



Understanding the Housing Needs and Challenges Facing Provincetown, Massachusetts

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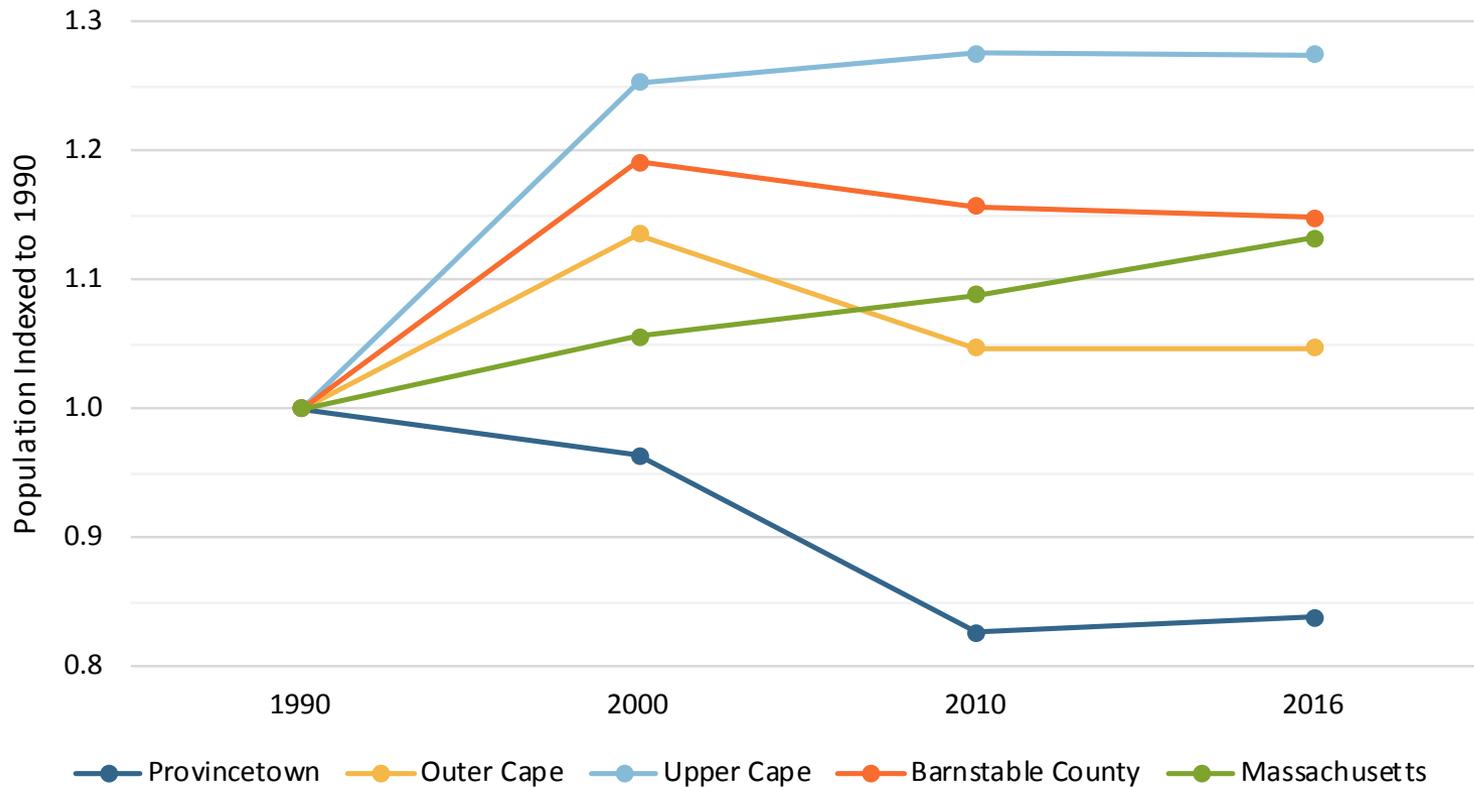


Provincetown's Housing Challenge

- Provincetown has worked for decades to balance needs of its seasonal economy with the needs of year-round residents. In many respects, its approach to its housing challenges has been a model for the Cape and the Commonwealth.
- Provincetown's success as a destination has increased the demand for community and seasonal housing.
- Workers are out-competed for housing by visitors who are willing and able to pay the premium prices on short-term rental platforms.
 - Property owners stand to make larger profits seasonally on sites like Airbnb than they would with the same apartment year-round.
 - Interviews suggest this leads workers to overcrowd apartments and hotbed in motel rooms.
- The hot housing market has driven up prices and led to an increase in condo conversions.

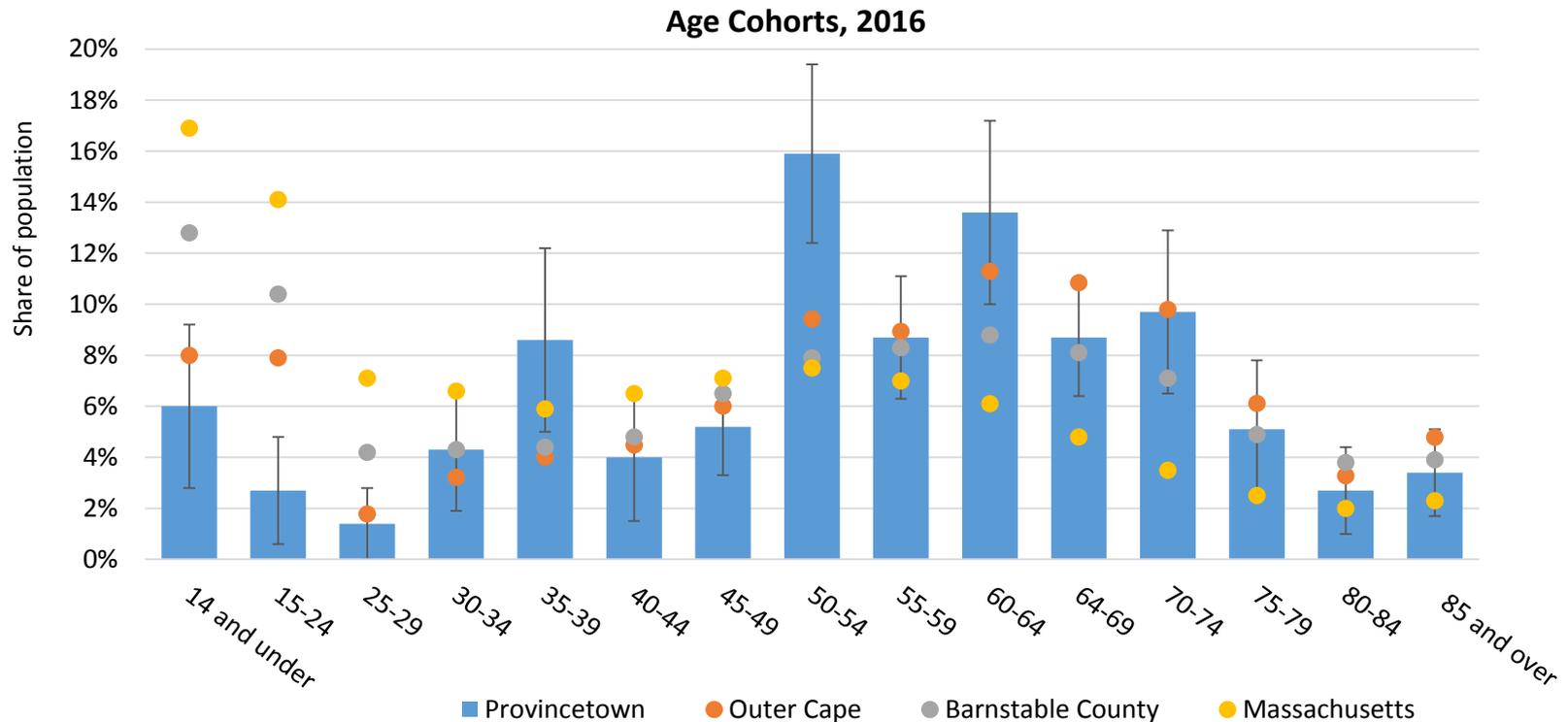


Provincetown's year-round population has declined since 1990, while other areas of the Cape and state have grown.





By 2025, 55% of all households in Provincetown will be headed by someone over 65 years of age if current trends continue.





Prevailing wages do not allow most year-round residents to afford housing in the area.

- The majority of jobs in Provincetown are seasonal and pay relatively low wages.
- The median household income in **Provincetown is \$42,228**, compared with **\$65,382 in Barnstable County** and **\$70,954 in the state**.
- From 2000 to 2016 the median household income (adjusted for inflation) in Provincetown fell by **-10.7%**, compared with **-3.4%** statewide.
- Median home price requires a household income of **\$120k/year** or **\$58/hour**.
- Median rental price requires a household income of **\$43k/year** or **\$20/hour**.



What would be considered affordable housing costs?

- Traditionally, housing is considered affordable to a household if its costs are below 30% their income.
- Households spending 30% of their income or more on housing costs are considered to be “burdened.”
- An estimated **60.1% of Provincetown** households are burdened.
- Compare with **59.1% of Outer Cape** households, **45.8% of Barnstable County** households, and **40.6% of households statewide.**



Even at the median household income, prices are unaffordable.

- From 2000 to 2016, household incomes in Provincetown **declined by 10.7 percent** while the median home sales price **increased by 53.1 percent**.
- Affordably purchasing a Provincetown home at the median price requires an **annual income of \$120,040**, which is **\$77,812 more than the median household income in town**.
- At the median sales price in 2016, 23.4 times the annual median income would be required to purchase a single-family outright.
- Provincetown's median rent requires an **annual income of \$42,560** to rent affordably, or **\$16,358 more than the median rental household's annual income**.



Monthly Housing Cost Gaps

Owners	Monthly Household Income	Maximum Affordable Housing Costs	Monthly Median Ownership Cost	Potential Gap
75 th Percentile	\$7,038	\$2,111	\$2,776	-\$665
Median	\$3,519	\$1,056	\$2,776	-\$1,750
25 th Percentile	\$1,760	\$528	\$2,776	-\$2,248

Renters	Monthly Household Income	Maximum Affordable Housing Costs	Monthly Median Rent	Potential Gap
75 th Percentile	\$4,367	\$1,310	\$1,064	\$246
Median	\$2,183	\$654	\$1,064	-\$410
25 th Percentile	\$1,092	\$327	\$1,064	-\$737



Short-Term Rentals

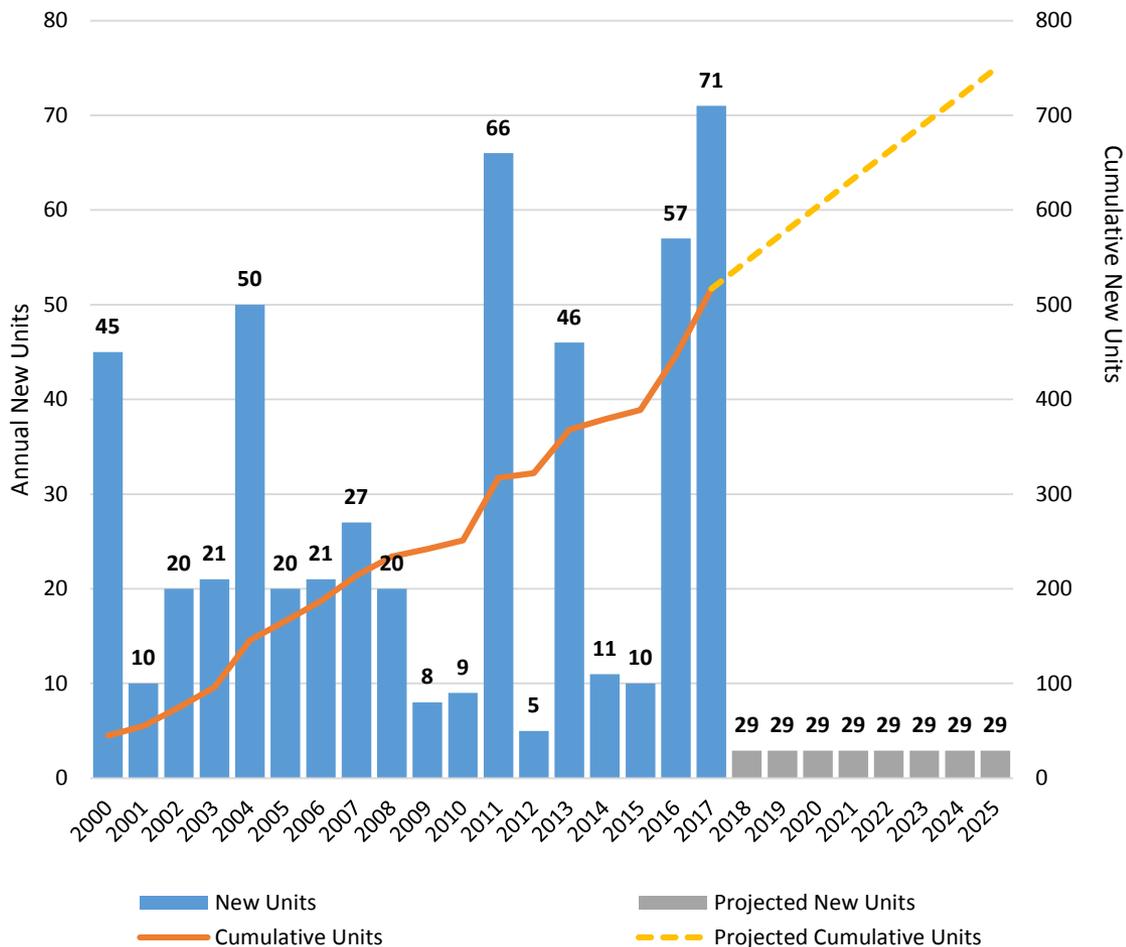
- A common theme during interviews was the proliferation of short-term rentals via platforms like Airbnb.
- The estimated rate for an Airbnb unit in Provincetown is \$254 per night.
- Renting a unit on Airbnb every night from May through September could **potentially net more than \$34,000 for a unit** that could **otherwise rent for \$1,300 per month or \$15,600 per year.**
- Even if a property owner rented the unit for **only half of the season**, they would still earn slightly more than they would if it were rented on a year-round lease.



Housing Supply

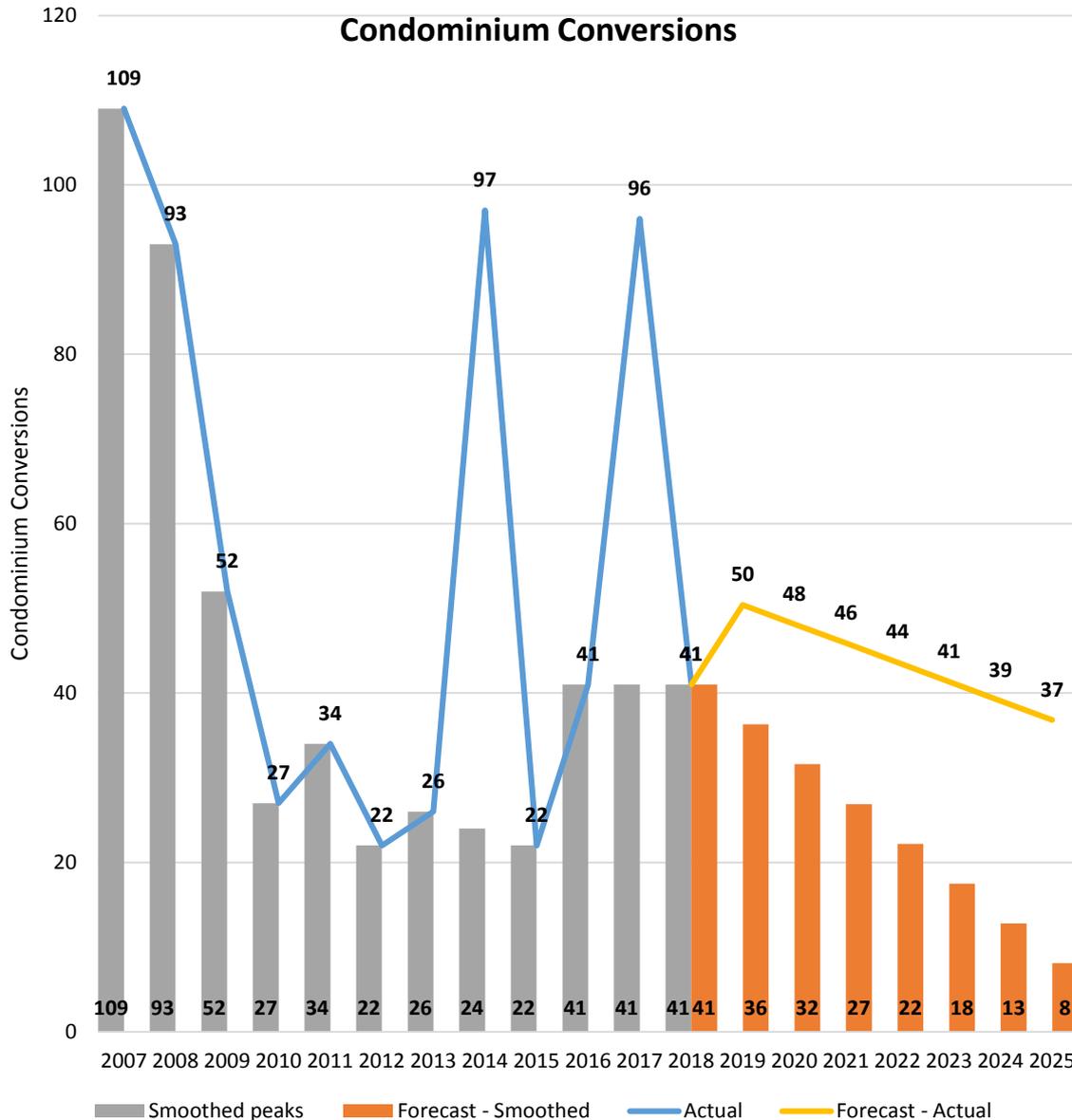
- In 2016, the majority of housing units in Provincetown (54.8%) and across the Outer Cape (60.8%) were seasonally vacant.
- Of the units occupied year-round, 66.8% are owner-occupied and the remaining third are occupied by renters.
- Since 2000, Provincetown has permitted 517 net new housing units, of which 101 are designated affordable to either low- or middle-income households.
- Provincetown has just over 60 lots of developable residential land remaining, meaning that options for new development are highly constrained.

New Residential Construction Permits





Condominium Conversions



Housing Supply

- Condominiums are the dominant type of housing in Provincetown. They account for 54.9% all units and they drive the housing market, accounting for 81.0% of sales in 2016 and 80.8% of all sales from 2006 to 2016.
- From FY 2007 to FY 2018, 660 housing units were converted to condominiums.
- Our housing supply forecast predicts that if condominium conversions continue unabated at current rates, from 2018 to 2025 there may be a loss of 305 units to conversions.



Forecast Implications

2016

2025

Usage Type	Units by Current Demand	Share of Units	Units by Projected Demand	Share of Units	Change 2016 to 2025
Year-Round Total	1,729	40.0%	1,371	30.1%	-358
YR Owner	1,154	26.7%	906	19.9%	-248
YR Renter	575	13.3%	465	10.2%	-110
Seasonal	2,370	54.8%	2,955	64.9%	585
Vacant	223	5.2%	228	5.0%	5
Total	4,322	100.0%	4,554	100.0%	N/A

- Based on current conditions, the number of year-round households in Provincetown will decline from 2016 to 2025.
- If construction trends continue, more units will be added to the stock, but their usage will be primarily seasonal.
 - By 2025, nearly two-thirds of Provincetown’s housing units will be reserved for seasonal use.



The status quo is not sustainable.



“What if we don’t change at all ...
and something magical just happens?”