



UNDERSTANDING ORLEANS' HOUSING PROBLEM:

CHALLENGES

Presentation to Citizens Forum

November 10, 2022

LARGER CONTEXT OF HOUSING NEEDS

- Entire country, in most communities, at every level
- Long-term, more widespread since 2008, pandemic, growing inequality
- Systemic and complicated: how we produce and regulate housing, how people access housing, racial and economic disparities
- Failure of private market to adequately meet needs of low- and moderate-income households
- Housing as shelter and investment asset
- Cost of production; largest single cost for most households
- National policies on housing production: tax credits main financing mechanism since dismantling of multiple federal housing production programs

CHALLENGES AND OPPORTUNITIES



Time: how long it takes



Funding: how much it costs and where do we get the resources



Community support: general, neighbors, and Town meetings



Local Strategies: production, land use controls, cost reduction, regional partnerships

TIME

Long-term widespread problem

- Short-term housing crisis? Quick fixes?
- Base societal problem made worse by systemic socio-economic forces
- Requires long-term planning, commitment, perseverance

Projects require multiple years

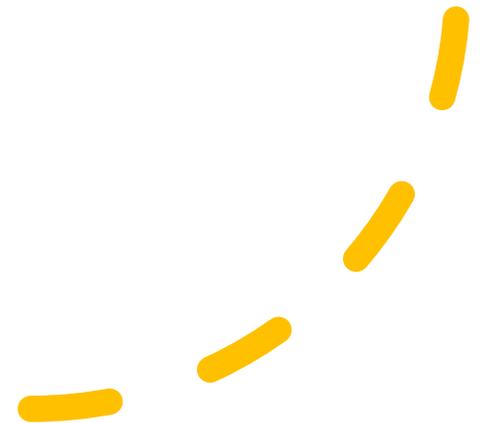
- Minimum 2-3 years, optimistically 4-5 years, sometimes longer
- Few realistic shortcuts

Build “pipeline” of projects

- Town constantly initiating new ones
- Opportunistic as to location, funding, partnerships
- Strategic, adaptive, resourceful

FUNDING

- Maximize use of federal and State resources, particularly tax credits
- Local funding/Trust Fund to make it work
- Regional partnerships



LOW- INCOME HOUSING TAX CREDIT PROGRAM

Created by Congress in 1986 to promote construction and rehab of low-income housing – in IRS Code

Took the place of federal affordable housing production programs eliminated in 1980's

Provides “write-offs” on taxes owed by private investors willing to invest money in affordable housing projects that meet requirements

Can provide substantial capital for projects

Complicated process involving substantial “soft costs” to syndicate investments, structure limited partnerships, underwrite projects, and ensure investors earn a stream of tax credits over a set term

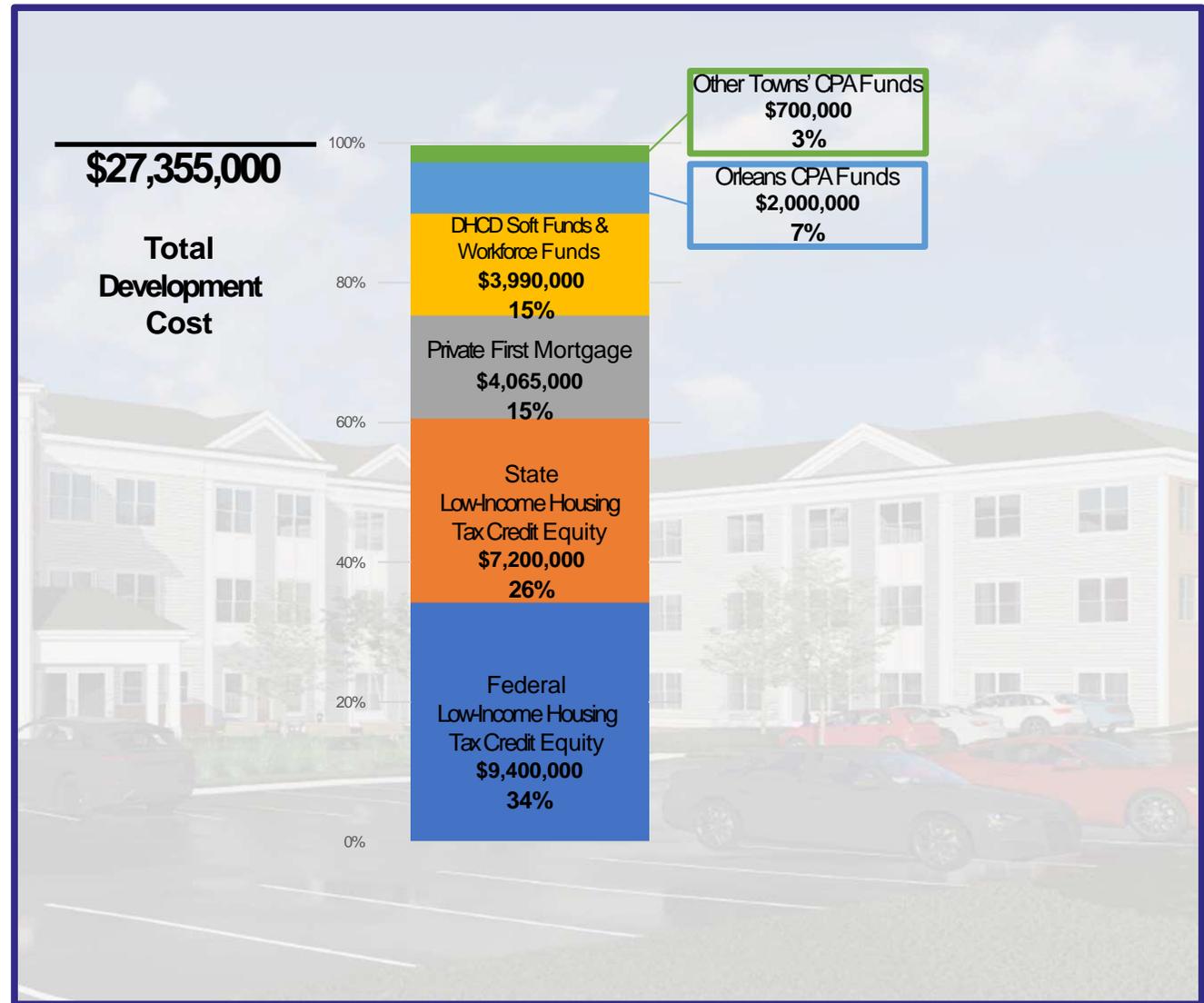
Oriented to households earning 60% AMI or lower

MASSACHUSETTS TAX CREDIT PROGRAM

- Allocation of federal tax credits by states through Qualified Allocation Plans; competitive 9% credits, less competitive 4% credits
- May be supplemented by State tax credits/tax-exempt bond financing and other subsidy programs
- Current MA requirements:
 - $\geq 20\%$ for $\leq 50\%$ AMI or
 - $\geq 40\%$ for $\leq 60\%$ AMI and
 - $\geq 10\%$ for $\leq 30\%$ AMI
- Required retention as low-income housing for minimum 30 years; refinanced at end of term
- Appropriate for bigger projects, minimum 30-40 units

Pennrose/CC5 Financing Capital Stack

Total Cost = \$27,355,000 (including land).
 Federal & State Tax Credit Equity =
 \$9,400,000 + \$7,200,000 = \$16,600,000
 = **60% of total cost.**
 State programs = \$3,990,000 = 15%.
 Orleans CPA funds = \$2,000,000 = 7%.
 Other towns on Lower Cape = \$700,000
 = 3%



LOCAL (MUNICIPAL) HOUSING TRUST

- Gap financing
 - Make up gaps to make it work
 - Increase to achieve policy objectives
- Initiate projects
 - Acquire and hold land for long periods
 - Initial feasibility analysis
 - Assist/facilitate planning
- Capitalize fund fully and sustainably
 - New revenue sources
 - Debt financing
- Regional partnerships with other Towns

COMMUNITY SUPPORT

Long-term base support

- Organizations, networks, institutions
- Outreach and educational efforts
- Constant and regenerating

Visible and thoughtful support at Town Meetings

- Pre-meeting communication plan
- Networks of support
- Preparation – presentations, speakers

Project support

- Accepted open process to make decisions
- Opportunities for neighbors and those directly affected
- Clear objectives and plans to address issues

LOCAL STRATEGIES

- Success of past strategies
- Production
- Other approaches
 - Private market adding to supply
 - Land use controls
 - Regulatory efficiency/cost reduction
 - Regional partnerships



STRATEGIES RECOMMENDED IN 2017 STUDY - HOUSING STRATEGIES

Capacity building, including community education, providing sustainable funding sources and incentives for affordable housing, consider establishing Municipal Affordable Housing Trust Fund, funding part-time Housing Coordinator

Zoning strategies, such as more accessory dwelling units, exploring inclusionary zoning, allowing dormitory-style housing for seasonal workers

Development strategies, including partnering with private developers, regional partnerships, identifying Town-owned property for affordable housing

PROGRESS ON STRATEGIES

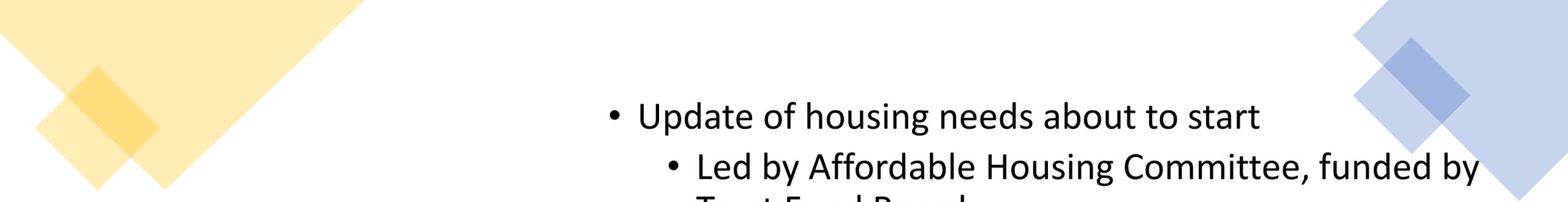
- Establish Municipal Affordable Housing Trust Fund – created and appointed Trust Board in 2019
- Sustainable funding sources: allocated budget override + CPA funding on annual basis
- Public sewer system to support higher density Village Center housing
- Fund a part-time Housing Coordinator – included in budget and hired in November 2020
- Regional Partnerships – Cape Community Housing Partnership training, Cape Housing Institute, regular regional coordination meetings
- Securing Town land for housing – 107 Main Street, Governor Prence
- Pre-development work and advocacy for affordable housing projects – Pennrose/CC5 project, 107 Main Street
- Habitat for Humanity homes – Quanset Road home
- HECH Emergency Loan Program – funding for homeowner units

TEN YEAR PLAN – OUTCOME OF 2017 STUDY

- 100 units 2018-2028
 - 85 rental units – priority to lowest income and greatest need
 - 15 homeowner units
- Approved by Select Board
- Will not meet entire lower-income housing needs of community

PROGRESS TOWARD PRODUCTION OF 100 UNITS

- Unit 15, 24 Old Colony Way = 1 renter unit
- Habitat for Humanity home on Quanset Road = 1 homeowner unit
- Pennrose project at former Cape Cod 5 Operations Center approved
 - 62 units total
 - 52 affordable units, of which
 - 43 units $\leq 60\%$ AMI
 - 9 units $\leq 30\%$ AMI
 - Plus 10 units $\leq 110/120\%$ workforce housing
 - Hope to start construction by 2023; complete in 16 months; occupancy by 2024
- 107 Main Street proposed: 14 units $\leq 80\%$
- Governor Prence site: recommendation for up to 77 primarily affordable units



UPDATE OF HOUSING NEEDS: NEXT TEN-YEAR PLAN?

- Update of housing needs about to start
 - Led by Affordable Housing Committee, funded by Trust Fund Board
 - Request for Proposals out
 - Consultant by Feb 2023
 - Work to be completed by end of summer 2023
 - Beyond current residents to account for Orleans workforce
 - Evaluate large homeowner needs
 - Discuss future production needs
 - Suggest next Ten-Year Plan
 - Numbers by tenure type, income levels, types of needs
 - Approaches, policies, priorities
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OTHER APPROACHES?



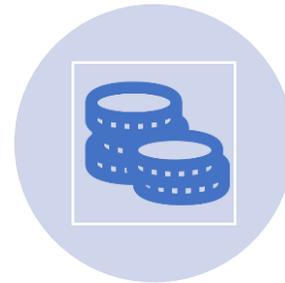
Private market incentives



Land use controls, zoning



Regional partnerships



Regulatory efficiency &
cost reduction



QUESTIONS?

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