

Affordable Housing — Request for Housing Trust Fund

CPA FY26 Application – Section 2

November 18, 2024

This application seeks funding to increase affordable and community housing opportunities in Orleans for the benefit of low- and moderate-income individuals and households.

Previous Efforts

Between FY20 and FY25, the Town Meeting awarded \$2.64 million in Community Preservation Act funds to the Affordable Housing Trust Fund (“Housing Trust”). Additional project-specific funding through CPA was approved for Pennrose/19 West Road (\$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 Housing Trust.

Regular 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.

The \$2M contributed from CPA funds to the project represents 7.3% of the project’s \$27,355,000 total development cost. Units are anticipated to be available in the spring of 2025.

- 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 \$1M in CPA funds.

The \$1,876,624 contributed from CPA and Housing Trust funds represents 18.6% of the total development cost of the project. The contribution of land by the Trust activated the project. Occupancy is anticipated in the summer of 2025.

- Governor Prence Motel property – The Housing Trust contributed \$450,000 toward the Town’s \$2.8M purchase of the 5.5 acre property in 2021. A planning committee hired 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 project was awarded to POAH, Housing Assistance, and Habitat for Humanity, who anticipates the development of 78 mixed-income rental and ownership units on the site. Permit applications are anticipated before the end of the year.
- Rental Assistance Program – \$95,000 in CPA funds were awarded to the Trust for the administration of a rental assistance program. The program is anticipated to assist up to 10 cost-burdened households with monthly rent payments, as well as with financial counseling. The program is being administered by Housing Assistance Corporation, who began accepting applications in November.
- 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. The project leveraged \$317,341 in additional funds (44% of total development cost).
- 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 was renovated in 2024 and is currently being advertised as an affordable unit to households at 80% AMI.
- 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 Trust has received annual funding from an override or, in the case of Fall Town Meeting 2024, free cash.

Housing Needs

A Community Housing Needs Study and 10-Year Action plan was completed in 2023. The study shows that affordable housing needs have increased over time, with existing renters and households become more and more cost-burdened and supply being insufficient to meet the needs of households at most income levels.

The Select Board voted to adopt a goal of creating 300 attainable units over the next 10 years, 100 of those units being permanently deed restricted affordable. The plan outlines strategies to produce new affordable and attainable units, specifically missing middle housing types. It also outlines programs and incentives designed to make our current housing stock from becoming out of reach to those who currently live and work here.

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. The Trust has a proven track record of successfully generating, supporting, and completing projects, and asks for support to continue to do so.

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.