

# Community Preservation Project Application

Submission Date: November 30, 2022

Project Title:

Affordable Housing Trust Fund

Applicant (*note if public or private*): Orleans Affordable Housing Trust Fund Board

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Project purpose (*Check all that apply*):

Open Space       Historic Preservation       Community Housing       Recreation

Project Location/Address: \_\_\_\_\_

Community Preservation Funding Request: \$500,000.00

Brief Project Summary: The Orleans Affordable Housing Trust Fund Board requests CPA funding in the amount of \$500,000 to fulfill its mission to increase affordable and community housing in the town. CPA funding is the critical component of funding that demonstrates local commitment to housing development and is a key scoring metric for state and regional housing grants. Community Preservation funding has been conveyed to the control of the Trust on an annual basis since fiscal year 2020. This has allowed the Trust to plan for and move forward with several large affordable housing developments.

## Affordable Housing — Request for Housing Trust Fund

### CPA FY24 Application – 11-09-22

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

This application seeks funding to increase affordable housing opportunities in Orleans.

### Previous Efforts

Between FY20 and FY23, the Town Meeting awarded \$1.8 million in general CPA funds to the Affordable Housing Trust Fund. Additional project-specific funding through CPA was approved for Pennrose (\$2M, May 2021) and 107 Main Street (\$1M, May 2022). These latter funds were awarded directly to Pennrose and Housing Assistance Corporation, and not to the Affordable Housing Trust Fund Board (“Housing Trust”).

General funding has proven to be crucial to jump starting the activities of the Trust. Below is a description of how CPC funds were used to move forward several projects:

- Pennrose Development – CPA funds supported an initial feasibility study to determine whether the former Cape Cod Five Operations Center could be converted to residential use. The Housing Trust followed up initial feasibility with an architectural & design study that demonstrated the site could support 50-60 housing units. This information led to a private developer, Pennrose, approaching the bank and offering to develop the property for affordable housing consistent with the Town’s studies. The Town then stepped away to allow the professional housing company to enter into agreement to purchase, construct, and operate a proposed 62-unit affordable housing project.

To date, Pennrose has obtained all necessary approvals to move forward. Final gap funding for construction was approved by Town Meeting, and in fall 2022 the project was approved for tax credit financing. Construction is expected to begin in spring 2023.

- 107 Main Street – feasibility & due diligence were completed in 2019 using Housing Trust funds. The property was purchased by the Housing Trust which then completed a design study that determined the property could support 14 units of housing. The Town issued an RFP and secured Housing Assistance Corporation (HAC) as the developer. HAC has completed permitting requirements and is currently applying for final state funding. Construction support of \$1.875M has been committed by the Town, in the form of available Housing Trust funds and a CPA approval for \$1M.

If state funding is approved in early 2023 and cost estimates from 2021 are still valid, construction could begin some time in 2023.

- 10 Quanset Road – \$200,000 in CPA were awarded to Habitat for Humanity to purchase a building lot for a single family home. Supplemental CPA funds of \$50,000 were later awarded to offset construction costs. The home is now occupied by a qualified, first-time homebuyer. 1 unit
- 24 Old Colony Way – The Housing Trust purchased, renovated, and operates a 2-bedroom apartment in the Old Colony Condominium development. Total cost of acquisition and renovations was \$250,000. The unit is occupied.
- Governor Prence Motel property – The Housing Trust contributed \$450,000 toward the Town’s \$2.8M purchase of the property in 2021. A planning committee was provided funds for a consultant in fall 2021 and issued its recommendation to redevelop the site as affordable housing in October 2022. The 5.5 acre property is zoned for up to 77 housing units. Next steps include seeking a developer and addressing the demolition of the dilapidated hotel buildings. The project is subject to approval by the Select Board and the Affordable Housing Trust Fund Board.

In addition to CPA funds, the 2022 Town Meeting approved a Prop 2½ override for affordable housing in the amount of \$275,000. The funds are requested annually. The amount is fixed.

### **Housing Needs**

A 2017 Community Housing Needs Study indicated substantial housing needs among Orleans households. It concluded that there was a rental unit gap of 274 units among households with incomes at or below 80% of Area Median Income. In addition, the number of ownership households with low or moderate income that are cost burdened (paying more than 30% of income for housing) was 529.

The above numbers do not include former residents forced to leave Orleans for lack of housing options.

In response to the documented need, the Orleans Select Board voted to adopt a goal of creating 100 new affordable dwelling units over a 10-year period. 85% were to be rental apartments, 15% homeownership.

The real estate market climbed substantially in the 2021-22 period, meaning there are very likely many more Orleans households who cannot afford decent housing. The Housing Trust authorized funds in late 2022 to update the 2017 study so that Orleans will have the best possible understand of housing needs in the community.

### **Justification for Funding**

Continued local funding is required to address housing needs. The annual allotment of funds to the Housing Trust provides the ability for the Trust Board to seek out and develop project opportunities. However, annual funding at the current level is not enough to support projects of significant size. Pennrose and 107 Main Street were recently funded through CPA bonding, which has enabled the projects to move forward. It is likely that future affordable housing projects will require the same approach to fill the funding gap.

At the present level of support, the Housing Trust is not able to truly consider larger projects based on its annual allocation. Indeed, the bond issues for Pennrose and 107 Main Street were smart choices for Orleans and finalized the future creation of 76 housing units.

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

There is no specific identified property that would use the funds at this time. An annual allocation would be placed under the control of the Affordable Housing Trust Fund Board, and could b