



Town of Orleans

19 School Road Orleans Massachusetts 02653-3699
Telephone (508) 240-3700 – Fax (508) 240-3388

COMMUNITY PRESERVATION PROJECT APPLICATION

Project Title: Orleans Cape Cod Five

Submission Date: 11/23/2020

Applicant (*note if Town, individual or non-profit*): Pennrose, LLC

Address: 50 Milk Street, 16th floor, Boston, MA

Co-Applicant, if any (*note if Town, individual or non-profit*):

Address:

Project Contact Person: Charlie Adams

Telephone: 978-500-8038

E-mail: cadams@penrose.com

Federal Tax Identification Number (if non-profit):

Project purpose (*Check all that apply*):

Open Space

Historic Preservation

Community Housing

Recreation

Project Location/Address: 19 West Road, Orleans

Community Preservation Funding Request: \$2,000,000

Brief Project Summary, Including Justification of Project Category Checked Above:

The "Orleans Cape Cod Five" project seeks to pivot a soon-to-be-vacant commercial property to provide 62 vital mixed-income housing units at a strategic Orleans location near shopping, jobs, and transportation. The proposed project consists of the substantial rehabilitation of an existing commercial structure, a new construction addition to the existing structure, and two separate townhome structures. The development's 62 family rental units will be affordable to households at a variety of income levels, including up to 30%, 60%, 100%, and 120% of the area median income. These units would represent a large and important step in Orleans' efforts to reach the state's 10% subsidized housing target.

Please attach the following information with all applications:

- **Detailed Narrative:** A complete and detailed description of the project including goals and objectives, consistency with Community Preservation Act goals, compatibility with the Orleans Community Preservation Plan and the Orleans Comprehensive Long Range Plan, and relevance to the community and its needs.
- **Action Plan and Timeline:** Note the estimated dates for project commencement and completion and list (with an explanation) all action and steps that will be required for project completion, including any legal requirements or any impediments to implementation.
- **Financial Data:** Provide financial information for the project including total cost, additional revenue sources (public, private, in-kind, volunteer time and services), basis for the fiscal estimates and any other fiscal details currently available. Applicants are encouraged to submit more than one quotation from potential contractors.

GUIDELINES FOR PROJECT SUBMISSION

Please submit **one paper copy** of the application materials to the Community Preservation Committee, c/o Town Administrator, Town of Orleans, 19 School Road, Orleans, MA 02653 by Nov. 23, 2020. **Applicants must also email complete applications in PDF** to Myra Suchenicz, Administrative Assistant, at msuchenicz2012@gmail.com. A single PDF file which appends materials described in item 3 to the application form is preferred.

1. Applications must be received by Monday, November 23 to be considered for recommendation at the Annual Town Meeting.
2. Funds will be available on July 1st following the Annual Town Meeting.
3. Applicants may include any maps, diagrams, and/or photographs pertaining to the project. Letters of Support for the project from community organizations or other sources may also be submitted.
4. The Community Preservation Committee may require additional (or more detailed) information or further clarification to a submitted application.
5. Prior to submission of funding applications, applicants should review the Community Preservation Act (MGL, Chapter 44B, through the Community Preservation Coalition Web site), the Orleans Community Preservation Plan and the Orleans Community Preservation Bylaw, copies of which are available on the Town Web site at <https://www.town.orleans.ma.us/community-preservation-committee>. Nonprofit organizations applying for historic preservation funds for historic structures should obtain a sample copy of an acceptable historic preservation deed restriction (available from the Town Administrator's office) since this type of document will be required. Applicants other than the Town of Orleans should also obtain a sample copy of the Agreement with the Town of Orleans that all successful nonprofit applicants will be required to sign. Please contact the Administrative Assistant by email with any questions.
6. Eligible projects must address one or more of the uses outlined in the Community Preservation Act, Sections 2 and 5 (2), as follows:

Open Space

Acquisition, creation and preservation of land to protect existing water supply/aquifer areas, agricultural and forest land, coastal lands, frontage to inland water bodies, wildlife habitat, nature preserves and scenic vistas.

Community Housing

Acquisition, creation, preservation and support of community housing defined as housing for low and moderate income individuals and families, including low and moderate income senior housing. The Community Preservation Committee is required to recommend, wherever possible, the reuse of existing buildings or construction of new buildings on previously developed sites.

Historic Preservation

Acquisition, restoration, rehabilitation and restoration of historic structures and landscapes that have been determined by the local historic preservation commission to be significant in the history, archeology, architecture or culture of the Town or that are listed on the State Register of Historic Places.

Recreation

Acquisition, creation, preservation, rehabilitation and restoration of land for active and passive recreational uses, including land for community gardens, trails and noncommercial youth and adult sports and the use of land as a park, playground or athletic field and for preservation and restoration of recreational facilities. (Community Preservation funds cannot be used for a stadium, gymnasium or similar structure or for the acquisition of artificial turf for athletic fields.)

October 5, 2020

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1. Detailed Narrative: A complete and detailed description of the project including goals and objectives, consistency with the Community Preservation Act goals, compatibility with the Orleans Community Preservation Plan and the Orleans Comprehensive Long Range Plan, and relevance to the community and its needs.

The proposed development, referred to as “Orleans Cape Cod Five” or simply “Cape Cod Five,” involves the re-use of a former bank headquarters building, combined with a new construction addition and two separate townhouse buildings, as mixed-income housing. Together, the refurbishment and new construction will provide 62 family rental units, including 52 affordable units and 10 workforce apartments.

The existing structure consists of an original, 1978 building and a 1990s addition. The building served as the headquarters and operations center for the Cape Cod Five Cents Savings Bank for the entirety of its existence; most of the staff have vacated the building this year, and the remainder will be relocated to the bank’s newly-built headquarters in Hyannis by year end.

The site, comprised of the 19 West Road and 10 Skaket Corners parcels, is accessed via a landscaped boulevard off West Road, which itself enjoys quick access to Routes 6 and 6-A, two of Cape Cod’s most critical connectors. The property is abutted by a shopping center (which includes a full-service grocery store, pharmacy, and bus stop), a cluster condominium development, and Route 6 itself. The existing structure and property are ideal candidates for redevelopment as mixed-income and affordable housing. Pennrose, LLC has executed Option to Purchase agreement with the Cape Cod Five Cents Savings Bank, signed on September 30, 2020 (attached as an Exhibit).

In line with Town feasibility studies and the Town’s stated desire for the development of affordable housing on the site, the proposed development offers 62 rental housing units available to households with a range of income levels. 52 of the units will be housed in the 38,000 square foot existing structure with a 30,800 square foot attached addition. The 10 townhome units will be in two smaller, separate structures on the opposite side of the access drive. The development will include 78 parking spaces, a playground, and space for a community garden, as well as indoor amenities like a fitness center and club room. We anticipate the inclusion of 30% AMI affordable units, 60% AMI affordable units, and Workforce housing on the site. All proposed units are rental units.

The proposed Orleans Cape Cod Five development represents an important step towards local and regional goals enumerated in Orleans planning documents including the Orleans Community Preservation Plan and the 2006 Comprehensive Long-Range Plan. Specifically, the proposal addresses the Community Preservation Act’s Community Housing goal, defined as the “acquisition, creation, preservation, and support of community housing designed as housing for low and moderate income individuals and families; [the CPC] is required to recommend, wherever possible, the reuse of existing buildings or construction of buildings on previously developed sites.” The Community Preservation Plan cited the 2017 Community Housing Study in affirming a municipal goal of creating 100 units of new affordable housing by 2028, 85% of which are to be rental units. These are intended in part to help the Town achieve the state-mandated goal of a 10% subsidized housing inventory (CPP p15), which would likely be achieved with the successful delivery of the Cape Cod Five project.

While housing and economic conditions in Orleans have changed significantly since the Town’s 2006 Comprehensive Plan (and even since its 2017 Community Housing Study), many of the Plan’s key findings remain relevant today. The Plan noted that “while Orleans shares many county-wide housing problems, conditions for the development of affordable housing are, in many respects, more difficult in Orleans than in

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other towns. Housing and land costs are high and year-round rental opportunities are limited and expensive. For this reason the importance of Town initiatives and active support [of affordable housing] on every level cannot be overemphasized. The Town has demonstrated a commitment to increase the stock of permanently affordable rental opportunities” (Comprehensive Plan, Chapter 10).

Population estimates in the US Census Bureau’s American Community Survey Five-Year Estimates 2018 highlight Orleans’ need for affordable and workforce housing – even as a community with a relatively high median household income. The majority – 54% - of Orleans households earn less than \$74,999 per year, an income that is typically eligible for “Workforce” level housing. The average Orleans household is 2.07 people. HUD income limits for 2-person households in Orleans are as follows:

2-Person Household Income Limits, 2020

30% AMI	\$23,190
60% AMI	\$46,380
100% AMI	\$77,300
120% AMI	\$92,760

Orleans Households by Income Range

2018 American Community Survey Estimates

	Total Households	Families	Married-Couple Families	Nonfamily Households
Households	2,830	1,625	1,384	1,205
Less than \$10,000	4%	2%	1%	7%
\$10,000 to \$14,999	7%	0%	0%	17%
\$15,000 to \$24,999	9%	4%	1%	16%
\$25,000 to \$34,999	8%	2%	2%	15%
\$35,000 to \$49,999	11%	10%	11%	13%
\$50,000 to \$74,999	14%	14%	14%	14%
\$75,000 to \$99,000	12%	21%	18%	4%
\$100,000 to \$149,999	20%	27%	32%	7%
\$150,000 to \$199,999	7%	8%	10%	4%
\$200,000 or more	8%	10%	12%	4%
Median Income	\$71,418	\$95,026	\$105,300	\$30,680

Together, these data suggest that according to Census Bureau estimates,

- Approximately **20%** of Orleans households qualify at the **30% AMI** level
- Approximately **35%** of Orleans households qualify at the **60% AMI** level
- Approximately **55%** of Orleans households qualify at the **100% AMI** level
- Approximately **60%** of Orleans households qualify at the **120% AMI** level

Pennrose will commission a full market study of the Orleans housing market prior to the application for Low-Income Housing Tax Credits, as is required.

2. Action Plan & Timeline

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The proposed project will go before the Orleans Zoning Board of Appeals in December 2020, with the goal of securing a comprehensive permit under the Massachusetts General Law 40B (“friendly 40B”). In the meantime, Penrose and its partners will continue seeking community input from the general public and from key stakeholder groups, including but not limited to the Orleans Affordable Housing Trust, the Community Development Partnership, Orleans Select Board, Cape Light Compact, the Community Preservation Committees of Orleans and other Outer Cape communities, the Orleans Affordable Housing Committee, and others.

Pending approval by the Massachusetts Department of Housing and Community Development (DHCD), the project will submit an application for Low-Income Housing Tax Credits in January 2021. Pending the award of tax credits – typically 5 to 6 months after an application is submitted – the deal would continue on its design, entitlements, engineering, and community engagement phase, with a goal of closing in late 2021. Construction and renovation would likely be on a 14-month schedule, followed by a 6-month lease-up period for potential stabilization in late 2023.

3. Financial Data

This initiative will seek funding from the Massachusetts Department of Housing and Community Development’s Low-Income Housing Tax Credit allocation, as well as HOME funds, Affordable Housing Trust Funds, Housing Stabilization Funds, and MassHousing Workforce funds. The project will seek funding, through this application, from Orleans’ Community Preservation Committee, as well as contributions from the CPCs of neighboring communities on the Outer Cape.

The preliminary total project cost is estimated to be in the range of \$28 million (see preliminary development budget on the next page). Initial construction cost estimates were provided by NEI General Contractors, due to their recent involvement with Penrose’s project in Eastham (the Village at Nauset Green) and familiarity with local cost factors. A comprehensive series of cost estimates will be solicited prior to application for Low-Income Housing Tax Credits and may involve other general contractors.

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Preliminary Development Budget

Name: Cape Cod Five
Location: Orleans, MA



Development Budget

Sources	
Private First Mortgage	4,065,000
9% Tax Credits	9,400,000
State LIHTCs	7,200,000
DHCD - Affordable Housing Trust Fund / HOME / Housing Stabilization Fund	2,990,000
MassHousing Workforce Funds	1,000,000
Orleans CPC/ AHT	2,000,000
Outer Cape CPC Funds	700,000
Deferred Fee	250,000
Total Sources	27,605,000

Uses	
Acquisition	3,250,000
Hard Costs	16,972,000
Hard Cost Contingency	1,273,000
Architecture & Engineering	1,405,000
Legal / Title & Insurance / Accounting / Marketing	528,000
Financing Fees & Interest	713,000
Fees + Reserves	2,920,000
Other Soft Costs	544,000
Total Uses	27,605,000

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Additional Materials

Photographs of project site or resource



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Map of project site showing nearest major roads or intersections

