



# UNDERSTANDING ORLEANS' HOUSING PROBLEM:

## CHALLENGES

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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

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

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

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

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Can provide substantial capital for projects

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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

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Oriented to households earning 60% AMI or lower

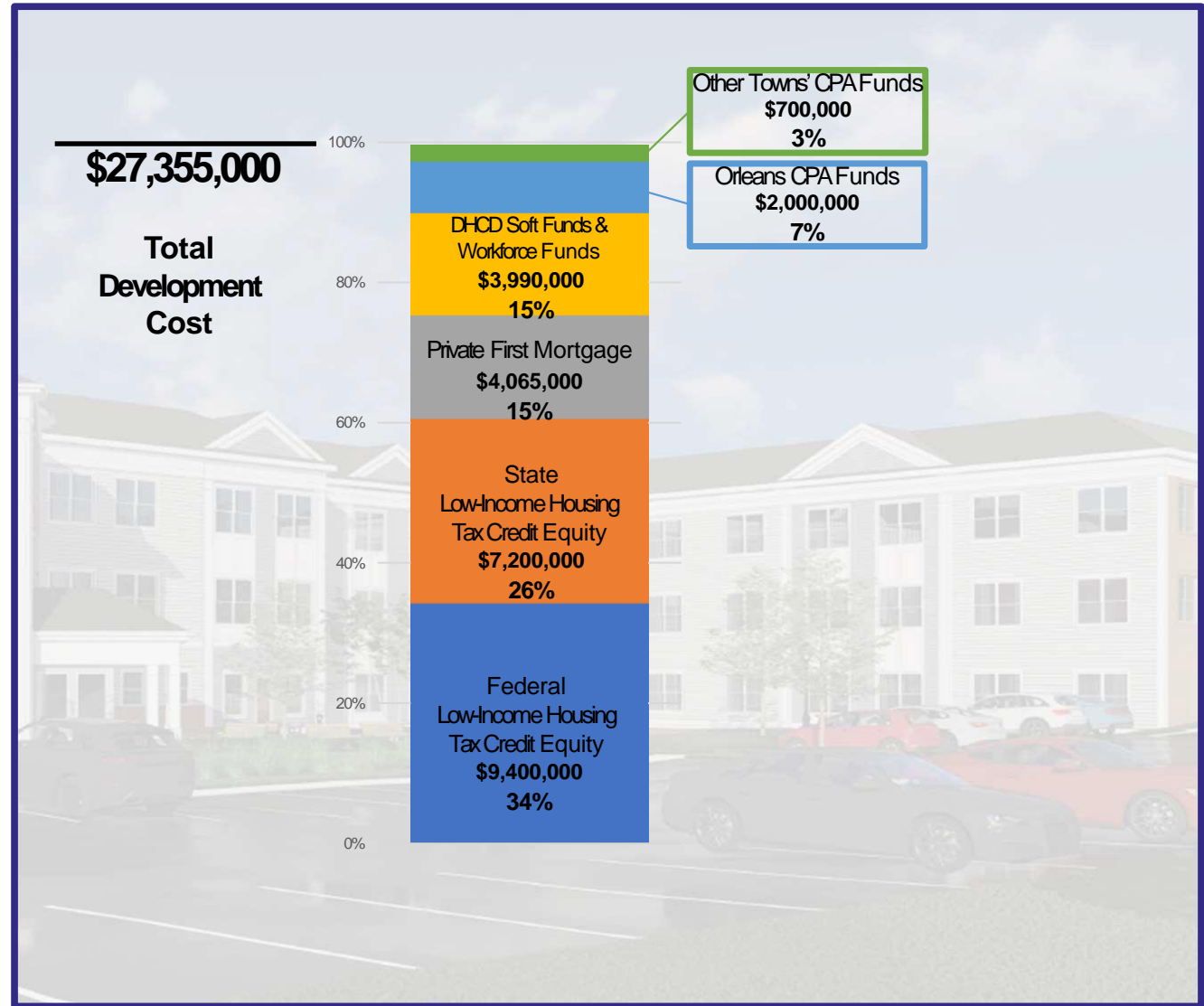
# MASSACHUSETTS TAX CREDIT PROGRAM

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- 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

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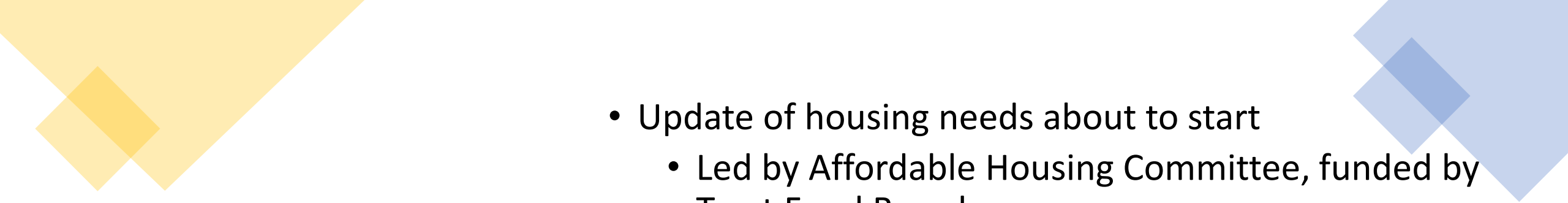
- Establish Municipal Affordable Housing Trust Fund – created and appointed Trust Board in 2019
- Sustainable funding sources: allocated budget override + CPA funding on annual basis
- Public sewer system to support higher density Village Center housing
- Fund a part-time Housing Coordinator – included 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?



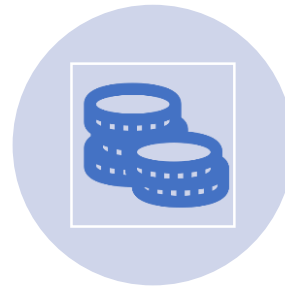
Private market incentives



Land use controls, zoning



Regional partnerships



Regulatory efficiency &  
cost reduction



# QUESTIONS?

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