

ARTICLE 17. AFFORDABLE HOUSING: CREATION OF AFFORDABLE HOUSING UNITS AT THE “ORLEANS CAPE COD FIVE” PROPERTY

To see if the Town will vote to authorize the Select Board to acquire by purchase or otherwise, permanent affordable housing restrictions encumbering fifty-two (52) rental units in the redevelopment of the former Cape Cod Five operations center property located at 19 West Road shown on Assessors Map as Parcel 40-0-5 and 10 Skaket Corners shown on Assessors Map as Parcel 40-0-5, requiring 52 or more units to be used to create housing for persons earning no more than 80% of the Area Median Income and further to appropriate and authorize the borrowing of the sum of Two Million and 00/100 Dollars (\$2,000,000.00) under G. L. Chapter 44B (the Community Preservation Fund) or any other enabling authority for the purpose of acquiring, creating, and/or supporting said community housing, and further to authorize the Select Board and/or the Town Administrator to apply for and accept gifts and/or grants in any way connected with the scope of this acquisition, and to execute any and all instruments as may be necessary or appropriate to effectuate the foregoing acquiring, creating, and/or supporting of said community housing for the purposes set forth herein or to take any other action relative thereto. (Community Preservation Committee)

(2/3 Vote Required)

MOTION

I move that the article be accepted and adopted as printed in the warrant and that the sum of Two Million and 00/100 Dollars, be appropriated for this purpose and for costs incidental and related thereto, and that the Treasurer, with approval of the Select Board, is authorized to borrow the sum of Two Million and 00/100 Dollars (\$2,000,000.00) pursuant to G. L. c. 44B sec. 11, G. L. 44 and/or any other enabling authority, and to issue bonds or notes of the town therefore; while any debt issued hereunder is a general obligation of the Town, it is the Town's intent that the amounts required to pay the principal and interest on the borrowing authorized by this vote shall, in the first instance, be transferred from Community Preservation Act funds.

SUMMARY

This article seeks bonding authorization to purchase the affordable housing restriction for 52 of the 62-units in an affordable housing development at the former Cape Cod Five Operations Center on West Road. All 62 of the units qualify as affordable rentals, with 52 rented to households with an income up to 80% of Area Median Income (AMI). Ten will be classified as workforce units that can be rented to households up to 120% AMI. Under regulations of the Community Preservation Act, the 52 units rented at or below 80%AMI will be eligible for this town support. The Town cost per unit is approximately \$38,000, which is a small portion of the overall project cost. The project will contain a mix of 1, 2, and 3-bedroom units and will address the shortage of affordable rental property in Orleans and on the Lower Cape. If the article is approved, the Town will obtain the deed restriction and make funds available to support and ensure long-term affordability of the housing units, leverage this local financial commitment, and achieve a return of ten times on our investment. The bond will be paid from the housing share of Community Preservation funds, which is supported by an ongoing surcharge on property taxes. Approval of the article will not increase property taxes.

Town of Orleans, Massachusetts

\$11,480,000 General Obligation Municipal Purpose Loan of 2022 Bonds

\$1,300,000 Affordable Housing (O) Dated January 27, 2022

Ch. 44B & Ch.471 of the Acts of 2004 s. 7(1); auth. 5/22/21

Debt Service Schedule

DATE	PRINCIPAL	COUPON	INTEREST	TOTAL P+I	Fiscal Total
01/27/2022	-	-	-	-	-
10/15/2022	65,000.00	5.000%	32,608.33	97,608.33	-
04/15/2023	-	-	21,125.00	21,125.00	-
06/30/2023	-	-	-	-	118,733.33
10/15/2023	65,000.00	5.000%	21,125.00	86,125.00	-
04/15/2024	-	-	19,500.00	19,500.00	-
06/30/2024	-	-	-	-	105,625.00
10/15/2024	65,000.00	5.000%	19,500.00	84,500.00	-
04/15/2025	-	-	17,875.00	17,875.00	-
06/30/2025	-	-	-	-	102,375.00
10/15/2025	65,000.00	5.000%	17,875.00	82,875.00	-
04/15/2026	-	-	16,250.00	16,250.00	-
06/30/2026	-	-	-	-	99,125.00
10/15/2026	65,000.00	5.000%	16,250.00	81,250.00	-
04/15/2027	-	-	14,625.00	14,625.00	-
06/30/2027	-	-	-	-	95,875.00
10/15/2027	65,000.00	3.000%	14,625.00	79,625.00	-
04/15/2028	-	-	13,650.00	13,650.00	-
06/30/2028	-	-	-	-	93,275.00
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10/15/2039	65,000.00	2.000%	1,950.00	66,950.00	-
04/15/2040	-	-	1,300.00	1,300.00	-
06/30/2040	-	-	-	-	68,250.00
10/15/2040	65,000.00	2.000%	1,300.00	66,300.00	-
04/15/2041	-	-	650.00	650.00	-
06/30/2041	-	-	-	-	66,950.00
10/15/2041	65,000.00	2.000%	650.00	65,650.00	-
06/30/2042	-	-	-	-	65,650.00
Total	\$1,300,000.00	-	\$375,158.33	\$1,675,158.33	-

Average Coupon..... 2.8246329%

Declining Debt Schedule (also known as Level Principal)

With Declining Debt, the principal payment remains constant (level), while the interest portion is reduced over the term of the loan. It results in yearly payment totals of principal and interest that decline over time.

- Allows more principal to be repaid in earlier years
- Allows increased borrowing capacity to occur sooner
- Incurs the least amount of total interest paid

(The larger initial payments mean that over the life of the loan the borrower would pay less in total interest)

Level Debt Schedule

With Level Debt, the principal and interest payment total remains constant each year and the portion applied to principal increases over time while the interest component declines

- Allows more principal to be repaid in later years
- Easier to grasp/explain for budgeting purposes
- Incurs a greater amount of total interest paid than Declining Debt

QUESTIONS/REQUIREMENTS FROM BOND COUNSEL

1. A certificate of the Town Administrator stating that the Town does not currently anticipate that the property or interests in property to be acquired with the Affordable Housing Bonds, or any portion thereof, will be leased, rented, managed or otherwise exclusively committed to a third party, or sold for so long as any bonds or notes are outstanding, including a description of what the land will be used for. If the Town Administrator cannot make the above certification, or if the Town leases, rents or sells the land, or makes any other arrangement for the use of the land, or any facilities located thereon, to a third party prior to the issuance of any bonds or notes to finance the acquisition, we must be advised in order to determine whether the project can be financed on a tax-exempt basis. We will ask for an update to this certification prior to each note and bond being issued to finance the acquisition.
2. A certified copy of the report of the Community Preservation Committee recommending that the Town approve the \$2,000,000 Affordable Housing Bonds to purchase the affordable housing restrictions on the Cape Cod Five Operations Property.
3. With respect to the bonds to be issued under the Community Preservation Act, a certificate of the Town Treasurer showing (a) the projected debt service on the bonds and the remaining or projected debt service due or expected to be due on all other bonds issued or authorized but not yet issued under the Community Preservation Act and the purpose for which each such other bonds are authorized, and (b) the estimated amounts of annual real property surcharge receipts to be deposited in the Town's Community Preservation Fund during the period of time such bonds will be outstanding including a breakdown of such receipts among each of the reserved accounts and the undesignated amount.
4. With respect to the affordable housing interests to be purchased with the proceeds of the bonds to be issued under the Community Preservation Act, a copy of an independent appraisal of the value of the property, or, if the Town has not obtained an independent appraisal of the property, any other evidence of the value of the property determined by the Town through procedures customarily accepted by the appraising profession.
5. A certified copy of any leases, contracts or other arrangements with third parties, including (but not limited to) management and operation contracts of the Cape Cod Five Operations Property, or arrangements pertaining to solar panels or cellular communications equipment presently in effect or contemplated by the Town relating to any aspect of Cape Cod Five Operations Property, or a certificate from an appropriate Town official stating that Cape Cod Five Operations Property is managed and operated by the Town and has no contract or other arrangement not applicable to the general public under which a party (other than the Commonwealth, but including the federal government and any non-profit entity) is to have the use of the Cape Cod Five Operations Property. If the Town is contemplating entering into one or more of the arrangements described above, please advise us of the nature (purpose, payment options, etc.) of the arrangements being contemplated and provide a copy of the current version of the contemplated arrangement.