

AFFORDABLE HOUSING TRUST BOARD

MINUTES
Agenda
September 19, 2023.

The Affordable Housing Trust Board (AHTB) met on September 19, 2023 at 4:30 PM in the Nauset Room at Town Hall and via Zoom. Real-time public access was provided by Orleans Channel 8 on the Town website.

Attending in the Nauset Room were Chair Alan McClennen, Vice Chair Alexis Mathison, Clerk Ward Ghory, Mr. Henry Brehm, Mr. Michael Herman and Mr. Tom Jurkowski. Ms. Katie Wibby attended via zoom. Director of Planning & Community Development Meservey and Community Housing Manager Allgeier also attended the meeting. Chair of the Affordable Housing Committee Nancy Renn was also present.

Call to Order. The Chair called the meeting to order at 4.33pm.

Update about Pennrose. Mr. Sacchetti from Pennrose updated the Board about progress toward closing on the construction financing for the development on West Road, anticipated on or near October 15, 2023. He summarized the financing and contributors for the project. He said the project is awaiting an updated appraisal and still reviewing construction costs. He is investigating how to get the Barnstable County ARPA funds into the project to maximize tax credits.

Update re: 107 Main Street. Mr. Quinn for HAC updated about the 107 Main Street development. He reported that, although they asked for \$750,000 from Barnstable, they received \$571,988. Mr. Quinn said he had been investigating modular construction and it appeared to be the likely choice. Modular offers some cost savings to the project. However, HAC plans to present to the Architectural Review Committee about the slight height difference necessary with modular construction. Full drawings are being developed. Mr. Quinn hopes to begin the process toward financial closing. Groundbreaking may occur early in the new year.

Mr. McClennen said the Town would seek local preferences for the development and start now on the appropriate steps. There was some discussion about how HAC is changing the management of projects by extending their own staff for project management instead of outsourcing it to other agencies.

Update re: 66-76 Route 6A. The RFP is "on the street". Two site tours are scheduled for this week and Friday, Sept. 27. A financial consultant has been retained for evaluation of the bids.

Discussion of ideas for near term actions and solutions. Mr. McClennen addressed his memo regarding possibilities for the Trust in the near term (memo attached to minutes).

Lending for smaller projects – There was discussion of how the Trust might assist downtown property owners include housing units on second or third floors, with

appropriate sprinklers in mixed use locations. The possibility of offering incentives or help with financing in exchange for deed restriction was considered. Options could be explored for different end-horizons for deed restriction. The Board discussed plans for the "underground mall" development and whether there would be the opportunity to incentivize the inclusion of additional affordable housing. Incentivizing developers of smaller developments (3 to 5 units) was also suggested. The Board floated ideas around offering tax deductions, offering to buy the affordable units, or investigating other incentives.

The consensus was this subject merited further consideration and research.

Purchase of condominiums. Mr. McClennen reviewed the figures for recent condo sales and the success of the Trust's ownership of an affordable housing condo. The Board discussed the win/win of purchasing condos and deed restricting them, so long as the condo association did not have first refusal on re-sale. The challenge of association fees becoming unaffordable over time was noted and needed to be considered in purchase/deed restriction situations. In general, developing a condominium purchase plan was also viewed favorably.

Rental Assistance Program. Mr. McClennen reviewed the rental assistance program that had been available during Covid and how the Trust might support a rental assistance program going forward. Mr. Herman said he favored a program and thought the Trust could craft its own solution for short term needs as well as medium/long term requirements. There was a discussion about limiting the duration of assistance or whether it would be on a month by month basis. Ms. Renn said the Affordable Housing Committee (AHC) was interested in a rental assistance program and the Committee offered to investigate options and share ideas with the Trust. The issue could be included in the joint meeting scheduled for October 3 with the Trust and Committee. Ms. Wibby endorsed the AHC doing research into rental assistance and also recommended asking Town Meeting to enable the Trust to offer a rental assistance program as part of its mission. Mr. Herman also supported this action. Ms. Allgeier spoke of her experience with rental assistance programs elsewhere and said it was important to craft an "equitable policy that lasts over time." She said there can be provisions for emergencies with offers of an extension. The program would need to clearly define contingencies and be flexible.

The opportunity for these ideas to become part of the Housing Needs 10 year plan was noted. A schedule of upcoming meetings appears at the conclusion of these minutes.

Extending Trust mandate to include attainable housing. Having passed Town Meeting, this matter is with the State for decision. The trust will need to consider sources of funding for attainable housing. There may be some private entities that would support this sector.

It was the sense of the meeting that discussing Mr. McLennen's memo had been quite productive.

CPC grant applications for FY25. A grant for \$500,000 toward general funding will be sought from the Community Preservation Committee this year. Mr. Meservey will incorporate how funds in the AHT are being used and include anticipated budgets for upcoming needs, if available.

Mr. McClennen said the current Trust balance was \$2,861,945.43. However, \$875,0000 will be payable for the development of 107 Main Street shortly. Once the responses to the RFP for 66-76 Route 6a are received, there may be the need to contribute some of the balance of the funds to the development or demolition at that site. A discussion arose about including solar or meeting passive energy standards at 107 Main Street.

Matters arising.

Mr. McClennen reported that CHAPA has requested a signature on a letter of support for Low Income Housing Tax Credits (LIHTC) in the upcoming Tax bill at the State level. The bill would allow an increase in authorization for LIHTC from \$20million to \$60million and remove the sunseting of the program.

Ms. Wibby left the meeting.

Mr. Ghory moved that the Affordable Housing Trust Board sign a letter in support of the bill as CHAPA had requested and recommend that the Select Board sign their own letter of support for the bill. Ms. Mathison seconded the motion. Mr. Jurkowski, Ms. Mathison, Mr. McClennen, Mr. Ghory, Mr. Herman, and Mr. Brehm voted Aye. Motion carried: 6-0-0.

Mr. McClennen reported that the Trust has received an anonymous donation of \$10,000 toward the affordable housing work of the Trust. He also reported that the increase in interest rates means the Trust can make a 4.5% interest return on its reserve funds which will also contribute to our balance.

Approve minutes of August 15, 2023.

Mr. Herman moved to approve the minutes of August 15, 2023. Ms. Mathison seconded the motion. All voted Aye. Motion carried: 6-0-0.

Adjourn meeting.

Mr. Herman moved to adjourn the meeting at 5.50pm. Ms. Mathison seconded the motion. All voted Aye. Motion carried: 6-0-0.

Upcoming dates of note:

October 3 at 4.30 - Joint AHC and AHTB meeting

Comments due on the draft of goals and strategies by Oct 10

October 17 at 4.30 - AHTB meeting

November 7 at 4.30 - Joint AHC and AHTB meeting

Comments on 10 year plan due by Nov 9

November 21 at 4.30 - AHTB meeting

December 19 at 4.30 - AHTB meeting

*Respectfully submitted,
Jennifer Fountain and Ward Ghory*

Attached: Memo to Trust from Alan McClennen, "Discussion of Possible Work Efforts for FY 2024, dated September 16, 2023

MEMORANDUM

From: Alan McClennen
To: Affordable Housing Trust Board
Subject: Discussion of Possible Work Efforts for FY 2024
Date: September 16, 2023

At our next meeting we will receive updates on three major projects, Cape Cod Five/Pennrose, 107 Main Street/HAC and 66-76 Route 6A/ Governor Prence.

The first two projects have been on our agenda since our first meeting in January 2019. They are in the final stages of funding and moving towards groundbreaking. The property at 66-76 Route 6A is “on the street” with responses to our RFP due on November 29th.

I would like to spend some time talking about some other initiatives that although smaller, might lead to a more rapid creation of additional housing units.

LENDING FOR SMALLER PROJECTS

The Orleans Local Comprehensive Plan was adopted by Town Meeting in 1999. Wastewater planning began in 2000. Now, 23 years later, our planning efforts, numerous zoning changes and the new wastewater system are all in place. The elements for new development are here. Although zoning allowed for expanded growth, the lack of adequate disposal systems and nutrient loading requirements made it uneconomic to do anything. A connection to the new sewer system has removed those impediments.

Recently, the Board of Health and the Board of Water and Sewer Commissioners have had requests for additional flow from owners who want to expand. I have had several conversations with downtown property owners about what they can now do with their buildings, particularly with underutilized upper floor space. They see an opportunity for the creation of apartments to house local employees. Unfortunately, when there are mixed uses in a property (retail/commercial and residential) the Massachusetts Building Code requires the entire property to be fitted with a sprinkler system. This requirement adds a significant cost to the potential conversion.

It occurs to me that the Trust could participate in the funding for some of these projects in exchange for a restriction that unit(s) would be deed restricted. The Town did this with CPA funding to create an affordable unit at the former Homeless Prevention Property on Old Tote Road.

PURCHASING CONDOMINIMUM UNITS

Our first affordable project was to purchase a condominium unit on Old Colony Way which we now rent as an affordable unit. The gross project cost was about \$275,000 which included purchase, improvements, a unit assessment for exterior renovations to the buildings and connection to the new sewer system. We receive a rent of \$1,200 per month or \$14,400 per year. We pay \$100 per month to the Orleans Housing Authority for management services. We also pay the annual condo fee, currently \$5,829.72. This leaves \$7,371 annual cash flow for other costs. The current cash flow can support a loan of about \$100,000 at 7% with a thirty-year term. Therefore, in this case, we are producing an affordable dwelling unit for net cost of \$175,000. This figure is significantly lower than the cost of building a new affordable unit from scratch. For the last two years there has been a turnover rate of about 35 condominiums per year. The prices range from a low of \$230,000 to a high of \$700,000. However, there are a significant number that fall within the range of \$230,000 and \$400,000. Should we look at this market more carefully and purchase some additional units?

RENTAL ASSISTANCE PROGRAM

During COVID, the Trust set up a short-term emergency rental assistance program. The purpose was to have funds ready to assist needy renters if they could not keep current on their rent. Obviously, there were many other factors and programs in play, but by the end of COVID we had not expended any of the available funds. Today, most of the other seven towns on the Outer and Lower Cape have instituted rental assistance programs. In general, they seem to support an affordable housing tenant's rent for up to three years. Should we consider exploring such a program?

ATTAINABLE HOUSING PROGRAM

As our minutes of August 15th show, the Attorney General has approved the amendments to the Orleans Affordable Housing Trust Fund Bylaw, Chapter 104, voted under article 60 of the Annual Town Meeting. Before we can implement the program, we need action by the State Legislature on our home rule petition. Hopefully that will occur before the end of the year. When the Legislature concurs, we need to think about how we will obtain funds to finance housing that falls within 100-200% AMI as there are currently no single-purpose grant programs that support housing in this income range. In addition, none of our current funding sources can be used as they are restricted to 80% AMI for town funds and 100% AMI for CPA funds.