

## **Affordable Housing — Request for Housing Trust Fund**

**CPA FY25 Application –**

**November 15, 2023**

- 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 FY24, the Town Meeting awarded \$2.1 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. Based on an updated cost estimate, the project successfully applied for ARPA funding through Barnstable County in late 2023. A closing is being scheduled for late fall with construction expected to begin in winter 2023/24.

- 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.

HAC applied for and received ARPA funding in fall 2023. A construction start is anticipated for winter 2023/24.

- 10 Quanset Road – \$200,000 in CPA funds 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. An RFP for a developer was issued in August 2023 with a proposal deadline of November 29, 2023. Housing Trust funds were also used to fund a property appraisal, and a finance expert and architect to assist in developer selection. The 5.5 acre property is zoned for up to 77 housing units. The project is subject to approval by the Select Board and the Affordable Housing Trust Fund Board. It is unknown if the selected proposal will require the Town to provide additional funding.
- Housing Rehabilitation Loan Program – A total of \$177,000 was funding through CPA for a program to support necessary repairs for income-qualified homeowners. In 2021, the project was transferred from the responsibility of the CPC to the Affordable Housing Trust Fund Board. The project is administered through Harwich Ecumenical Council for Housing. To date, nine properties have been rehabilitated through the loan program.

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 2023 update to the 2017 Community Housing Needs Study is under way and expected to be completed by end of the calendar year. The study contains a 10-year action plan for a host of activities and initiatives to improve housing opportunities in Orleans. The affordability gap has increased since 2017, and the number of cost-burdened households is higher based on the draft plan.

In response to the 2017 needs, the Select Board voted to adopt a goal of creating 100 new affordable dwelling units over a 10-year period. Since that time, the Town has developed 157 units (listed above) that are completed or in the late planning stages. The draft 2023 plan recommends that the Town create 300 housing units over the next 10 years.

### **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. 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 be used to fund affordable (up to 80% AMI) and community (up to 100%) housing.