

Provincetown Year-Round Rental Housing Trust Board of Trustees

Minutes: January 11, 2017

Veterans Memorial Community Center, 2 Mayflower Street, Provincetown

5:30 p.m.

YRRT Members Present: Tom Donegan, Chris Andrews, Rob Anderson, Kevin Mooney

BOS Members Present : Tom Donegan, Erik Yingling, Cheryl Andrews

Staff: Town Manager David B. Panagore, Assistant Town Manager David Gardner, Finance Director Josee Cardinal Young, Community Housing Specialist Michelle Jarusiewicz

Consultant : Attorney Peter O'Connor

BOS Vice Chair Erik Yingling stated that the Board of Selectmen will recess until the Executive Session to allow the Year Round Rental Housing Board of Trustees to have a dialogue.

Public Comments: none

General Discussion of the Housing Trust's mission, funding, and operations.

Tom Donegan presented an overview utilizing a slide show. He announced that there would be a Public Forum on Harbor Hill on 1/26/17. The Harbor Hill auction opportunity happened at the same time as the Year Round Trust legislation passed and the members of the Board were being appointed. Bids are due by 2/14/17. The top 4 or 5 bidders will be qualified for the second round with a process to be determined. The process is run by the bankruptcy court. Chapter 305 legislation is unique to the Commonwealth and allows for rental housing from 80% AMI to 200% AMI [Area Median Income]. Traditional Affordable Housing covers primarily up to 80% AMI. The rents will be set by the Trust. There are no new units coming on the market. There is a pressure point on livability in the winter and to grow jobs. There are no subsidies for these income levels.

Rob Anderson reads the Draft Mission Statement:

Draft Mission Statement

The Provincetown Year-Round Rental Housing Trust is a municipal trust fund overseen by five members of the Provincetown community created by the Massachusetts legislature. The trust exists to assist Provincetown residents gain access to year-round, market-rate rental housing by providing housing opportunities to moderate-income individuals and households.

While the trust is specifically tasked to assist a specific segment of Provincetown's population -- middle-income residents -- its ultimate goal is to improve the quality of life of all Provincetown residents. Our town's complex housing crisis was not created by one force, and it will not be solved through one strategy alone; but by increasing the number of year-round, market-rate rental units, the trust aims to retain and attract back as many middle-income households as possible, a key step in preserving the unique, special, and diverse community that has defined Provincetown for generations.

Public Comment? NONE

The Legislation provides priorities for residents; fair housing laws apply. They anticipate market rents for various levels. Some Town rents are very low but new rents are much higher. Weekly rental rates distort the market. We don't have a year-round market to base calculations on.

Any questions? NONE

Area Median Income [AMI]: we know these numbers from traditional Affordable Housing which are based on Barnstable County. The 80% AMI for Barnstable County doesn't reflect our local economy. There is higher number of year round jobs up Cape. Various slides outlined what Town position ranges fell into the income levels – 80%, 100%, 120%, 150%, etc. Note that total household income is factored into actual calculations.

Lack of available rentals is why businesses can't expand. The Town has struggled with this including recent hiring for Librarian and Town Manager. Housing is the primary issue.

Mark Del Franco: commented that regarding Barnstable Area Median Incomes, just as many above and below.

Michelle Jarusiewicz said that our regulations try to adjust by pricing at one level and eligibility at the next higher level.

Rents – generally rent/housing costs are about 30% of income. Anyone here a renter? Few in the room. Expect a range of rents between \$1188 and \$3084. The challenge is how to determine. How will the Trust establish rents and acquisition policy? Looking for comments... about 600 on Facebook but looking for some here. With many units, there are layers of opportunity.

The Trust will retain the services of rental agency and property manager. The Town cannot be a traditional landlord. Need to be arm's length effort.

Mark Del Franco: will it mirror what we have been doing?

Ton Donegan: generally yes.

Michelle Jarusiewicz provided overview of how lottery and waitlist works. She also explained how local preference works, the 4 categories. There are 2 containers at the lottery, one for the local preference, one for everyone. Tom Donegan also said that applicants will be income verified.

Mark Del Franco: one of those people on line, curious about how people felt about year round community. \$50,000 for 4 months is the same as \$50,000 for year round work. Should someone who works year round go ahead of seasonal worker? Don't want to lock people in houses.

Tom Donegan: the realities of the modern and seasonal economy are that people can work from home. A lot of people earn the majority of their income seasonally. What are the criteria for a job in town? The challenge is we want to build year round community but don't want to cut off nose because of our seasonal economy. People have a right to take vacation but these are year round units; there is an expectation that tenants will be here in the winter and venture into the restaurants and shops.

Kevin Mooney stated that we expect more than 27 applications. There is a chance that some won't fall under local preference. Need to determine various ways that "residency" is determined.

Mark Del Franco: if I am an independent contractor and can choose to schedule my work if I manage to produce the bulk of my income in 6 months, say \$50,000, then 6 months don't have to work. A DPW worker can't do that, it is in 12 months. He suggested that policy should favor that DPW person that works 12 months per year.

Rob Anderson said that it was an important point. There are so many scenarios to think about. If a manager at Cuffy's works 8 months, don't want them to be penalized. Mike responded is that a penalty or is it meeting a community goal? Do we stop there?

Chris Andrews responded that we could make sure they were registered voter, etc.

Tom Donegan said that there are 2 issues – income stream and amount of time in the unit. The reality is that we have a summer economy. Leases can state how much time they need to be present. If build a rule around it, might miss out on the reality of the economy.

Tom Coen asked about other places, such as Aspen, can we learn from them? Tom Donegan we welcome any specific examples. Most places have job based connections such as Nantucket.

KC Myers asked about management, overhead, and budget. Tom Donegan responded that the budget is a function of the units. They would hire a rental agent, a property manager, and an independent auditor.

Speaker said that Harbor Hill is apartment complex into itself. The Trustees could buy condos within association; probably different type of management. Association Board of Directors – management on that Board? Tom Donegan responded that those are issues raised that are unanswered. How participate in condo association is an open issue that the Trustees need to sort out.

Tom Coen asked about portfolio management. How will the Trustees structure to get positive balance with real property and funds? Tom Donegan responded that ideally buying things with a rip cord that could be sold if it doesn't work out. They expect that the rent roll won't cover all costs and that there will be a gap. How meet that gap? Dispose of property? It's mostly a financial decision. David Panagore stated that when managing portfolios every deal carried on its own but could blend across.

Elaine Anderson asked if the Trust would have anything to manage after spending all its money? If ask the Town for Harbor Hill, all their money would be spent and there would be an immediate gap. Tom Donegan said that how the gap would be funded would be question for town meeting. Options could include "airbnb" room tax. They are hoping for a small gap. The Trustees will have to watch the portfolio.

Elaine further asked if there would be another source of funding besides rent? Tom Donegan said they have talked about an OPEB year, free cash, airbnb tax. 26 Harbor Hill units could have 26 applications each. Year round jobs and community will come back.

Kevin Mooney said that we would be acquiring an asset, it would likely appreciate in value. If it goes badly, could exit and likely not experience any loss.

Tom Donegan said that potential expansion of room tax probably the easiest position for town meeting. Free cash is unpredictable. Not paying OPEB would be concern.

Mark Del Franco stated that there are crazy on line ideas. He lives at the Meadows with about 40 units. They don't have full-time staff but Meadows is condo development. He was a landlord – if something goes wrong, go to the landlord. Tom Donegan said that would be a property management process along with ongoing maintenance such as roofs. There is a lot of experience in Provincetown.

KC Myers is it different to manage scattered units vs. all in one place? Tom Donegan said that buying bulk creates opportunities. The Trustees believe that Harbor Hill meets the criteria for acquisition; the costs are less than new construction. If not, won't buy.

Tom Donegan introduced members of the Trustees, staff, and consultant. Thanks to all attending. Encourages everyone to stop and reach out to individuals or attend meetings.

6:41 pm Erik Yingling pulled the Board of Selectmen out of recess.

Tom Donegan MOVE that The Year-Round Rental Trust Board of Trustees vote to go into Executive Session pursuant to MGL c30A, Section 21(a), Clause 6 for the purposes of: Clause 6 – To consider the purchase, exchange, lease or value of real estate, if the chair declares that an open meeting may have a detrimental effect on the negotiating position of the public body, and the Chair so declares, Harbor Hill's Condominium and Timeshare Resort and not to convene in open session thereafter;
second Chris Andrews.

Roll call vote:	Chris Andrews	aye
	Rob Anderson	aye
	Kevin Mooney	aye
	Tom Donegan	aye

Approved 4-0.

Erik Yingling MOVE that The Board of Selectmen vote to go into Executive Session pursuant to MGL c30A, Section 21(a), Clause 6 for the purposes of: Clause 6 – To consider the purchase, exchange, lease or value of real estate, if the chair declares that an open meeting may have a detrimental effect on the negotiating position of the public body, and the Chair so declares, Harbor Hill's Condominium and Timeshare Resort and not to convene in open session thereafter;
second Cheryl Andrews.

Roll call vote:	Cheryl Andrews	aye
	Erik Yingling	aye
	Tom Donegan	aye

Approved 3-0.

Moved from open session to executive session at 6:40 pm.

Minutes by: Community Housing Specialist Michelle Jarusiewicz