
Golda Meir Expansion	Newton	68	50
Haywood House	Newton	55	32
North Commons at Village Hill	Northampton	53	39

**2019 Round**

<b>Project</b>	<b>Town</b>	<b>Total Units</b>	<b>Affordable</b>
Cabot Street	Beverly	69	69
Bartlett Station Building A	Roxbury	42	30
Dudley Terrace	Boston	56	56
Holtzer Park	Boston	62	54
Old Colony Phase Three B4	Boston	88	88
Old Colony Phase Three B9	Boston	27	27
Olmsted Green Rental Phase IV	Boston	47	40
Parcel 25 Phase 2	Boston	46	43
Whittier Choice Neighborhood Phase 2	Boston	52	31
St. Therese Condo I	Everett	44	44
St. Therese Condo II	Everett	33	33
Megansett Crossing (80%)	Falmouth	10	3
Moran Square Redevelopment	Fitchburg	44	20
Harbor Village	Gloucester	30	30
Depot Village	Hanson	48	48
PAC 10 Lofts Phase II	Lawrence	96	63
Sirk and Chestnut Square Redevelopment	Lowell	87	71

*Town of Orleans  
Governor Prence Redevelopment Plan*

Lunenburg Senior Living	Lunenberg	70	56
Broadway Building	Methuen	40	40
The Tannery	Peabody	284	200
Terrapin Ridge	Sandwich	30	30
Lawson Green	Scituate	30	30
Wells School Apartments	Southbridge	56	56
Senior Residences at The Machon	Swampscott	38	38
Walker School Apartments	Taunton	40	40
Cole Avenue	Williamstown	41	38
126 Chandler	Worcester	31	31
Residences at Yarmouth Gardens	Yarmouth	40	40
Total		4391	3881
Average		54	47
Median		47	44

## **Appendix G. Request for Proposals (Sample)**

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### **TOWN OF ORLEANS REQUESTS FOR PROPOSALS (RFP) for the former Governor Prence Inn Property Route 6A, Orleans, Massachusetts**

#### **General Information**

The Town of Orleans ("Town"), through its Select Board, invites proposals for the development of up to 77 rental apartments and rental property management on Town-owned property land at 66-76 Route 6A, adjacent to Downtown Orleans ("Property"). The Property is shown on the Orleans Assessor's Map as Map 26, Parcels 22 and 23, consisting of 5.5+/- acres and located in the Village Center District. The Town has determined that the Property is available for disposition under G.L. c. 30B, § 16. Through this Request for Proposals (RFP), the Town intends to offer the Property under a Land Disposition Agreement (LDA) and long-term lease to the qualified developer that submits a proposal most favorable to the Town. The Developer shall be responsible for permitting, funding, construction, and ongoing property management.

The Awarding Authority for this RFP shall be the Orleans Town Administrator.

While the Town has not determined a specific site development plan, certain qualities of a preferred approach to the site have been identified through a community planning process and the Developer is encouraged to consider them. Additional information about the planning process and preferred approach can be found in this RFP and Attachment X.

At the Annual Town Meeting on May 22, 2021, Orleans residents approved Article 23, which authorized the Select Board and Affordable Housing Trust to acquire the Property.

The full and fair market value of the Property, as determined by the Town, is currently \$X (Appraised Value). Responders shall make a financial offer to the Town by indicating the amount of their offer, but in no event shall the offer be less than \$X. A responder may offer less than the Appraised Value. Proposers offering less than the Assessed Value must submit credible demonstration that their lower price offer outweighs the maximum affordable housing benefits of their proposal and the

public benefits of providing affordable housing for essential workers and keeping a diverse community.

Under the regulations of the Village Center District, the maximum residential development capacity of the Property is 77 units, and that is the cap on the size of a development to be created through this RFP process.

### **Site Tour and Briefing**

Interested Proposers are encouraged to attend a mandatory on-site briefing session at [Time] on [Date]. A locus map is provided in Attachment \_\_. All proposers must familiarize themselves with the property by undertaking an independent review and analysis of physical conditions, regulatory constraints, required permit and approvals, and other legal considerations.

### **The Property**

The Property consists of the land and improvements at 66-76 Route 6A, Orleans. It consists of two parcels in the Village Center District identified in the Town of Orleans Assessor's records as Map 26, Parcels 22 and 23. The Property was home to the former Governor Prence Inn. In 2021, the Town purchased the property from [former owner]. The hospitality use of the Property was discontinued in 2020.

The Town has obtained an appraisal and an existing conditions survey. These documents are included as Attachment \_ of this RFP.

The Property is served by public water and Eversource electrical lines on Route 6A. It will have access to public sewer service upon completion of a sewer extension project on Route 6A in October 2022.

### **Submission Instructions**

A clearly marked original proposal [plus five copies of the proposal], including an electronic copy on a flash drive, must be received at the following address no later than [Date]:

Office of the Town Administrator  
19 School Rd.  
Orleans MA 02653

Faxed or electronically mailed proposals will be deemed non-responsive and will not be accepted.

Proposals received after the deadline will be returned, unopened, to the sender. However, if at the time of the submission deadline the Town Hall is closed due to uncontrolled events such as fire, snow, ice, wind, or building evacuation, response opening will be postponed until 2:00 PM the next business day.

Proposals will be opened publicly at the Town Hall on [Date]. A Proposer may correct, modify, or withdraw a proposal by written notice received prior to the time set for the submission of proposals, but not thereafter. Each responsive proposal will be evaluated first for compliance with the Minimum Criteria in Section \_ of this RFP, and if it meets those criteria, then evaluated according to the Comparison Criteria, also found in Section \_.

A complete set of Submission Requirements can be found in Section E of this RFP. Questions about this RFP should be sent in writing no later than [date] to George Meservey, Director of Planning and Community Development: gmeservey@town.orleans.ma.us. An addendum with responses to all questions received by the deadline will be provided by email to all individuals on record as having requested the RFP.

### **Additional Notes**

The Town reserves the right to reject any and all responses and to waive any portions in responses received based on the use of language contained therein whenever such rejection or waiver is in its best interest.

The Town may cancel this RFP, in whole or in part, or may reject all Proposals, or may procure only some goods and/or services outlined in this RFP whenever such action is determined to be fiscally advantageous, or if it is otherwise in the best interest of the Town of Orleans.

The Town may request additional information to determine that a proposer has the technical competence, the business and technical organization, and the financial resources to successfully perform the necessary work.

The Town will not be responsible for any expenses incurred in preparing and submitting responses. All submittals shall become the property of the Town. All deliverables, reports, maps, and other documents resulting from this contract shall become the property of the Town.

The Developer shall comply with all applicable state and federal laws in performance of service and acceptance of the land from the Town, including but not limited to G.L. c. 44, § 63A, G.L. c. 60, § 77A and G.L. c. 60, § 77B.

## **Due Diligence**

Each Proposer shall undertake its own review and analysis concerning the physical and environmental condition of the Property, applicable zoning and other land use laws, required permits and approvals, ownership and legal considerations pertaining to the property and the use of the property, and shall be responsible for applying for and obtaining any and all permits and approvals necessary or convenient for the Proposer's use. All costs and expenses of leasing and developing the property, including, without limitation, the costs of permitting and improvements, shall be the sole responsibility of the successful proposer.

Response to this RFP acknowledges the proposer's acceptance of all sections and requirements of this document. The selected proposer's response to the RFP will be incorporated within the LDA. If the proposer's proposal does not comply with the requirements of this RFP, or if an item is not understood in any way, a copy of that section of the RFP must be included in the proposal and all its copies clearly stating the deviation, additions, or other comments.

The Town makes no representations or warranties, express or implied, as to the accuracy or completeness of the information provided in this RFP. This RFP, including all attachments, is made subject to errors, omissions, and withdrawal without prior notice, and different interpretations of laws and regulations. The Proposer assumes all risk in connection with the use of the information and releases the Town from any liability in connection with the use of the information provided by the Town. The property will be conveyed in "as-is" condition.

Responses to this RFP must include all required documents, completed and signed as required. Proposals that are incomplete, conditional, or obscure will be rejected.

No award will be made to any Proposer who cannot satisfy the Awarding Authority that they have sufficient ability and sufficient capital to enable them to meet the requirements of these specifications. The Awarding Authority's decision or judgment on these matters shall be final, conclusive, and binding.

The successful respondent is encouraged to apply for local housing funds in addition to federal and state sources.

## **Development Objectives**

The Town of Orleans seeks a developer to build up to 77 mixed-income rental units, primarily affordable units, on the Property. The development should be designed for a variety of households (individuals of all ages, families with children, persons

with disabilities). The development must be eligible for Low-Income Housing Tax Credits and, as much as possible, reflect a mix of affordability levels.

In 2021, following Town Meeting's approval to acquire the Property, the Select Board established the Governor Prence Planning Committee (GPCC) to guide the planning process for reuse and redevelopment of the Property. Working with a team of consultants, the GPCC consulted with other town committees and provided several community engagement sessions to consider possibilities for the Property. The results of the planning process can be found in Appendix \_.

The development of the property will be subject to a Land Development Agreement and Ground Lease in forms that are acceptable to the Town and approved by Town Counsel. Once the conditions of the Land Development Agreement are satisfied, the Town and Developer will enter into a 99-year Ground Lease (Example; Attachment D).<sup>86</sup>

### **Affordability**

The Town prefers that the development will include units affordable to households with a range of incomes, e.g., 30 percent AMI to 120 percent of Area Median Income (AMI), and possibly some market-rate units if feasible in the Orleans market or if needed to make the project feasible. The proposer should include a clear analysis as to the levels of affordability proposed and the reasoning behind the proposed unit and income mix. The Town requires affordability in the design of the units (e.g., energy efficient utilities and maintenance) in addition to affordability by a deed restriction that remains in effect in perpetuity or the maximum period allowed by law. Most units in the development must meet the requirements for inclusion in the Department of Housing and Community Development's (DHCD) Subsidized Housing Inventory (SHI). The developer shall be responsible for ensuring that those units are eligible for the SHI as determined by DHCD.

The developer shall enter into a Regulatory Agreement with the Subsidizing Agency. Proposers are advised that all mortgages and other monetary liens encumbering the property may be subject and subordinate to the Regulatory Agreement and the affordable housing restriction. The affordability requirements may survive the foreclosure of any mortgage, deed given in lieu thereof, or any similar action, to the extent financially feasible to do so.

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<sup>86</sup> This draft assumes the Town will opt for a long-term lease agreement to protect the development's affordability and maintain control of other matters to be addressed in the Land Disposition Agreement.

## **Unit Types**

The development should reflect the needs of the Town of Orleans and Lower Cape area and provide housing for a range of household sizes. For this reason, the Town prefers a development with buildings and site designed for universal access. Unit layouts should emphasize efficiency. Kitchens should be sized based on the bedroom composition of the unit. American Society of Landscape Architects

## **Building Design and Aesthetics**

Generally, the Town would like to see the units in buildings that conform with the Town's zoning requirements, with a mix of unit sizes to accommodate a variety of households. The unit mix should be based on the site's capacity, good site planning and landscaping considerations, and the market and financial feasibility of an affordable rental project in this setting.

The development's architecture should consider and respond to the core ideas developed as part of the community engagement process conducted in 2022. The Town's priority is a rental apartment community on the Property that is an asset to the larger Orleans community and the Lower Cape area as a whole. The design goal is for the development to look like it belongs in Town of Orleans.

Given the Property's high visibility and significant public investment in this project, proposers are urged to incorporate high quality design into the site plan and architecture, taking guidance both from the Governor Prence Redevelopment Plan and the Orleans Design Guidelines (referenced above) to the maximum extent feasible and reflecting sensitivity to the high visibility of the project and the concerns of the neighborhood and adjacent properties.

Specifically, the Town encourages the following:

- Multiple buildings, which can be of various sizes, giving due consideration to the community engagement process and approach provided in the Governor Prence Redevelopment Plan (Attachment \_)
- Buildings shall not be more than three stories
- Native, drought-tolerant landscaping
- Low-impact development methods of stormwater management
- Outdoor common and recreation areas, including walkways
- Ample storage for residents in either the basement or sheds
- Bicycle storage racks
- On-site laundry facilities
- Parking should be scattered as much as possible
- Areas for outdoor trash and recycling receptacles

- Sensitivity to neighborhood and adjacent properties

### **Energy Efficiency**

The Town is looking for proposals that include building and site designs that reduce the tenants' energy, water usage and cost, and limit the project's environmental impact. Details regarding sustainable design features should be incorporated into the proposal.

Proposals that meet Passive House, LEED or other energy efficiency standards are preferred. Proposers are encouraged to reach out to energy efficiency rebate programs, as well as lender and State incentives.

### **Tenant Selection and Management**

The Developer will be required to work cooperatively with the Orleans Affordable Housing Committee through outreach and marketing, including an affordable housing lottery that complies with DHCD's Affirmative Fair Housing Marketing Guidelines. Due attention shall be paid to the Town's Local Preference Policy. Future assignments after initial lottery assignment shall be handled by the rental management company following the stated policy of the Ground Lease.

### **Development Guidelines**

The Town of Orleans has established the following quality guidelines for development of the Property. Priority will be given to Proposers who demonstrate the best ability to address these guidelines, as determined by the evaluation criteria in this RFP

### **General Design and Construction Guidelines**

All structures must comply with any local applicable code, including "stretch code," Massachusetts State Building Codes, Massachusetts Electrical Code, Massachusetts Plumbing and Heating Code, Massachusetts Fire Code, and Massachusetts Sanitary Code.

Modular, panelized construction, or traditional "stick-built" construction must be in the character of the neighborhood.

### **Building and Unit Specifications**

The ground floor living space in the units must meet ADA visitability standards, with one- or two-units meeting ADA design standards, including exterior walkways. The site plan must include off-street parking spaces (according to Town standards).

### **Energy Efficiency and “Green” Construction**

Proposals shall provide the most energy efficient residential development within the constraints of this development. Energy Star Standards shall be adhered to in all structures. The Town of Orleans encourages design plans that maximize the energy efficiency and maintenance of the housing units, specifically “green” technologies, LEED construction or near Net Zero and Net Zero Building, including, but not limited to the addition of solar energy components, alternative energy components, and fire suppression system.

### **Landscaping and Site Work**

Proposals will include finish grade (considering appropriate and reasonable drainage techniques), lawn, shrubs and appropriate driveways. All landscaping shall consist of native, sustainable, low-water species for the Lower Cape area. Proposals shall provide a landscape plan that includes a landscaped buffer area along the side boundaries of the site and connectivity to the Cape Cod Rail Trail.

### **Readiness to Proceed and Timelines**

The Developer shall demonstrate the ability to start on the project within a reasonable timeframe after executing the LDA. Start shall be evidenced by securing of a building permit. The ground lease will be executed after receipt of all building permits. Construction shall be completed, as evidenced by a Certificate of Occupancy, and the units shall be rented to eligible and qualified households, preferably earlier but no later than two years after building permits have been issued. Timelines may be extended by mutual agreement of the Developer and the Town.

### **Financial**

The Developer shall be responsible for all costs associated with permitting, construction, tenant selection, and ongoing rental maintenance and management, and shall demonstrate the financial capacity to manage and complete the Project. Assistance shall be provided by the Town of Orleans, if needed, in the form of documentation for any grant applications or subsidies for which the Developer may choose to apply.

### **Land Disposition and Ground Lease**

The Developer will enter into a Land Disposition Agreement (LDA) with the Town of Orleans. When all necessary permits are in place and a certificate of occupancy is issued, the Developer and the Town of Orleans will enter into a Ground Lease. See Attachment C for a sample Ground Lease. The Ground Lease fee will be as determined by the Awarding Authority but not less than the amount offered in the Developer’s proposal. The maximum area to be ground leased will be Property as

described in this RFP, with exact specifications to be agreed upon before the Ground Lease is executed.

## **Evaluation Criteria**

The Town of Orleans will apply the following evaluation criteria to its evaluation of all proposals received by the deadline stated in this RFP.

### **Minimum Threshold Criteria**

The proposal must meet the minimum threshold criteria in order to proceed through the review process. Proposals failing to comply with one or more of the minimum criteria stated below shall be disqualified from further consideration:

1. The response must be complete and must conform to all submission requirements.
2. Price Proposal Form, setting forth the lease fee for the land, found in Attachment X.
3. Proposer must have a minimum of 5 years of experience in affordable housing development
4. A successful track record of similar projects with at least 3 municipal references
5. Availability to begin work toward permitting within 60 days of executing the Land Development Agreement and show sufficient staff resources and availability to perform required services
6. Complete required forms found in Attachment X: Certificate of Tax Compliance, Certificate of Non-Collusion, Disclosure Statement required by G.L. c. 7C, Section 38 (formerly G.L. c. 7, Section 40J) and Certificate of Authority.
7. Proposal must be for rental apartments, not to exceed a total of 77 units. All ground floor living space in the units must meet ADA visitability standards and access requirements of the Massachusetts Architectural Access Board and State Building Code.

### **Comparative Evaluation Criteria**

Projects meeting the minimum criteria will be judged on the following additional comparative evaluation criteria. The Town reserves the right to award the contract to the responsive and responsible proposal which best meets the Town's needs, considering qualifications, submittal quality, and evaluation criteria. The Awarding

Authority’s decision or judgment on these matters shall be final. The Town will use the comparative criterion for each separate rating area, and based upon these criteria, will assign an overall rating to each proposal. Each of the criteria may contain ratings of the following:

	<b>Unacceptable</b>	<b>Advantageous</b>	<b>Highly Advantageous</b>
<b>Developer Experience &amp; Capacity (Team)</b>			
<p>Demonstrated experience as a principal or lead development officer in and capability for designing, permitting, developing and managing similar residential projects.</p> <p>Outcome of comparable projects</p> <p>Property management experience with similar projects</p> <p>The quality of the team’s reputation and references, particularly in terms of its regulatory track record and ability to complete projects as proposed</p> <p>Success in marketing approach, including affirmative fair housing marketing plans and lottery, meeting State requirements</p>	<p>Development team members have only minimal experience in the development of projects with similar scope - including legal, design, development, financing, and management experience with rental housing.</p>	<p>Development team members have significant experience in the development of projects of similar scope - including legal, design, financing, affordable housing management. Energy efficient buildings are not part of standard approach.</p> <p>Past developments demonstrate good property management structure.</p>	<p>Development team members have extensive experience in the development of projects of similar scope - including legal, design, financing, affordable housing management. Energy efficient design is their standard approach to design and development.</p> <p>Past developments demonstrate excellent property management structure and professionalism.</p>
<b>Affordability</b>			
<p>Proposal meets a range of incomes. All of the units must be restricted to households at or below 100% AMI.</p>	<p>Less than 100% of the units are affordable to 100% AMI.</p>	<p>All units are affordable at or below 100% AMI</p>	<p>All of the units are affordable at or below 100% AMI with the affordability</p>

	<b>Unacceptable</b>	<b>Advantageous</b>	<b>Highly Advantageous</b>
[This is where the Town may want to rephrase the RFP to either allow for or encourage some market-rate units]			ranging from 30% AMI to 100% AMI
<b>Site Design</b>			
Thoughtful and efficient site design using the natural topography of the site as much as feasible Approach reflects attention to Governor Prence Inn Redevelopment Plan Efficient, safe internal traffic flow Underground utilities Exterior lighting - minimal impact to neighbors and night sky Landscape plan including within parking area includes native plantings and, when feasible, enhances rather than replaces existing vegetation Designated area for snow Adequate parking and walkways for residents and visitors Natural buffer to surrounding Respects adjacent properties Provides programmed outdoor community gathering space for a variety of ages Includes bike racks	Proposal fails to meet the majority of the RFP criteria for site design.	The proposal meets some or all of the RFP site design criteria with thoughtful building siting, safe, efficient traffic flow, and maintains the natural buffers to neighbors, as required.	Proposal meets or exceeds all of criteria

	<b>Unacceptable</b>	<b>Advantageous</b>	<b>Highly Advantageous</b>
<b>Infrastructure and Green Design</b>			
Underground utilities Storm water management uses standards of low impact development Buildings are located for maximum solar potential Roof construction is "solar ready" (designed to support solar panels) Meets green design standards for LEED, Passive House, or other comparable programs Provide charging station(s) for EVs	Proposal fails to meet a majority of the RFP criteria for infrastructure and green design	The proposal meets some of the RFP infrastructure and green design criteria	Proposal meets the or exceeds all of criteria
<b>Building Design</b>			

	<b>Unacceptable</b>	<b>Advantageous</b>	<b>Highly Advantageous</b>
<p>Conceptual design includes multiple buildings</p> <p>Exterior is of high quality, while remaining compatible with local architectural design</p> <p>Creative design that is cost effective and high quality</p> <p>Interior design and layouts meet a variety of household sizes, aesthetics, and resident mobility needs</p> <p>Finishes support durability and low maintenance for tenants</p> <p>Construction maximizes soundproofing between units</p> <p>Provides community space for residents</p> <p>Includes office space for management</p> <p>Provides storage space, either in basements or sheds</p>	<p>Design appears incongruous with local designs, interior layout does not meet a variety of household types and mobility needs, and does not comply with a majority of the RFP criteria</p>	<p>Design reflects or complements local designs, layout provides for a variety of household types and mobility needs, Complies with a majority of the RFP criteria and preferences</p>	<p>Design proposal articulates a creative development vision that is a cost-effective, energy efficient, attractive design that reflects and/or complements the local aesthetics, and provides a variety of household types and mobility needs.</p> <p>Complies with all of the RFP criteria and preferences</p>
Financial Feasibility			
<p>Adequacy of proposed budgets (development and operating)</p> <p>Appropriateness of rents in relation to the market</p> <p>Track record of securing proposed financing</p> <p>Availability and likelihood of approval of proposed pre-development, construction and permanent financing</p>	<p>Proposals does not demonstrate an understanding of development costs and operating budgets for affordable housing and/or does not have a successful record of</p>	<p>Proposal contains realistic development and operating budgets and evidence of success in securing necessary financing.</p>	<p>Proposal contains realistic development and operating budgets and evidence of a high degree of success in securing necessary financing and other sources of funding.</p>

	<b>Unacceptable</b>	<b>Advantageous</b>	<b>Highly Advantageous</b>
	securing financing.		
<b>References, Site Visits, and Interviews</b>			
<p>A minimum of three references including references from all projects undertaken in the last 10 years</p> <p>The evaluation committee may choose to visit proposers' completed projects</p> <p>The evaluation committee may require proposers present their proposals. Presentations will not be scored.</p>	<p>Did not provide minimum of 3 references, or references were poor or inadequate. Properties visited were in poor condition.</p>	<p>Strong references reflecting projects came in on time and within budget, good property management structure. Properties visited were in good condition, site layout was efficient, and buildings were well designed.</p>	<p>Strong references reflecting timely completion, excellent budget control, excellent property management structure and professionalism of developer. Properties visited were in great condition, site layout building design, and landscaping excellent, and use of energy efficient and durable materials.</p>

## Submission Requirements

Applicants must submit all of the following information:

- 1) Letter of Interest signed by all principals of the applicant organization.
- 2) The Development Team. The proposal must include a description of the development team, the individuals and organizations to be involved in the development, including the project manager, and the experience of these parties. The development team may include, without limitation, the developer, property manager, architect, contractor, engineers, consultants, lenders and investors.

Proposals must include:

- The name, address, e-mail address, and telephone number of the proposer; the name of any representative authorized to act on his/her behalf, and the name, title and contact information for the individual designated by the developer to receive all correspondence from the Town and its agents.
- The names and primary responsibilities of each individual on the development team.
- If the proposer is not an individual doing business under their own name, a description of the firm and legal form and status of the organization (e.g., whether a for-profit, not-for-profit, a general or limited partnership, a corporation, LLC, LLP) and the jurisdictions in which it is registered to do business. If the proposer is a non-profit entity, please include a list of the organization's Board of Directors and areas of expertise they represent.
- The ownership structure of the entity to enter into the Ground Lease and the Land Development Agreement with the Town and its relationship to any investors, lenders and guarantors of debt, if any.
- Identification of all principals, partners, co-venturers or sub-developers participating in the transaction, and the nature and share of each participants' ownership in the project.
- Identification of the person designated to be the property manager if the property developer will also be the property manager. If this is not the case, state the legal and financial relationship between the entities and describe the process for securing property management services and criteria and minimal qualifications it will use in selecting the property management firm.
- Identification of the development team, such as architects, engineers, landscape designers, contractor, and development consultants. In addition, provide background information, including firm qualifications and resumes for principals and employees expected to be assigned to the project.
- A summary of the developer's and the development team's experience, both collectively and individually, with similar projects. Particular attention should be given to demonstrate experience with projects of a similar scale and complexity, site conditions, permitting issues, design and financing, as well as location. Proposers should demonstrate the ability to perform as proposed and to complete the project in a competent and timely manner, including the ability to pursue and carry

out design, permitting, financing, construction, and marketing/unit absorption.

- A list of all projects in progress or planned with details of their current status.

Proposers should use the following format to submit the information required (above):

- For referenced projects: project name, location, project type, number of residential units, project scope, start date, projected and actual completion date, total development costs, development team, key personnel, and current status.
- Narrative on why the Proposer's experience is relevant to the redevelopment of the Governor Prence Inn
- Description of the organizational structure of the development team and a plan for the maintenance of effective communications between the Town and the development team during all phases of the project.
- Information regarding any legal or administrative actions past, pending or threatened that could relate to the conduct of the Proposer, its principals or any affiliates.
- Confirmation that no local, state or federal taxes are delinquent and outstanding for the development team or any constituent thereof.
- Provision of third-party references for 3 completed projects, including at least one affordable housing project of similar scale and complexity. Provide contact names, title, and current telephone numbers, who can provide information to the Town concerning the Proposer's experience with similar projects.

3) Development Concept. The proposal must include a detailed description of the development concept for the property and its improvements, including but not limited to:

- Project Description
  - Project Narrative
  - Preliminary Site Plans and Architectural Plans (floor plans and elevations); 11" x 17" format.
  - Description of the proposed housing units, affordability levels, and accessibility. Affordability levels shall be stated in terms of percentages of the Barnstable County Area Median Income.
  - Number and size of units (square footage and number of bedrooms) and affordability levels. Include narrative as to why and

how the mix of bedrooms, sizes and affordability was determined to ensure project financial feasibility and appropriateness for the marketplace.

- Preliminary site design.
- Discussion of the physical plan and architectural character of the project and the various programmatic and physical elements of the development, including energy savings and green design elements of the buildings and site design.
- Construction staging plan and discussion of construction impacts as to how the project will be managed, in particular with respect to noise and traffic during the construction period.

4) Management Plan. Please provide a management plan that includes the following:

- Description of the target market (e.g., pricing and the strategy for marketing and lottery process).
- In addition, if the Proposer is including a property manager as part of the team, all relevant information as outlined under 'The Development Team', above, including details of any projects where the Proposer and Manager have previously worked together.
- Lottery for affordable units: To ensure a fair and equitable selection process for the affordable units, a lottery shall be conducted for all of the affordable units. Proposals may include a lottery agent as part of the development team. A marketing/lottery plan shall be required as part of the approval of the units for inclusion on the Subsidized Housing Inventory prior to issuance of a building permit. For the proposal, the Proposer shall indicate any other lotteries they have been involved in, their role and the outcomes.
- Experience with Low Income Housing Tax Credits if proposed as a funding source.
- Experience with project-based rental assistance, Section 8, 811, and/or MRVP if proposing such subsidies.

The Proposer or its property manager must demonstrate:

- A clear understanding of fair housing requirements/laws.
- A clear understanding of the local preference opportunities and requirements, and how the lottery will address any local preference.
- Ability and commitment to utilize appropriate stated standards to determine program and unit eligibility - i.e., qualified tenants.
- Clear criteria for tenant selection and a fair and unbiased selection process.

- Competency for selecting properly qualified tenants.
- Ability and commitment to maintain all necessary reports and certifications required under state and federal law.

5) Financial and Developer Information

- Developer and team qualifications, experience, and especially highlighting affordable experience and existing relationships. This can be a narrative description of the Developer's prior work with short examples.
- Identify key team members, each with a short bio, resume, and list of recently completed residential developments, including rental housing.
- Description of the Developer's financial and organizational capacity in narrative form, sufficient to demonstrate the Developer's ability to perform, as determined by the Town.
- A basic outline of project feasibility. This should include a basic development and operating pro-forma that considers potential capital source constraints and operations challenges. The Town understands that conditions may evolve and change in the capital sources and funding priority landscape and as such, the Town intends to be flexible as the project proceeds. However, the Developer's proposal needs to demonstrate an understanding of the challenges of rental affordability in an environment like the Lower Cape as well as the unique requirements of Low-Income Housing Tax Credits (LIHTC).
- Development Entity: The nature of the entity to enter into the LDA with the Town, and the borrower and guarantors of debt, if any. Proposals shall identify all principals, partners, co-venturers or sub-developers participating in the project, and the nature and share of participants' ownership in the project.
- Developer Financials: Most recent federal tax forms and audited financial statements.
- Disclosure of any past, pending, or threatened legal or administrative actions that may relate to the conduct of the Proposer, its principals, or any affiliates.
- References (no more than three), including the project name and location, year completed, name, title, and contact information.
- List/description of other real estate owned.
- Confirmation that no local, state, or federal taxes are due and outstanding for the development team or any entity participating in the team.

- 6) Implementation Plan and Timeline. The proposed development should be completed within 4 years of the execution of the Land Development Agreement. Extensions may be granted at the discretion of the Select Board. The proposal must include a description of how the development concept will be implemented, including, but not limited to:
- Detailed development schedule for all elements of the plan including key milestones, financing benchmarks, zoning approvals and compliance, and projected completion/occupancy timeframes.
  - Outline of the required land use, environmental, operation, and other governmental or regulatory approvals, including zoning, development, and environmental permits. The proposer should provide a schedule for securing approvals as part of the proposal.
- 7) Price Proposal  
The Price Proposal Form (Attachment X) should be completed and submitted with the proposal. The Town expects the Lease Payment to be a nominal fee.
- 8) Forms and Certificates
- Certification of Tax Compliance (M.G.L. c. 62C, 49A) (Attachment F)
  - Disclosure of Beneficial Interests (M.G.L. c.7, 40J) (Attachment G)
  - Certificate of Non-Collusion (Attachment H)
  - Information regarding any legal or administrative actions, past, pending or threatened that could relate to the conduct of the applicant's business (Attachment X).

**RFP Attachments:**

(to be inserted by the Town)

Attachment X: Maps, Site Information and Town Meeting Vote Attachment

Attachment X: Governor Prence Redevelopment Plan Final Report<sup>87</sup>

Attachment X: Sample Ground Lease

Attachment X: Sample Land Disposition Agreement

Attachment X: Sample Tenant Selection Policy and Sample Tenant Lease

Attachment X: Certificate of Tax Compliance Form

Attachment X: Disclosure of Beneficial Interests Form

Attachment X: Certificate of Non-Collusion Form

Attachment X: Information on Legal and Administrative Actions

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<sup>87</sup> The Town may want to make the report available via a link to the website instead of including the entire report.

## List of Sources

- Cape Cod Association of Realtors, Local Market Update - December 2021.
- Cape Cod Association of Realtors, Local Market Update - April 2022.
- Cape Cod Commission, Draft Revised and Amended Development Agreement between Cape Cod Commission, Cape Cod Healthcare, Inc and Wilkens Lane Properties LLC, June 13, 2022.  
<https://www.capecodcommission.org/resource-library/file?url=%2Fdept%2Fcommission%2Fteam%2Fmember%2FProject+Documents%2FWilkens+Campus+Development+Agreement%2FDraft+Decision%2F2022-06-13+Wilkens+DA+DRAFT+REVISED.pdf> American Community Survey Tables: 2011 -- 2015 (5-Year Estimates) (ACS19\_5yr), ACS 2019 (5-Year Estimates), U.S. Census Bureau.
- American Community Survey Tables: 2005 -- 2010 (5-Year Estimates) (ACS10\_5yr), ACS 2010 (5-Year Estimates), U.S. Census Bureau.
- American Community Survey Tables: 2011 -- 2015 (5-Year Estimates) (ACS15\_5yr), ACS 2015 (5-Year Estimates), U.S. Census Bureau.
- American Community Survey Tables: 2011 -- 2015 (5-Year Estimates) (ACS15\_5yr), ACS 2015 (5-Year Estimates), U.S. Census Bureau.
- American Community Survey Tables: 2016 -- 2020 (5-Year Estimates) (ACS19\_5yr), ACS 2019 (5-Year Estimates), U.S. Census Bureau.
- Balling, Joshua. "Fairgrounds Road apartment project should be move-in ready by fall," *The Inquirer and Mirror*, Jan 21, 2022.  
<https://www.ack.net/stories/fairgrounds-road-apartment-project-should-be-open-by-july,27306>
- Balling, Joshua. "Neighbors appeal Planning Board on 6 Fairgrounds affordable housing," *The Inquirer and Mirror*, Jan 18, 2018.  
<https://www.ack.net/stories/neighbors-appeal-planning-board-on-6-fairgrounds-affordable-housing,3748?>

- Barnes, Jennette. "Developer adds affordable units to Twin Brooks apartment plan", GBH, May 18, 2022. <https://www.capeandislands.org/local-news/2022-05-18/developer-adds-affordable-units-to-twin-brooks-apartment-plan>
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