

Understanding the Housing Needs and Challenges Facing Provincetown, Massachusetts



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EXECUTIVE SUMMARY

Provincetown has worked for decades to balance the needs of its seasonal economy with the needs of year-round residents. Year-round residents and workers, seasonal hires, tourists, and part-time residents all compete for housing stock in a market that has undergone significant change in terms of usage and price as Provincetown, already a prestigious summer destination, has expanded its tourist season beyond just the summer months. The present housing situation in Provincetown has reached crisis levels and has been the focus of a number of Town government efforts to alleviate pressures on residents, retain year-round housing, and incentivize affordable rentals.

Market forces beyond the Town's control have created a housing environment characterized by high prices and favorable to property owners who make their units available for short-term rentals rather than year-round leases. This dynamic has limited the supply of apartments available to hospitality, leisure, food service, and even local government employees while providing strong incentives for property owners to convert multiunit rentals to condominiums, many are more likely to be owned by part-time residents and rented out on a short-term basis.

Demographics

Provincetown is graying rapidly as its population ages in place. At the same time, as the tourist season expands, local businesses are becoming more reliant for longer periods on workers whose wages do not allow them to affordably acquire available housing in town or in the surrounding area. This forces year-round residents to compete with seasonal visitors and workers in a highly supply-constrained housing market. Unsurprisingly, this has been a recipe for a growing housing affordability problem locally and regionally. Demographic changes are playing a significant role in these developments.

- Provincetown's year-round population declined by 16.8 percent from 1990 to 2016, a period during which the state population increased by 12.1 percent.
- The majority of Provincetown residents (51.8%) are over 54 years of age, compared with 28.2 percent of the population statewide.
- The median household income in Provincetown (\$42,228) is lower than that of Barnstable County (\$65,382) and the state (\$70,954), and the inflation-adjusted household income in Provincetown fell at a greater rate than that of the state from 2000 to 2016 (-10.7% compared to -3.4%).
- Average monthly employment in Provincetown increased by 17.4 percent from 2000 to 2016. In August of 2016, approximately 3,500 people were working in Provincetown.
- Although they account for the bulk of all workers in Provincetown, on average, employees in the Leisure & Hospitality and Retail industries earn less annually than the town-wide average (\$24,808 and \$27,597 respectively, compared with \$32,210 for all employees).
- Provincetown employers rely heavily on foreign labor to fill positions during the peak season, with over 400 J-1 visa and more than 300 H2-B visas approved for Provincetown employers in recent years.

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- Our housing demand forecast predicts that the number of households in Provincetown will continue to decline and that the majority of the population will consist of older residents, with 55 percent of all households headed by a person at least 65 years of age by 2025.

Housing

Provincetown has undergone a dramatic reallocation of its housing stock over the past several decades. The decline in the year-round population occurred alongside the repurposing of year-round housing into seasonal units, many of which have been converted from rental units to condominiums, especially in multifamily housing developments. In practice, for example, this means that what was once a building of three year-round rental units has been converted into three ownership units that are infrequently occupied and effectively “off the market” for year-round use. Our interviews revealed that many of these former year-round rental units are being used for short-term rentals and made available through online market places, such as Airbnb, which offer significantly higher profits to property owners than renting the same unit year-round would under current market conditions.

In our profile of the Provincetown’s housing environment, we find that:

- Provincetown’s housing is considerably older than the rest of the Outer Cape, with 48.5 percent of all units in town built before 1940 compared with 22.5 percent in the Outer Cape as a whole.
- An increase in the share units reserved for seasonal use in Provincetown mirrors a trend occurring throughout the Outer Cape. Today, the majority of housing units in Provincetown (54.8%) and across the Outer Cape (60.8%) are seasonally vacant.
- Of the units occupied year-round, 66.8 percent are owner-occupied and the remaining third are occupied by renters.
- Our housing demand forecast predicts that the ratio of renter to owner households will remain stable through 2025.

Condominium Conversions

Throughout our interviews, subjects repeatedly asserted that the conversion of other types of housing to ownership condominiums was eroding Provincetown’s rental housing stock, contributing to the number of units occupied part-time or used for short-term rentals, and increasing the barriers to obtaining year-round housing options in town by keeping housing costs high for prospective homeowners and the stock scarce for renters.

- For people looking to purchase a condominium on the Outer Cape, Provincetown is the place to buy. Annually, there are typically four times as many condominium sales in Provincetown than anywhere else on the Outer Cape.
- Condominiums are the dominant type of housing in Provincetown. They account for 54.9 percent of all units and drive the housing market, accounting for 81.0 percent of sales in 2016 and 80.8 percent of all sales from 2006 to 2016.

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- From FY 2007 to FY 2018, 660 housing units were converted to condominiums, and just under half (49.5%) of these originated from multifamily properties.
- Of all housing in Provincetown, condominiums have the highest likelihood of being owner by a non-resident. Currently, 71.2 percent of all condominiums are owned by non-residents, compared with 59.2 percent of all residential parcels.
- Compared with multi- and single-family housing, the median price for condominium sales in Provincetown is relatively stable, remaining around \$400,000 from 2006 to 2016. In recent years, the median sales price of condominiums in Provincetown was considerably higher than the statewide and county median.
- Although the median sales price is typically lower for condominiums than it is for single-family homes in Provincetown (approximately \$1.2 million in 2016), condominium space comes at a premium. Condominiums have a median value of \$555 per square foot, and a median size of 732 square feet, compared with single-family homes, which have a median value of \$501 per square foot and a median size of 1,610 square feet.
- Our housing supply forecast predicts that if condominium conversions continue at current rates, from 2018 to 2025 a loss of 305 units to conversions can be expected.

Affordability and Availability

Housing affordability in general is a challenge across Massachusetts. On Cape Cod and in Provincetown in particular, the cost of housing has risen to levels that make home ownership well beyond the reach of the typical year-round household. In Provincetown, the median sales price has risen considerably over the past 15 years, a period during which the annual median household income has declined. Moreover, the erosion of the rental stock limits options for households willing to rent until an affordable home is up for sale. Similar dynamics on the rest of Cape Cod restrict options for Provincetown workers who are willing to commute and are unable to find housing in town.

- An estimated 60.1 percent of Provincetown households devote 30 percent or more of their income to housing costs, compared with 59.1 percent of Outer Cape households, 45.8 percent of Barnstable County households, and 40.6 percent of households statewide.
- From 2000 to 2016, household incomes in Provincetown declined by 10.7 percent while 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 household income would be required to purchase a single-family home outright.
- The estimated median rent in Provincetown is \$1,064, which would require an annual income of \$42,560 to rent affordably, or \$16,358 more than the median rental household's annual income of \$26,202. Moreover, interviews suggest that this estimate of the median rent may be hundreds of dollars lower than what

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typically appears on the town's rental market, which operates primarily by word of mouth, making it difficult for newcomers to break into.

- The income profile of Provincetown's renter households makes it clear that, even if they are given the right of first refusal on purchasing an apartment converted into a condominium, in most cases they will be unable to afford the monthly payments, let alone obtain the necessary mortgage financing.

Short-Term Rentals

A common theme during interviews was the proliferation of short-term rentals through online platforms and the effect this use has had on the erosion of year-round units and housing available to seasonal workers. It was also suggested that the profits made from short-term rentals make the practice more lucrative to property than offer the same units on a yearly lease, and that this in turn creates an incentive for purchasing Provincetown housing as investment property.

- The estimated rental rate for an Airbnb unit in Provincetown is \$254 per night.
- If a property owner can fill their unit every night of the 20-week season from May through September, they 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.

1 INTRODUCTION

For over two decades, Provincetown has worked to address the housing challenges faced by current residents, prospective residents, and seasonal workers. In many respects, its approach has been a model for the Cape, the Commonwealth, and other resort communities across the nation. Indeed, since the start of the Provincetown Housing Partnership in 1997, the Town has made gains by providing housing for those in need and successfully implementing programs to both incentivize year-round residency and expand the portfolio of housing options for a variety of income levels. However, the vibrant market for second homes and the expansion of the town's already robust tourist season place continued strain on the limited housing stock.

As a resort destination, Provincetown must balance the demand for guest and seasonal housing with the need to house the seasonal workforce and year-round residents, two groups who often do not earn wages high enough to afford purchasing housing in town at current prices. The conversion of units into condominiums contributes to the erosion of housing options for these groups, who, if they are already struggling to afford rent, could not afford to purchase their unit if it were converted to a condominium. Condominium conversions offer a considerable return on investment for property owners and investors; there has been little fluctuation in the sales price, even during the Great Recession, and many multiunit buildings and inns in town can be converted without conflicting with Provincetown's growth management bylaws. Moreover, the two recent rejections of condominium conversion bylaws at Town Meeting have allowed conversions to continue unabated.

Additionally, the recent advent of peer-to-peer short-term rental platforms such as Airbnb and HomeAway has made it easier for property owners and investors to compete with local inns, hotels, and bed and breakfasts. This as-of-yet unregulated sector of the hospitality industry presents property owners with the opportunity to earn more by renting a unit on a nightly or weekly basis during the high season than they could earn through a year-round lease. During the summer months, when housing units are most in demand, the increased use of units as short-term rentals further limits the options for seasonal workers who cannot afford the premium prices paid by visitors.

Provincetown's attractive features, such as its unique location surrounded by the Cape Cod National Seashore, also create challenges for constructing new housing due to environmental constraints and a limited number of vacant parcels zoned for residential development. Some past efforts to construct high-density housing for low- to moderate-income households were met with resistance from residents who argue it will alter the character of their neighborhood and infringe upon the natural splendor. Moreover, other communities on the Outer Cape do not possess the residential vacancies required to absorb the spillover of workers unable to find seasonal, or even year-round, housing in Provincetown.

While the Town has identified sites for expansion and entered into conversation with neighboring communities to address the regional shortage of affordable housing, any discussion of housing development leads to a debate about the best use of new units—

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dormitories for seasonal workers, community housing for year-round residents, affordable housing for low- to moderate-income households, or some configuration of these options. Truly, the housing crisis in Provincetown affects a broad spectrum of income levels and an allocation of units to any particular segment of the population often means foregoing assistance elsewhere.

1.1 SCOPE AND METHODOLOGY

In an effort to provide objective data to Provincetown stakeholders and decision makers, the Public Policy Center (PPC) was engaged early in 2018 to undertake an analysis of the local housing market. This report provides a deeper analysis of the issues outlined in the PPC's previous work for Provincetown, *A Baseline Assessment of Economic Conditions in Provincetown, Massachusetts: Implications for the Growth Management Policy*. Using data provided by the Town of Provincetown and from secondary sources, and incorporating major themes from interviews with community stakeholders and Town officials, this report addresses the following research questions:

1. What kind of housing does Provincetown have and how has it changed over time?
2. What are the relationships between the housing market and population, demographic, and economic changes?
3. What are the implications for Provincetown if the current trends of demographic change and usage of the housing stock continue?

1.1.1 Data Sources

The PPC used a variety of secondary sources to provide objective, thorough data to facilitate informed decision-making. The following descriptions outline the data sources readers will encounter throughout this report. In addition to these descriptions, footnotes are used to note specific aspects of the data, such as irregularities, or define a single-use source.

The Town of Provincetown

A number of Town offices provided data to the PPC for the purposes of this report. The Town's Housing Specialist provided extensive context on progress the Town has made to date on housing programs; shared counts of community and affordable housing units; discussed background on program development; and facilitated interviews with other officials and community stakeholders. The Assessor's office provided a real estate sales history from 2006 to mid-2018; the most recent assessment records for each residential parcel; parcels and residences approved for the residential and the affordable housing rental exemptions; vacant land zoned for residential use; and condominium conversions by unit count since fiscal year 2007. The Building Department's online building permit database was also used to determine construction trends.

The U.S. Census Bureau’s Decennial Census, American Community Survey (ACS) 5-Year Estimates

The Decennial Census is performed at the start of every decade, with the most recent one being in 2010. The Decennial Census is a hard count of national population as mandated by the Constitution. The primary purpose of the Decennial Census data is to determine the number of seats each state received in the House of Representatives, but over time it has been expanded and the data now forms the basis for the distribution of federal funds to states and communities. The Decennial Census does more than just count people; it provides accurate information about changes in demographic and economic conditions within communities.

The ACS 5-year Estimates provide supplemental information on populations and housing for small geographic areas between Decennial Censuses. The ACS began in 2005 as an ongoing survey in order to provide timely information about the social and economic conditions across the country. As opposed to the Decennial census, the ACS is a sample-based survey, which means that, through the use of demographic weighting and a representative sample, the ACS produces annual estimates. Because it is an estimate-based data source, the ACS can have high margins of error for certain datasets. These are presented when appropriate.

The Warren Group’s TownStats

The Warren Group collects information on arms-length home sales prices and volume directly from cities and towns in Massachusetts, Connecticut, and Rhode Island. Over 20 years of data is available on all property transfers, single-family homes, and condominiums. This data on the housing market provides a means for directly comparing the housing markets in different communities or states.

IMPLAN

The induced economic impacts of spending associated with new households were calculated and specified using IMPLAN (Impact Analysis for PLANing). The IMPLAN modeling system uses input-output analysis to construct quantitative models of trade flow relationships between businesses and between businesses and final consumers. From this data, one can examine the effects of a change in one or several economic activities to predict its effect on a specific state, regional, or local economy (impact analysis).

The PPC constructed an IMPLAN input-output model for Barnstable County. The IMPLAN trade flow data used in the model are for 2016, which was the latest data available at the time of the analysis. Model outputs are reported in 2016 dollars.

Emsi

The PPC uses data curated by Emsi, a subscription-based economic modeling and labor market data service. Their data is used globally by economic development, higher education, and government professionals to align programs with regional needs, equip students with career visions, understand regional economic and workforce activity, and find and hire the right talent.

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Emsi's data covers more than 99 percent of the workforce and is compiled from a wide variety of government sources, job postings, and online profiles and résumés. The modified labor market data available through Emsi makes it possible to estimate the earnings and employment for industries with high levels of self-employment and combine multiple sources of employment information into one package.

1.1.2 Forecast Methodology

The housing supply and demand forecasts presented in this report are intended to provide insight on the impacts of continued status quo development patterns, condominium conversions, and the associated loss of year-round housing stock. While precisely forecasting future relevant conditions in Provincetown is not possible, these scenarios offer a glimpse into where supply and demand trends could lead through 2025 by applying a series of basic assumptions and projections based on current trends.

The projected demand for homes in Provincetown is based on assumptions about the behavior of owners and renters. First, the housing preferences for the forecast are based on the most recent demographic data for the US Census Public Use Microdata Area (PUMA), which contains the Outer and Lower Cape, Yarmouth, Dennis, and the Islands. Assuming that housing preferences for age cohorts in the region will not change through 2025 allows us to forecast future housing demand using existing demographic projections that are more consistent. The PUMA geography provides the projection with the preferences of potential movers. It is realistic to base our assumptions on this region because movers are most likely to have originated in the same county as their destination, and second most likely to come from another county within the same state.¹ These preferences are then applied to UMass Donahue Institute's population projections to create conservative estimates of the number of households by the age of the head of household in 2025.

The supply forecast is more straightforward. First, the annual average for units added through construction is calculated based on the building permits approved and available on the Provincetown Building Department's online database.² The average is then applied to every year from 2018 to 2025 to estimate the potential for new construction if the status quo rate continues. A more robust projection of the town's build-out potential is beyond the scope of this project and requires a comprehensive analysis of the remaining underdeveloped and undeveloped parcels in Provincetown.

The second component of our supply forecast involved projecting future condominium conversions. There were a relatively large number of conversions in fiscal year (FY) 2014 and FY 2017, which in part, can be attributed to the debate surrounding the adoption of a condominium conversion bylaw in those years. Accordingly, the PPC prepared two forecasts. The first is based on the moving average of the actual number of conversions

¹ Ihrke, D.K. & Faber, C.S. (2012). "Geographic Mobility: 2005 to 2010." *Population Characteristics № 567*. U.S. Census Bureau. Retrieved from: <https://www.census.gov/prod/2012pubs/p20-567.pdf>.

² See <https://www.provincetown-ma.gov/index.aspx?NID=374>.

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from FY 2007 to FY 2018, and the second is a “smoothed” forecast, which replaced the FY 2014 and FY 2017 numbers with moving averages and projected future conversions based on these new totals. As result, the actual forecast is considerably higher than the “smoothed” forecast.

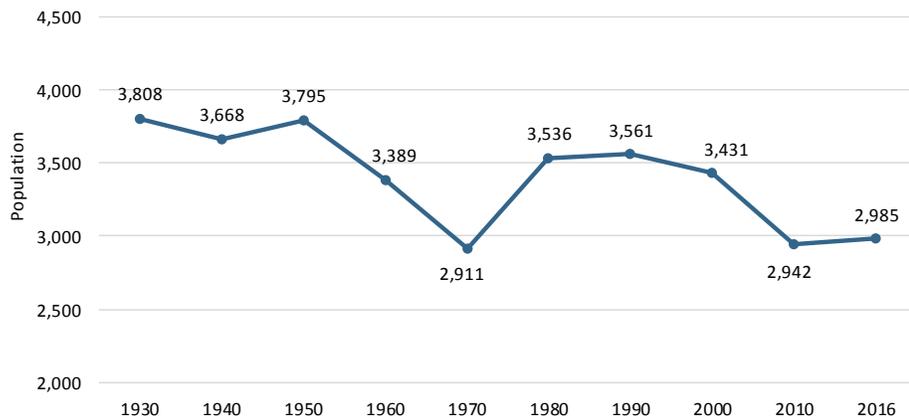
2 DEMOGRAPHICS

Provincetown has seen a decline in the year-round population, which was reported during interviews and confirmed in Census estimates. Those who remain in town are most likely to be older and to earn less than the state as a whole. Efforts to expand the tourist season appear to have led to an overall increase in annual and seasonal employment. However, the majority of these jobs are in highly seasonal industries and pay wages that are below both the local and statewide averages.

2.1 POPULATION

Provincetown's year-round population has fluctuated over the decades between 4,000 and 3,000 residents (see Figure 1). Over the past quarter century, Provincetown's year-round population has decreased by 16.8 percent (1990 to 2016), or by 522 residents. Statewide the population increased by 12.1 percent statewide during the same period. Like many Cape Cod and other resort towns, Provincetown faces a declining year-round population and steady growth in seasonal visitors and part-time residents.

Figure 1
Population Change in Provincetown, 1930–2016



Source: 1930-2010 Decennial Census; 2012-2016 ACS 5-year Estimates, Table DP05

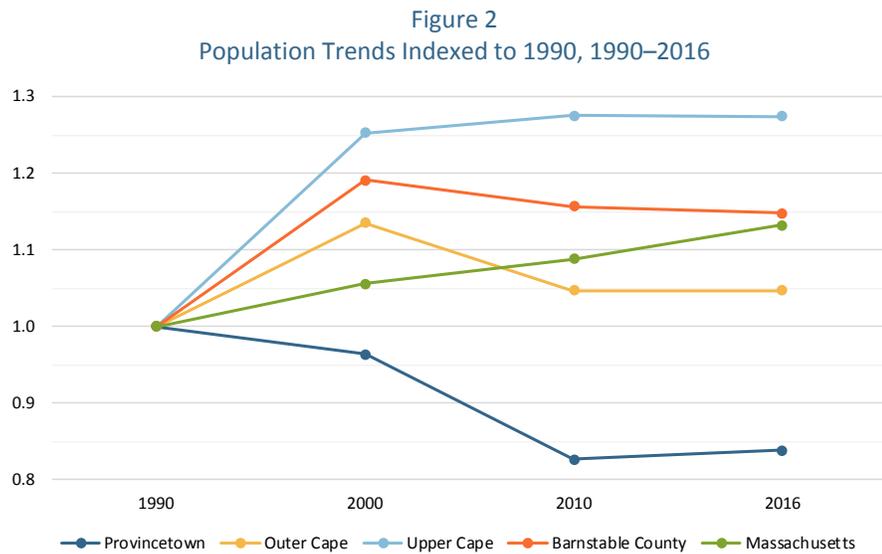
Provincetown's year-round population has decreased by 16.8 percent (1990 to 2016), or by 522 residents.

During interviews, stakeholders pointed to the increased demand for seasonal housing and lack of year-round employment options with wages high enough to support purchasing or renting a unit in town as major obstacles to attracting and retaining the year-round population. Additionally, the community's unique location on the end of Cape Cod limits housing options for workers that support the year-round and seasonal Provincetown economy. Since the majority of Cape Cod is under varying degrees of similar pressure on the year-round housing stock and labor market, labor supply is a major concern for local employers. Recent changes in federal immigration policy are not helping matters.³

³ See *Shortage Of Visas For Seasonal Workers Hits Cape Cod Hospitality Industry Hard* - <http://www.wbur.org/bostonmix/2017/06/23/seasonal-worker-visas-cape-cod>.

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The severity of the loss of year-round residents in Provincetown is especially striking when compared to other Cape Cod communities as can be seen in Figure 2 below, which indexes the year-round population to allow for an apples-to-apples comparison of changes within the Cape Cod region and Massachusetts, since the 1990 Census. While local population growth is estimated to have been flat rather than declining since 2010, the Provincetown population remained approximately 15 percent below its 1990 level in 2016. This is almost entirely opposite the population growth trends for communities in the Upper Cape, where the population grew sharply between 1990 and 2000 before stabilizing in recent years.

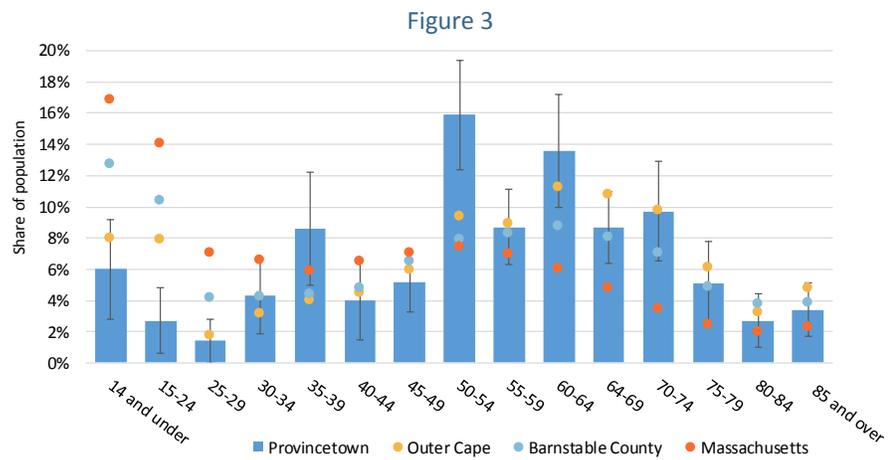


Source: 1990-2010 Decennial Census; 2012-2016 ACS 5-year Estimates, Table DP05

2.2 AGE COHORTS

Compared to the state as a whole, Barnstable County, and the Outer Cape, a smaller share of the Provincetown population is under 35 years of age (see Figure 3). Provincetown is similar to other Cape Cod communities in being home to nearly twice the proportion of residents over 65 years of age when compared to Massachusetts as a whole (29.6% in Provincetown, compared with 15.1% statewide). Although our interviews revealed that many Provincetown residents continue to work full-time after the traditional retirement age, a considerable share of residents (15.9% 50 to 54 years of age) are approaching the end of what is considered the “prime working age,” between 25 and 54 years of age, and may be transitioning out of careers into more casual occupations over the next decade.

Compared to the state as a whole, Barnstable County, and the Outer Cape, a smaller share of the Provincetown population is under 35 years of age.



Source: 2012-2016 ACS 5-year Estimates, Table S0101

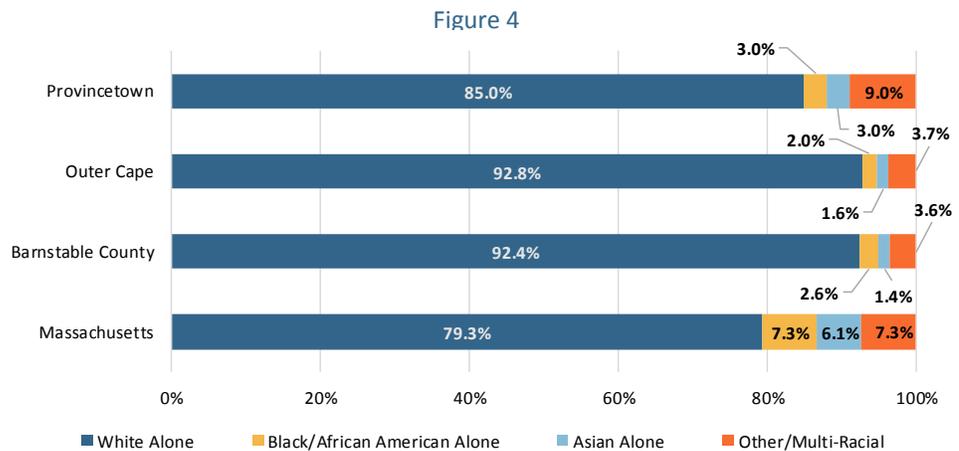
One implication of these age dynamics is that the existing year-round housing stock in Provincetown is primarily inhabited by people over 50 years of age and people whose participation in the labor force can be expected to decline significantly in the next decade. Stakeholders we interviewed often presented an image of Provincetown as a desirable retirement destination for second homeowners, who intend to convert their part-time residence into their permanent home upon retirement. The majority of housing owned by these aspiring retirees is already unavailable to the rental market for the year-round, the seasonal workers, and their families. As this trend continues to play out, an increase in the demand for year-round workers supported by these retirees can be expected to further tighten the market and increase the price of community housing for the workers in healthcare, retail, and food service who will be needed to meet growing demand for services. Exacerbating the challenge will be the need to replace the local workers who both live and work in the area, at least some of whom will elect to “age in place.”⁴

⁴ See <https://www.nia.nih.gov/health/aging-place-growing-old-home>.

2.3 RACE/ETHNICITY

Provincetown is more racially diverse than the Outer Cape and Barnstable County, with 15.0 percent of the population identifying as something other than “White alone” (see Figure 4). While not as racially diverse as the state as a whole, nevertheless Provincetown faces an additional challenge most of its more homogeneous neighboring communities across Cape do not confront as directly, housing discrimination. During interviews, Town government officials demonstrated an awareness of these issues, the unique needs of the local minority community, and the need for vigilance on all aspects of housing discrimination, which have been highlighted in previous studies.⁵

Provincetown is more racially diverse than the Outer Cape and Barnstable County, with 15.0 percent of the population identifying as something other than “White alone.”



Source: 2012-2016 ACS 5-year Estimates, Table DP05

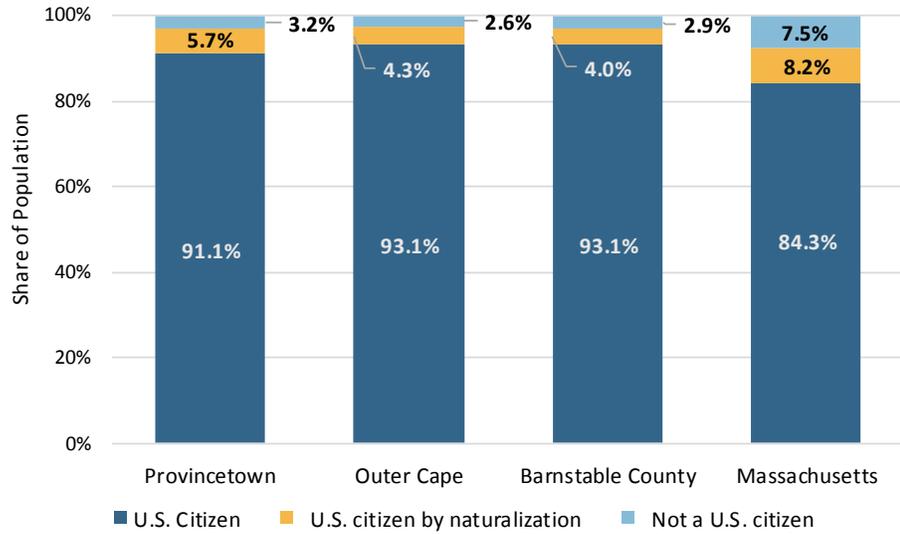
⁵ See: *Provincetown Housing Action Plan* at <http://www.provincetown-ma.gov/documentcenter/view/4178>.

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2.4 NATIVITY AND CITIZENSHIP

An estimated 96.8 percent of all residents living in Provincetown are U.S. citizens, which compares to 92.5 percent statewide (see Figure 5). Massachusetts as a whole has a much higher proportion of residents who are not U.S. citizens (7.5%) than Provincetown (3.2%) and its surrounding communities.

Figure 5
Citizenship, 2016



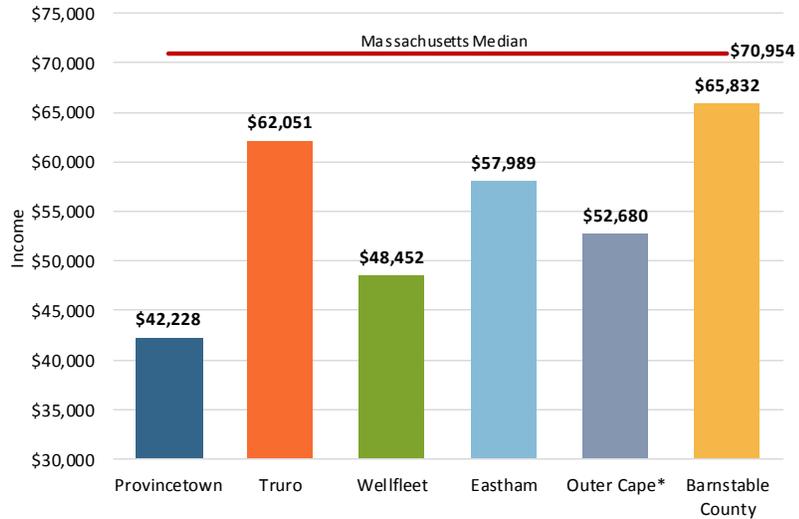
Source: 2012-2016 ACS 5-year Estimates, Table B05001

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2.5 INCOME

The median household income for Provincetown residents is \$42,228, which is significantly lower than the state (\$70,954) (see Figure 6). In addition, Provincetown’s median household income is lower than Barnstable County’s and the average median for the Outer Cape, \$65,382 and \$52,680, respectively.

Figure 6
Median Household Income, 2016



*Represents the average median income of all Outer Cape towns.

Source: 2012-2016 ACS 5-year Estimates, Table B19013

The median household income for Provincetown residents is \$42,228, which is significantly lower than the state (\$70,954).

Adjusting for inflation, the median household income across Massachusetts declined by 3.4 percent between 2000 and 2016 (see Table 1). Cape Cod, and particularly the Outer Cape, saw a more significant decline, with Provincetown seeing a 10.7 percent decline in the median household income since 2000. As a factor of this decline, households in Provincetown and the Outer Cape may have difficulties affording a new home or maintaining current housing costs. This trend, in part, reflects the aging of the population and the associated rise in the number of retirements and reduced earned income.

Table 1
Change in Median Household Income, 2000 to 2016 (2016 Dollars)

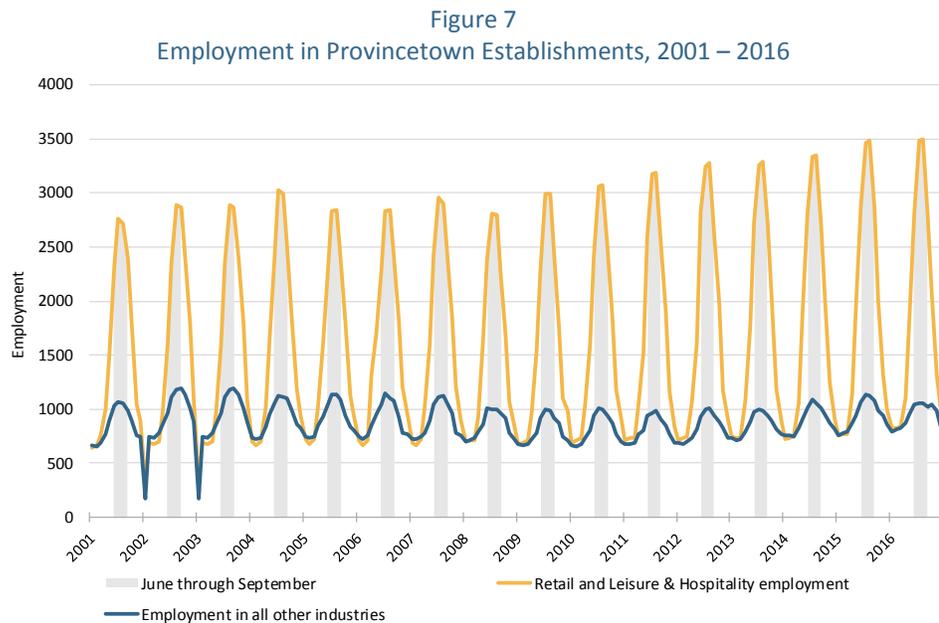
| | 2000 Median Household Income | 2016 Median Household Income | Percent Change 2000 to 2016 |
|-------------------|------------------------------|------------------------------|-----------------------------|
| Provincetown | \$47,294 | \$42,228 | -10.7% |
| Outer Cape* | \$58,940 | \$52,680 | -10.6% |
| Barnstable County | \$67,126 | \$65,382 | -2.6% |
| Massachusetts | \$73,414 | \$70,954 | -3.4% |

*Represents the average median of Outer Cape towns.

Source: 2000 Census, Table HCT012; 2012-2016 ACS 5-year Estimates, Table B19013

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It is well established that the economy of Provincetown and that of Cape Cod in general is highly seasonal. Resort communities rely heavily on the Retail and Leisure & Hospitality industries for employment, employment that reaches a peak in the middle of the “high” season and a trough during the “low” season. In Provincetown, the peak month is August and the trough bottoms out in January. From January to August 2016, employment in Provincetown increased by 181 percent in all industries from 1,624 jobs in January to 4,556 jobs in August (see Figure 7). Over the same period, jobs in the Retail and Leisure & Hospitality industries increased by 323 percent, from 827 jobs in January to 3,497 in August when they accounted for 74.3 percent of all jobs in Provincetown.



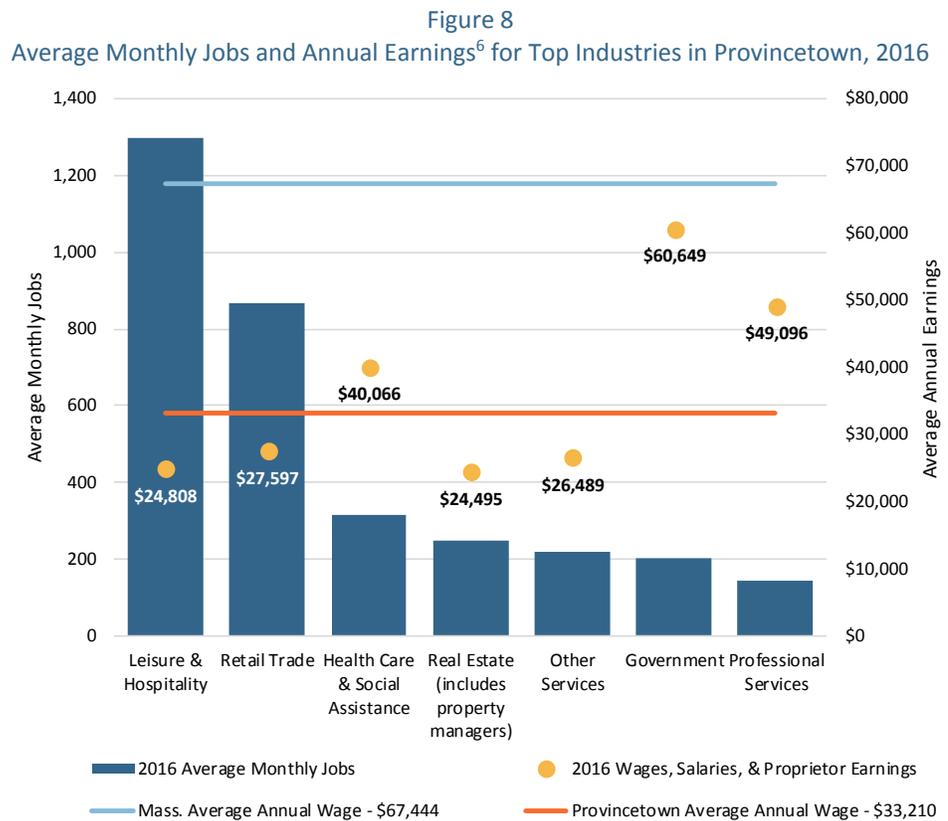
Source: Massachusetts Executive Office of Labor and Workforce Development Employment and Wages Report 2001-2016

Overall, employment in Provincetown increased from 2001 to 2016, with average monthly employment increasing by 17.4 percent, or 417 jobs. The economically important industries of Retail and Leisure & Hospitality saw increases in their monthly average employment of 32.8 and 15.9 percent respectively.

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Figure 8 below displays the industries in Provincetown whose average monthly employment numbers were greater than 100 jobs and the average annual earnings for Provincetown workers in these industries. Of these jobs, only workers in the Government and Professional Services industries can expect to earn above the local average annual wage of \$33,210. During interviews, stakeholders frequently discussed the frustration felt by themselves and other residents working multiple jobs, even in relatively higher paying jobs in these industries, who still struggle to afford housing in Provincetown, or even within a feasible commuting distance. Additionally, a common theme throughout our interviews was the profound lack of housing options that are affordable to seasonal workers in the Retail and Leisure & Hospitality industries, with some interviewees remarking that this problem is especially acute for the foreign seasonal workers on H-2B and J-1 visas.

A common theme throughout our interviews was the profound lack of housing options that are affordable to seasonal workers in the Retail and Leisure & Hospitality industries.



Source: Emsi Industry Table including QCEW and Non-QCEW Employees, Self-Employed, and Extended Proprietors

⁶ The occupational earnings reported by Emsi and the Bureau of Labor Statistics are adjusted to include both the hourly wage and any supplemental income from tips and other allowances. For instance, based on this data a Leisure & Hospitality worker in Provincetown working 40 hours a week would earn \$11.90 an hour, which is considerably higher than the \$3.75/hour minimum wage for tipped employees.

2.6 TEMPORARY FOREIGN WORKERS

The share of the Provincetown population who are foreign-born is based on the US Census Bureau's ACS estimate for year-round residents. Therefore, seasonal foreign workers who work in Provincetown and require seasonal housing in the region are not captured in these estimates. However, historically employers throughout Cape Cod have taken advantage of two federal visa programs that allow them to hire temporary foreign workers to fill open seasonal positions – the H-2B Non-Agricultural Program and J-1 Exchange Visitor Program. An examination of data from these programs can help provide some insight into the size and composition of the local seasonal workforce, a prerequisite for a full understanding of their housing needs.

Each program has numerous requirements that must be met in order for employers and workers to be certified.⁷ It is important to note, however, that employers are not required to supply accommodations for foreign workers approved through these programs, only to assist them in their housing search. During interviews, subjects noted that some resourceful business owners were able to supply housing for seasonal and foreign-born workers, but that these types of arrangements were dependent on the resources each business owner has at their disposal – not all businesses are able to own or gain access to residential units or are willing to keep them off the market for their workers. Even for those who can do so, labor supply concerns combined with housing market conditions can make it a very expensive proposition to open or expand a business in Provincetown. Other interviewees remarked that “hot bedding” is common practice for visa workers who stay in motels on the Outer Cape, essentially sleeping in shifts in shared and often overcrowded motel rooms.

J-1 visas are issued to a variety of foreign visitors for the purposes of cultural exchange and exploring the American way of life, but in the case of summer employment in Provincetown and elsewhere, J-1 visas are issued to foreign university students under the Summer Work-Travel category. In 2017, Massachusetts received the most J-1 Summer Work-Travel visitors in the nation, with 7,090 foreign students. Unfortunately, the State Department only makes the most recent calendar year of J-1 visa data available, and the smallest level of detail provided in their data portal is limited to the ZIP code, which for Provincetown also includes northern Truro. For ZIP code 02657, 400 J-1 visas were approved in 2017. This compares to 456 visas in 2015, according to data provided to Town staff during a J-1 workshop in 2016.⁸

The H-2B program is reserved for non-agricultural businesses who need additional workers for one-time projects, or during seasonal or “peak load” times. In 2017, Massachusetts ranked sixth in the nation in the number of certified H2-B workers, with 4,114 workers participating in the program statewide. In the most recent complete fiscal

⁷ All regulations and compliance requirements for the J-1 program can be found here: <https://j1visa.state.gov/sponsors/current/regulations-compliance/>. The latest guidance letter for administering the H-2B program can be found here: <https://wdr.doleta.gov/directives/attach/TEGL/TEGL21-06c1.pdf>.

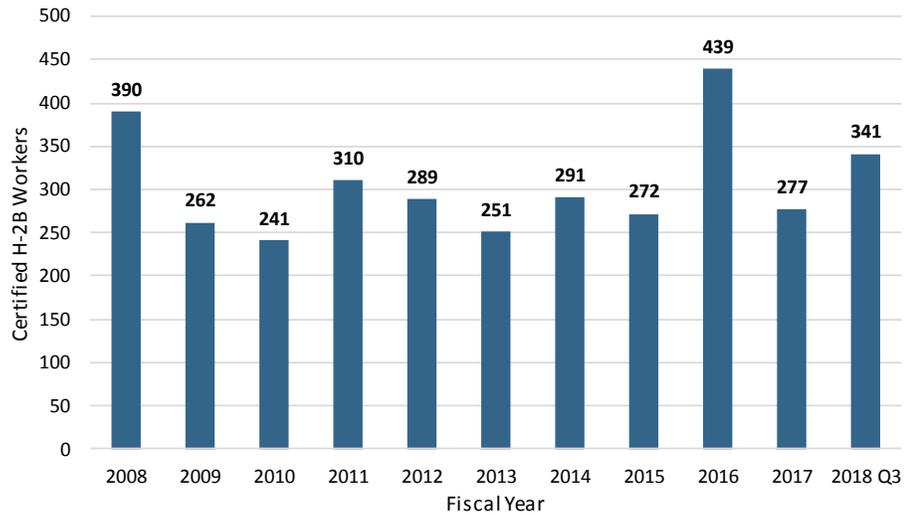
⁸ Memo from Michelle Jarusiewicz, Housing Specialist, to David Panagore, Town Manager Apr. 7, 2016

Interviewees remarked that “hot bedding” is common practice for visa workers who stay in motels on the Outer Cape, essentially sleeping in shifts in shared and often overcrowded motel rooms.

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year for which data is available, 2017, 277 H2-B workers were certified as seasonal or peak load employees employed by Provincetown businesses. As of the third quarter of fiscal year 2018, 341 workers have been approved. Although many stakeholders we interviewed reported concerns in the business community about the potential impact of recent changes to federal immigration policies that serve to limit the availability of foreign-born seasonal help, to date, the number of H-2B workers has remained at levels that are roughly consistent with those experienced during the past decade. It is unclear, however, how many of the workers who were approved for a visa were delay, detained, or denied entry at the border, since the Labor Department’s disclosure data only records the number certified workers approved for each establishment, not the number that are actually able to arrive in the country. Some employers have reported a recent increase in delays, meaning that they start the season with less employees than planned.

Figure 9
Certified H-2B Visa Workers, Provincetown; FY 2008 - Q3 2018



Source: U.S. Department of Labor, H-2B Case Disclosures

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2.7 HOUSING DEMAND FORECAST

In order to understand the demand for types of housing in Provincetown, the PPC has prepared a demand forecast based on predicted demographic changes in town. The basis for this forecast is twofold. First, we assume that headship rates, or the share of the population in each age cohort who head a household, will remain constant from the 2010 Decennial Census count to 2025. Second, we assume that the housing preferences will remain constant, i.e. 50 to 54 year old householders will own and rent at the same rates they do today.

The forecast for 2025 is based on population projections calculated by the UMass Donahue Institute.⁹ Table 2 displays the 2010 headship rate as well as the total population and households for 2010, 2016, and the projections for 2025. Based on the Donahue Institute’s statewide population projections and current headship rates for the area, we estimate that Provincetown will have approximately 1,372 households in 2025, a 23.4 percent decrease from the 2016 Census Bureau estimate of 1,802.¹⁰

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Table 2
Population and Households by Age Cohort Based on 2010 Headship Rate, 2010-2025

| Age Cohort | 2010 | | Headship Rate | 2016 | | 2025 | |
|---------------------|------------------|-------------|---------------|------------------|-------------|------------------|--------------|
| | Total Population | Households | | Total Population | Households | Total Population | Households |
| 14 Years or younger | 161 | 0 | 0.0% | 178 | 0 | 187 | 0 |
| 15-24 years | 127 | 13 | 10.2% | 80 | 8 | 89 | 9 |
| 25-29 years | 110 | 45 | 41.1% | 41 | 17 | 46 | 19 |
| 30-34 years | 128 | 67 | 52.6% | 127 | 66 | 44 | 23 |
| 35-39 years | 162 | 92 | 57.1% | 255 | 144 | 50 | 29 |
| 40-44 years | 231 | 140 | 60.7% | 118 | 71 | 18 | 11 |
| 45-49 years | 353 | 239 | 67.6% | 154 | 103 | 77 | 52 |
| 50-54 years | 396 | 254 | 64.1% | 471 | 299 | 158 | 101 |
| 55-59 years | 336 | 229 | 68.3% | 258 | 174 | 231 | 158 |
| 60-64 years | 339 | 239 | 70.5% | 403 | 281 | 302 | 213 |
| 65-69 years | 197 | 132 | 67.0% | 258 | 171 | 281 | 188 |
| 70-74 years | 124 | 88 | 70.8% | 287 | 201 | 264 | 187 |
| 75-79 years | 114 | 88 | 77.1% | 151 | 115 | 243 | 187 |
| 80-84 years | 71 | 59 | 82.8% | 80 | 66 | 118 | 98 |
| 85 years or older | 93 | 79 | 85.3% | 101 | 85 | 114 | 97 |
| Total | 2942 | 1765 | - | 2962 | 1802 | 2222 | 1,372 |

Source: 2010 Decennial Census microdata; 2012-2016 ACS 5-Year Estimate, Tables S0101 & S1101; UMass Donahue Institute Population Projections; authors’ calculations

The factors attributed to causing household decline are incorporated into the Donahue Institute’s population projections. These drivers are at work in all communities, but in the basis of the forecasts we present here, they may be acutely affecting Provincetown and

⁹ As noted in the Donahue Institute’s regional summaries, these projections are based on year-round resident populations. For additional documentation, analysis, and methodology see: <http://www.pep.donahue-institute.org/>.

¹⁰ Note that the Census Bureau considers a household to be a “resident household” of a municipality if they reside there for a minimum of two months a year.

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other communities with a concentration of older residents. The two major factors are the mortality rate and out-migration. Provincetown's age-adjusted mortality rate for 2015 was 1127.0 people per 100,000 people, compared with the state rate of 684.6.¹¹

The effect of out-migration on the year-round population, while difficult to track through Census estimates, was a theme throughout our interviews, with stakeholders remarking on the lack of viable year-round employment and the unaffordability of housing as two factors that cause younger adults to relocate or to have difficulty finding housing in town when they return from college or move out on their own.

In addition, there are factors for household growth that are **not** present in Provincetown, namely a growing adult population. As Table 2 above shows, the headship rates increases in middle age cohorts and then levels out between 65 to 70 percent. In cohorts over 74 years of age, the size of the age cohorts begins to decline due to mortality and the headship rate increases in response. Therefore, if there are less young adults in the population entering middle age as the current middle age population ages out; there will be a smaller share of the population aging through the stable years of household formation. As the population ages, there are more households per person, but less people, and without new adults 25 to 34 years of age choosing or able to reside in Provincetown during then the overall number of households will begin to decline.¹²

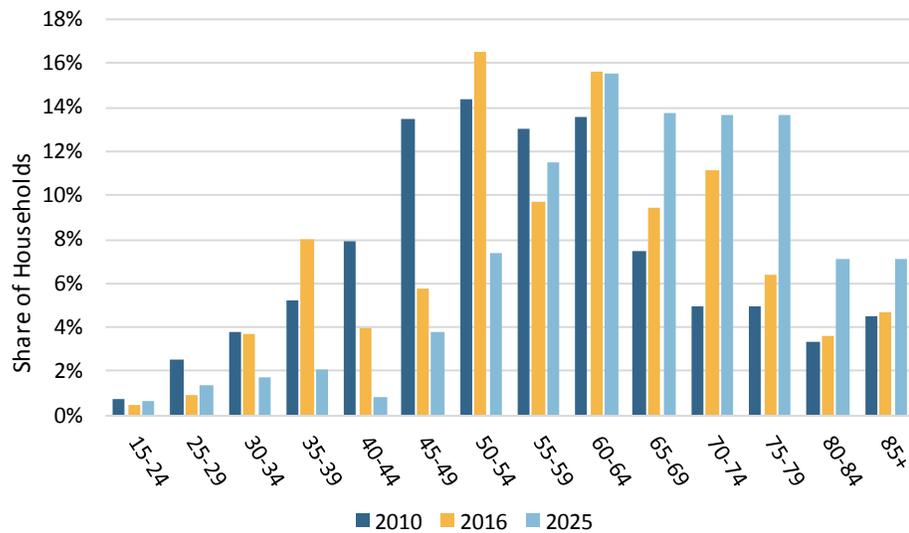
¹¹ The age-adjusted rate is interpreted as the hypothetical death rate that would have occurred if the observed age-specific rates were present in a population whose age distribution is that of the standard population. See: Massachusetts Deaths <https://www.mass.gov/files/documents/2018/08/14/death-report-15.pdf>.

¹² McCue, D., Masnick, G., & Herbert, C. (2015). "Assessing Households and Household Growth Estimates with Census Bureau Surveys." July 2015. Joint Center for Housing Studies. Harvard University. Retrieved from: http://www.jchs.harvard.edu/sites/default/files/w15-5_mccue_masnick_herbert.pdf.

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Figure 10 compares the share of households by the age of the head-of-household across the forecast period. By 2025, we estimate that the majority of Provincetown’s households (55%) will be headed by a person at least 65 years of age. This is more than double the 2010 share (25 percent), and in 2016, it was estimated to be 35 percent. Provincetown is not alone in this aging trend, which has been playing out across the Northeast, as the regional birth rate has not kept pace with the mortality rate. However, in Massachusetts, Cape Cod is on the extreme end of this trend, and its causes are commonly associated with large levels of out-migration among 19 to 29 year olds and the in-migration of households headed by individuals who are 65 years or older.

Figure 10
Share of Households by Age Cohort, 2010, 2016, and 2025



In Provincetown, where the available ownership units are either prohibitively expensive or limited in square footage, there is little opportunity for young adult households to gain a foothold.

Source: 2010 Decennial Census microdata; 2012-2016 ACS 5-Year Estimate, Tables S0101 & S1101; UMass Donahue Institute Population Projections; authors’ calculations

Typically, the rate of household formation among young adults under 30 years old is associated with strong housing markets, as headship rates tend to rise due to increases in homeownership that come with a housing boom. However, this trend is dependent on there being homes available for young adults to purchase.¹³ In Provincetown, where the available ownership units are either prohibitively expensive or limited in square footage, there is little opportunity for young adult households to gain a foothold. Furthermore, the constrained rental market in Provincetown provides few options for these households to enter the community as renters and to wait for an opportunity to become local homeowners. These same dynamics play out to a significant but lesser degree throughout Cape Cod and serve to severely limit the choices for households who would like to become year-round residents.

¹³ Furlong, F. (2016). “Household Formation among Young Adults” *Economic Letters*. Federal Reserve Bank of San Francisco. May 19, 2016. Retrieved from: <https://www.frbsf.org/economic-research/publications/economic-letter/2016/may/household-formation-among-young-adults/>.

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After forecasting the number of households for each age cohort, current preferences for rental housing and homeownership as revealed from current housing use patterns were applied to the age cohorts described in Table 3.¹⁴ In 2025, we estimate market demand for housing in Provincetown’s will be for 1,371 units, with 66.1 percent (906) expected to be owner-occupied units and 33.9 percent (465) renter-occupied.

Table 3
Tenure by Age of Householder, 2010 and 2025

| Age Cohort | 2010 Census Count | | | 2025 Forecast | | |
|-----------------------|-------------------|--------------|--------------|---------------|--------------|-------------|
| | Owner | Renter | Total | Owners | Renters | Total |
| 15-24 years | 15.8% | 84.2% | 19 | 11.1% | 88.9% | 9 |
| 25-34 years | 19.0% | 81.0% | 116 | 19.0% | 81.0% | 42 |
| 35-44 years | 34.0% | 66.0% | 235 | 33.3% | 66.7% | 39 |
| 45-54 years | 51.4% | 48.6% | 502 | 51.6% | 48.4% | 153 |
| 55-64 years | 64.6% | 35.4% | 449 | 64.6% | 35.4% | 371 |
| 64-74 years | 70.6% | 29.4% | 235 | 70.7% | 29.3% | 375 |
| 75-84 years | 78.6% | 21.4% | 145 | 78.6% | 21.4% | 285 |
| 85 years and older | 78.1% | 21.9% | 64 | 78.4% | 21.6% | 97 |
| All households | 55.7% | 44.3% | 1,765 | 66.1% | 33.9% | 1371 |

Source: 2010 Decennial Census Table H17; authors’ calculations

Compared to the rest of Cape Cod, Provincetown has a higher share of renter households (refer to Figure 12 in the following section). However, because of expected changes in the composition of households, we project that the share of households in ownership units will increase slightly by 2025. Simply, older households have higher preferences for ownership than younger households do. Additionally, the shift in tenure could be supported by the continuation of the condominium conversions trend, which feeds the market for ownership units.

We consider these demand estimates to be conservative, as they are based on the current preferences and conditions in Provincetown and the region. However, the number of commuters and non-residents who would like to live in Provincetown, but are unable, is non-quantifiable. Therefore, we anticipate, based on the data presented in this report and the interviews we conducted, that if affordable or community housing is not created to keep pace with the decline in year-round units, then the outside demand is likely to increase, which will further disrupt the ability of workers and business owners to find and supply workforce housing in Provincetown.

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¹⁴ The Census does not supply tenure by age of household in age cohorts in as detailed a form as those used to calculate headship rates.

3 HOUSING

Provincetown has undergone a dramatic reallocation of its housing stock. The recent decline in the year-round population has occurred alongside the repurposing of formally year-round housing into seasonal units, many of which are condominiums converted, particularly, from multifamily housing. Potentially, this means that what was once a building of year-round three rental units is now one of three ownership units that are infrequently occupied.

Property owners are responding to a strong market incentive; short-term rentals through companies like Airbnb can result in seasonal rental profits that are typically greater than what the same unit could produce as a yearly rental.

As online rental marketplaces like Airbnb have become ubiquitous for tourists, seasonal units are increasingly being used as short-term rentals. Property owners are responding to a strong market incentive; short-term rentals through companies like Airbnb can result in seasonal rental profits that are typically greater than what the same unit could produce as a yearly rental. This trend has removed options for seasonal workers and residents who practiced the “Provincetown shuffle” in order to stay in housing year-round, and resulted in an increased number of seasonal vacancies when there are no lodgers. When seasonal units are underused or priced for tourists, a portion of Provincetown’s housing sits potentially vacant while the seasonal workforce competes for, and crowds in to, a shrinking supply of lower-priced units. People searching for year-round housing are impacted by the increase of seasonal units through both a reduction in the supply of year-round units and by the prohibitively high price barrier of being a homeowner in Provincetown.

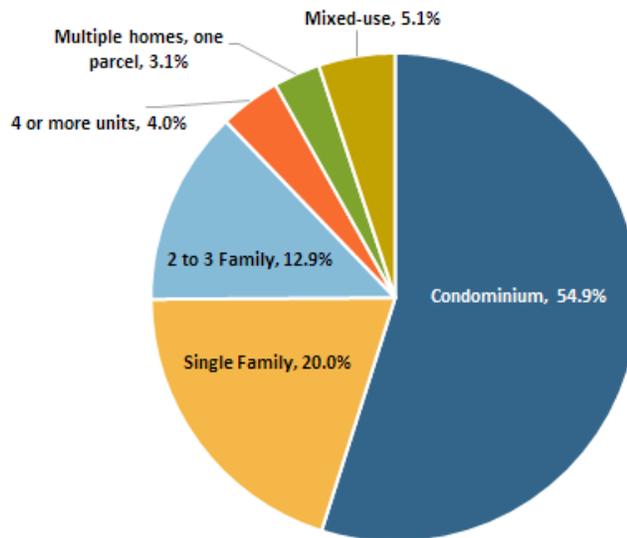
Our interviews revealed that past development in Provincetown has been fraught with issues related to the density and character of housing projects. Stakeholders commented on how “Not In My Back Yard” (NIMBY) concerns have impacted both affordable and community housing development. However, objections did not appear to be directly related to the future occupants of housing. Rather, they concerned how the development of higher density housing would affect features of the community, like the skyline or ocean views, which are important aesthetic components of life in Provincetown for many residents. Our discussions made it clear that Provincetown is in the difficult position of having to maintain a certain character for residents, while also creating more housing opportunities for residents who work in the industries that cannot pay wages that align with what is needed to afford market-rate housing, and whose services are an integral part of the local economy.

The following section explores recent changes in the usage of the housing stock, home sales and production trends, and the issues of housing affordability and the constrained housing stock.

3.1 PROFILE OF HOUSING IN PROVINCETOWN

Provincetown’s housing stock is dominated by condominiums, which can and are often converted from other property types, such as rental units, inns, and even subdivided single-family homes. Condominiums account for 54.9 percent of the housing units in town (see Figure 11). Additionally, single-family homes account for 20.0 percent of all housing units in Provincetown. Although both single-family homes and condominiums can be rental properties, our interviews with stakeholders and Provincetown officials revealed a consistent observation that, for the most part, condominiums do not typically find their way into the stock of year-round rental housing. However, since many properties in Provincetown are owned by non-residents, single-family homes and condominiums reportedly make up a large part of the seasonal, short-term rental market.

Figure 11
Housing Units by Structure Type, Fiscal Year 2018



Source: Provincetown Assessor’s Office; Authors’ calculations

While Provincetown’s assessment records offer many insights into the town’s housing stock, they do not record whether individual units on each tax parcel are owner- or renter-occupied. According to the last American Community Survey (2012-2016 5-year estimate), 40.0 percent of Provincetown’s housing units are occupied year-round by owners (26.7%) or renters (13.3%).¹⁵ The majority of Provincetown’s housing units

¹⁵ Note that the ACS defines a unit as occupied if “it is the current place of residence of the person or group of people living in it at the time of interview, or if the occupants are only temporarily absent from the residence for two months or less, that is, away on vacation or a business trip. If all the people staying in the unit at the time of the interview are staying there for two months or less, the unit is considered to be temporarily occupied and classified as ‘vacant.’” From the *American Community Survey and Puerto Rico Community Survey: 2016 Subject Definitions*. Retrieved from: https://www2.census.gov/programs-surveys/acs/tech_docs/subject_definitions/2016_ACSSubjectDefinitions.pdf.

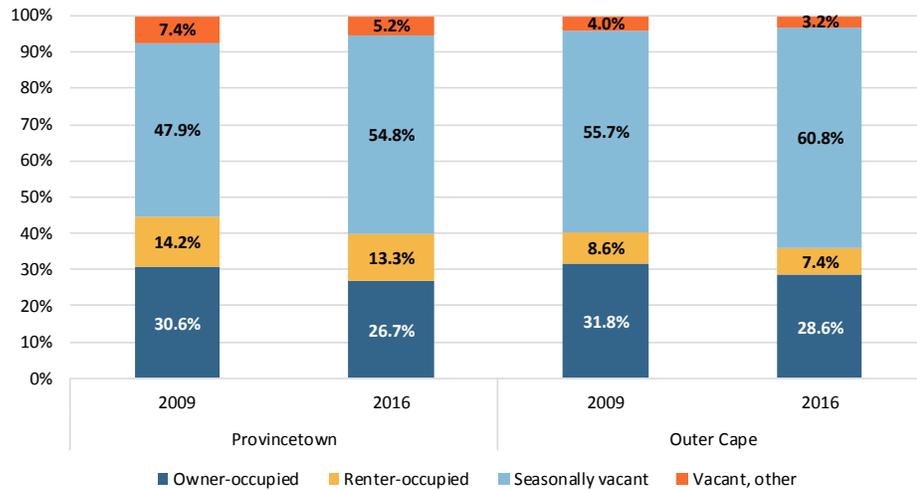
Since many properties in Provincetown are owned by non-residents, single-family homes and condominiums reportedly make up a large part of the seasonal, short-term rental market.

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(54.8%) are used as seasonal properties, which are used by their owners as second homes, rented to visitors throughout the season, or both (see Figure 12).

The majority of Provincetown’s housing units (54.8%) are used as seasonal properties, which are used by their owners as second homes, rented to visitors throughout the season, or both.

Figure 12
Change in Use of Provincetown and Outer Cape Housing Units, 2009 to 2016



Source: American Community Survey 2005-2009 & 2012-2016 Tables DP04, B25001, and B25004; Authors’ calculations

Seasonal housing units have increased in both absolute numbers and as a share of total units since 2009, when an estimated 2,163 seasonal housing units accounted for 47.9 percent of the total housing stock. The growth in seasonal units from 2009 to 2016 translates to a 14.1 percent increase in Provincetown, which is similar to the increase in seasonal units for the Outer Cape (+14.7%). As of 2016, seasonal units account for 60.8 percent of all housing units on the Outer Cape, a greater share than in Provincetown itself. This dynamic may mean an increased difficulty in recent years for people in search of housing on the Outer Cape in order to work year-round in Provincetown. Indeed, this theme emerged repeatedly in our interviews, with interviewees noting that people have reported a scarcity of year-round housing options on the Outer Cape and that it has resulted in the withdrawal of potential applicants for important Town jobs.

Once seasonal vacancies are removed from the total year-round vacancies, the overall vacancy rate in Provincetown is 5.2 percent, which is slightly below 7.4 percent that is considered healthy for residential churn.¹⁶ Vacancy rates below this range tend to indicate a tight housing market where property owners can command higher prices for units than

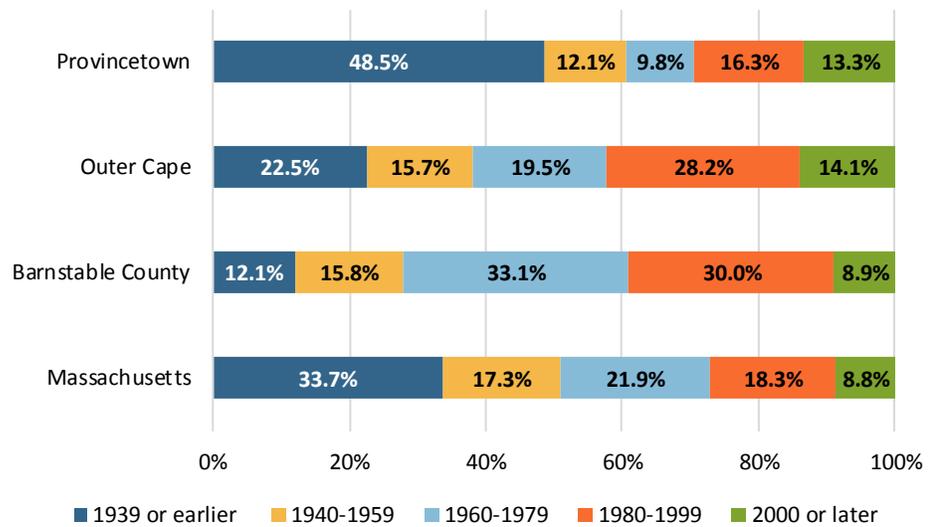
¹⁶ Belsky, E., Drew, R., and McCue, D. (2007). “Projecting the Underlying Demand for New Housing Units: Inferences from the Past, Assumptions about the Future.” Joint Center for Housing Studies, Harvard University. November 2007.

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they would otherwise, and where high prices prevent new household formation, resulting in people living with family members or housemates for longer than expected.¹⁷

The majority of housing in Provincetown (60.6%) was constructed before 1960 (see Figure 13), and an in-depth review of assessment records finds that nearly one-third (32.7%) of the residential structures in Provincetown were originally constructed before 1900. Provincetown has a higher share of housing that was built before 1940 as compared to both other Cape Cod communities and Massachusetts as a whole. During interviews, some subjects remarked that the antique features of the town’s pre-twentieth century housing stock are an important part of the Town’s appeal for residents and visitors alike.

Figure 13
Year Structure Built, All Housing Units, 2016



Source: Provincetown Assessor’s Office; American Community Survey 2012-2016 Table B25036

While it may be appealing, the age of the local housing stock presents challenges. A recent analysis of the 2013 American Housing Survey by the Harvard Joint Center for Housing Studies found that, nationally, rental housing is three times more likely than owner-occupied to be considered inadequate due to structural deficiencies. In addition, older rental housing has both a higher probability of being considered structurally inadequate. These substandard units often may be all that is all that is available for low-income renters who are unable to afford the higher rents demanded for recently constructed units.¹⁸ Indeed, interviewees did note that the age of the housing stock has created quality of life issues for seniors who would like to age in place but who reside in homes in need of significant repairs, an issue that may occur more frequently as second homeowners begin to realize their dreams of retiring to the community in coming years. Additionally, a

¹⁷ Rappaport, J (2017). “The Large Unmet Demand for Housing.” *The Macro Bulletin*. Federal Reserve Bank of Kansas City.

¹⁸ Lew, I. (2016). “Housing Inadequacy Remains a Problem for the Lowest-Income Renters.” *Housing Perspectives*. HJCHS. Cambridge.

An in-depth review of assessment records finds that nearly one-third (32.7%) of the residential structures in Provincetown were originally constructed before 1900.

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number of interviewees remarked that, for renters living in older, substandard housing, there was uncertainty as to what the result of a complaint or request for a repair would be, as reinvestments are commonly believed to be a precursor to the sale of the unit or its conversion into condominium.

3.2 HOME SALES AND PRODUCTION

As the dominant property type in Provincetown, it is unsurprising that condominiums account for the majority of annual real estate transactions. However, the degree to which they dominate the sales market is notable, especially when Provincetown’s real estate market is compared with the Outer Cape, Barnstable County, and the state. Comparatively, condominiums sold in Provincetown sold for prices that were both higher and more stable than elsewhere on Cape Cod or in Massachusetts as a whole.

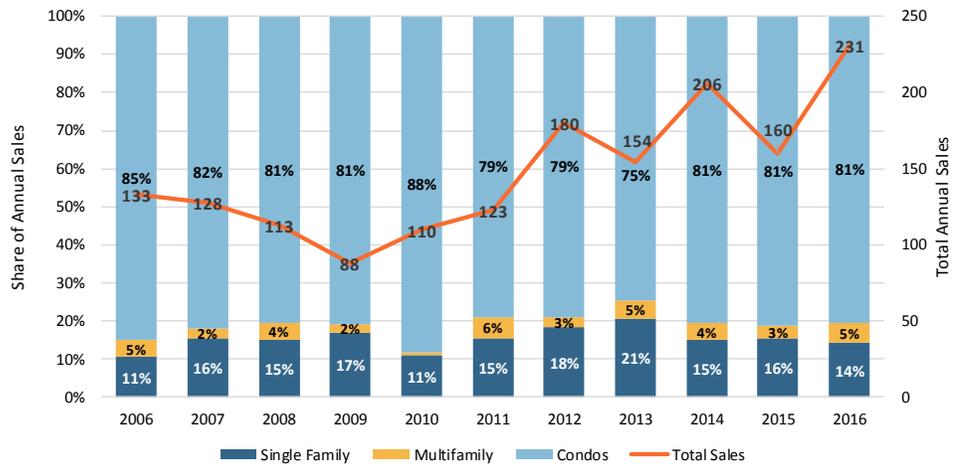
Since 2000, Provincetown has permitted 517 net new housing units, of which 101 are designated affordable to either low- or middle-income households. This has left Provincetown with just over 60 lots of developable residential land under current zoning regulations, meaning that options for new development are highly constrained.

Condominiums sold in Provincetown sold for prices that were both higher and more stable than elsewhere on Cape Cod or in Massachusetts as a whole.

3.2.1 Sales

By volume, home sales in Provincetown have more than recovered from the slight decline they experienced during and in the wake of the “Great Recession” (see Figure 14 below). Also evident from the sales data is the central role that condominium sales play in driving the Provincetown housing market. For any given year from 2006 to 2016, they account for the overwhelming majority of real estate transactions.

Figure 14
Sales by Property Type, 2006-2016



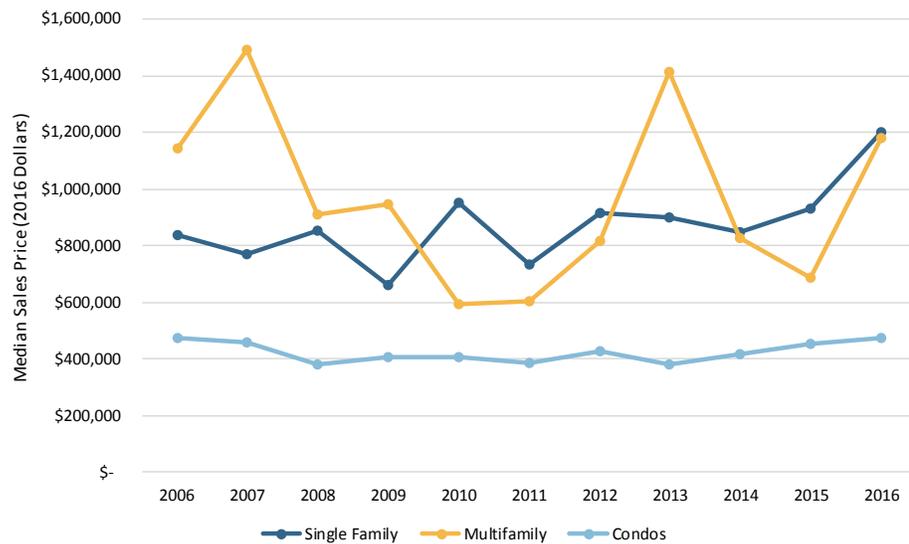
Source: Provincetown Assessor’s Office; Authors’ calculations

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Over time, condominium prices appear to be considerably more stable, albeit lower, when compared with multifamily and single-family properties (see Figure 15). The fluctuation in median multifamily sales prices is most likely due to the number of units in the properties sold for a given year, considering that properties with five or more units are in short supply in Provincetown, and consequently can command a much higher sales price.

Single-family home prices have grown steadily since 2014, and the median sales price increased by 43.1 percent from 2006 to 2016. The median sales price condominiums in Provincetown saw essentially no increase from 2006 to 2016 (0.04%). Multifamily homes saw a 3.0 percent increase in the median sales price over the same period.

Figure 15
Inflation-Adjusted Annual Median Sales Price in Provincetown by Property Type, 2006-2016



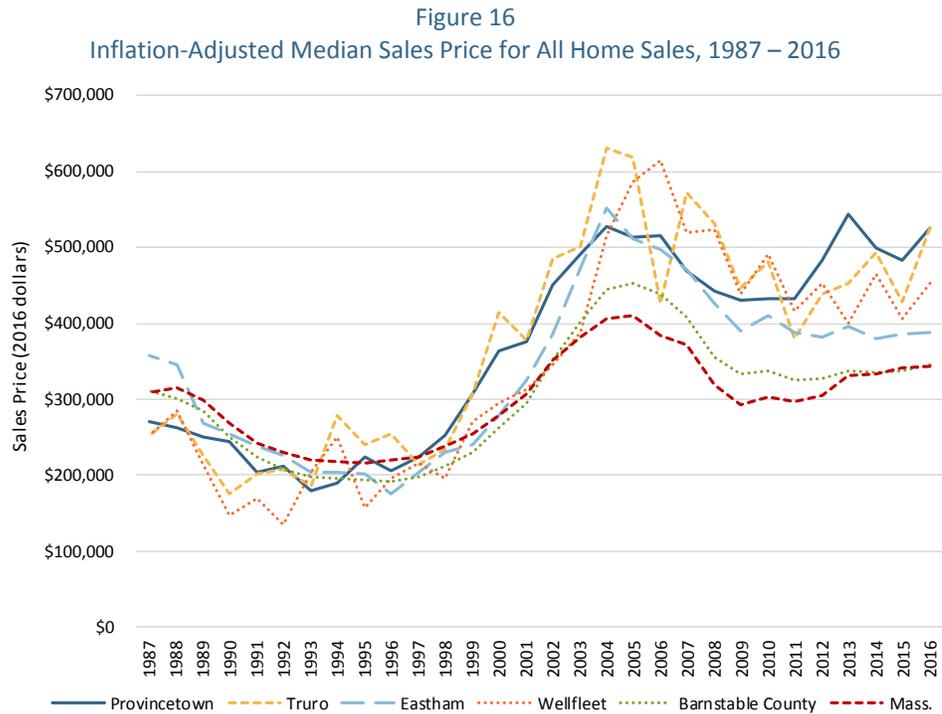
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Over time, condominium prices appear to be considerably more stable, albeit lower, when compared with multifamily and single-family properties.

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While the housing affordability challenge in Provincetown is arguably the most acute in the region, it is certainly not unique on the Outer Cape. As can be seen in Figure 16, the median sales prices for the Outer Cape towns have followed a similar trend, and since the early 2000s, sales prices on the Outer Cape, on average, have been consistently approximately \$100,000 above the median in Barnstable County and the state as a whole.

Sales prices on the Outer Cape, on average, have been consistently approximately \$100,000 above the median in Barnstable County and the state as a whole.

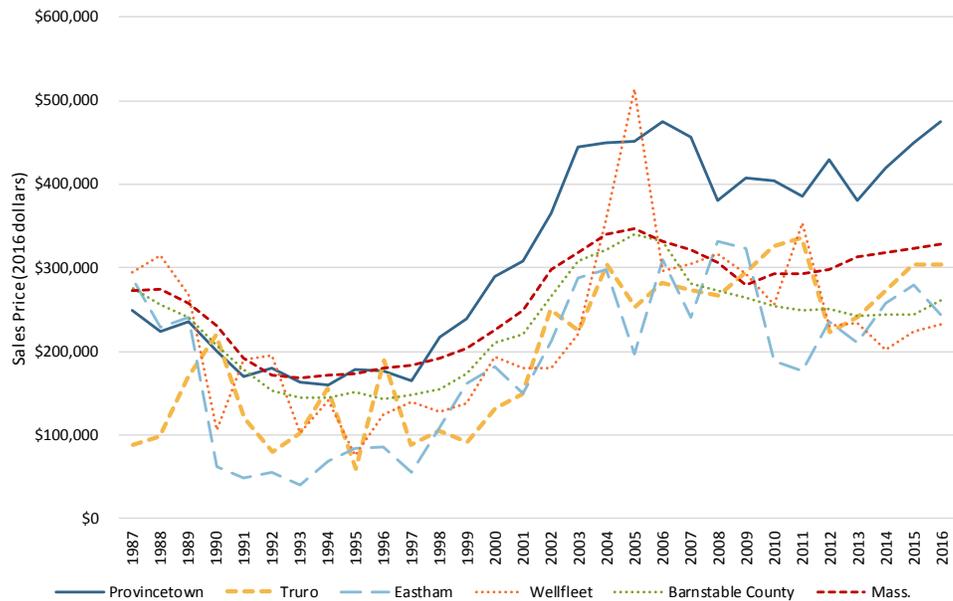


Source: The Warren Group; Authors' calculations

Understanding the Housing Needs and Challenges Facing Provincetown, Massachusetts

Although Provincetown’s median sales prices for all home sales generally follow the trends that characterize the housing market on the Outer Cape as whole, the condominium market in Provincetown has consistently been much more robust for the past two decades. With exception of a spike in Wellfleet in 2005, the median sales price for condominiums in Provincetown has surpassed those in other Outer Cape towns, Barnstable County, and Massachusetts in every year since 1998 (see Figure 17).

Figure 17
Inflation-Adjusted Median Sales Price for Condominiums, 1987 – 2016

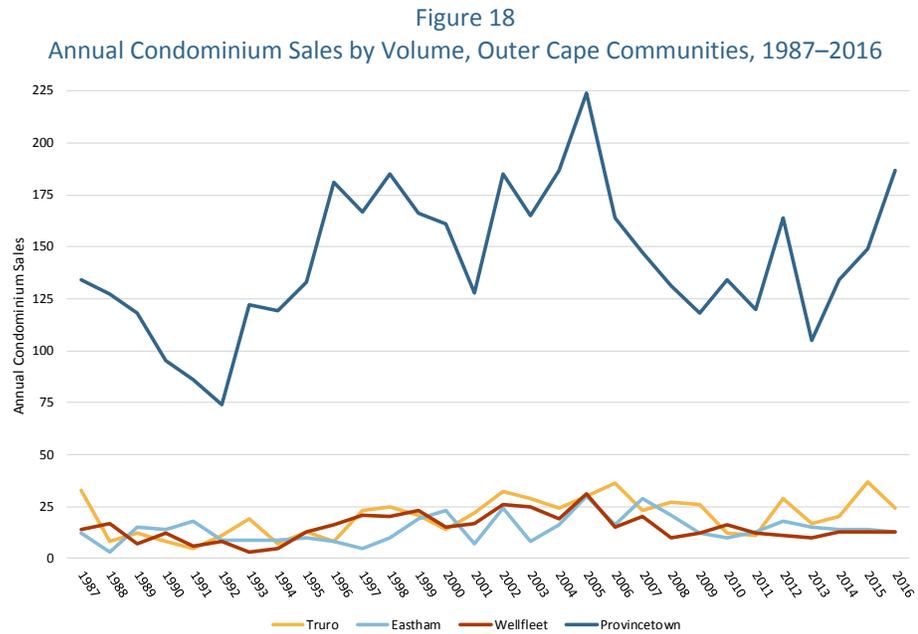


Source: The Warren Group; Provincetown Assessor’s Office; Authors’ calculations

The median sales price for condominiums in Provincetown has surpassed those in other Outer Cape towns, Barnstable County, and Massachusetts in every year since 1998.

Understanding the Housing Needs and Challenges Facing Provincetown, Massachusetts

Figure 18 below provides additional insight into the historical market for condominiums on the Outer Cape. Notably, while Wellfleet had the highest median condominium sales price in 2005, there were 31 sales in town that year, compared with 224 in Provincetown, making it quite possible that the spike in sales price for Wellfleet that year was the result of the sale of a relatively small number of high-priced units. Figure 17 makes it clear that Provincetown dominates the regional condominium market and provides many more options annually than the other communities on the Outer Cape, with an average of 142 condominium sales per year from 1987 to 2016.

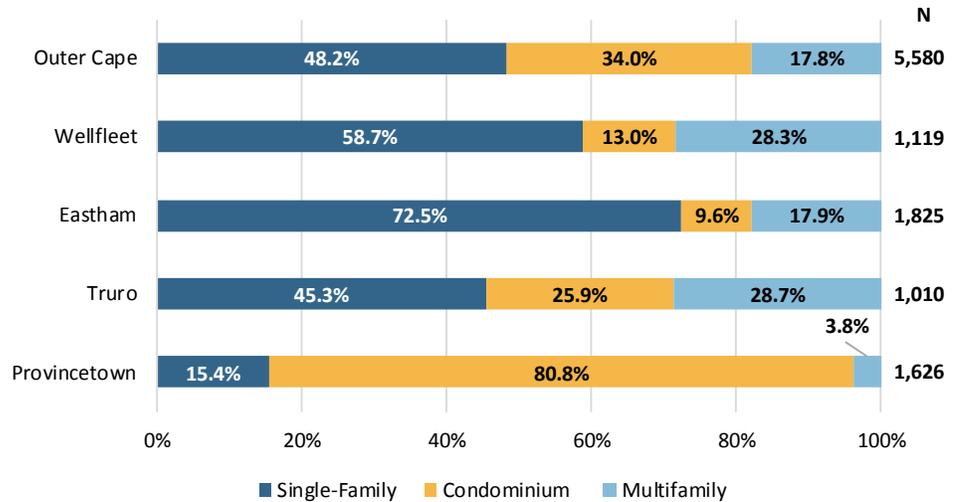


Source: The Warren Group; Authors' calculations

Understanding the Housing Needs and Challenges Facing Provincetown, Massachusetts

Provincetown is unique among other Outer Cape communities in terms of the sales mix of real estate property types. Overall, single family homes accounted for the largest share (48.2%) of all sales on the Outer Cape between 2006 and 2016, while during the same period in Provincetown, condominiums sales dominated sales activity (80.8%) while single family homes accounted for 15.4 percent of the total residential properties sold (see Figure 19).

Figure 19
Total Sales by Property Type, 2006-2016, Outer Cape and Communities



Source: Warren Group TownStats; Provincetown Assessor’s Office; Authors’ calculations

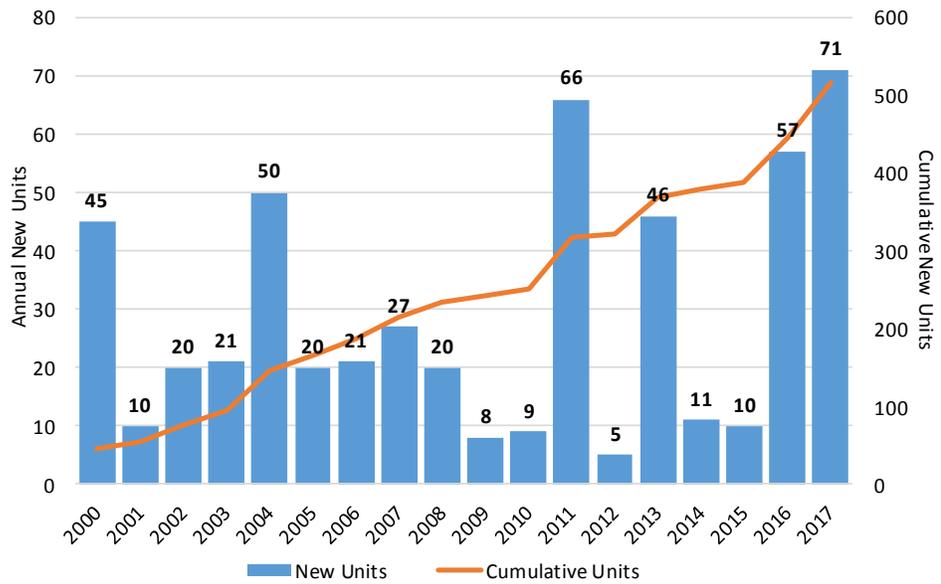
Understanding the Housing Needs and Challenges Facing Provincetown, Massachusetts

3.2.2 New Construction

The number of new housing units constructed annually in Provincetown varies from year to year, with spikes over the past decade primarily attributable to the development of a small number of relatively large housing complexes (see Figure 20). For example, in April of 2011, only five new building structures had been developed, containing 51 total new units. On average, 29 units were added annually between 2000 and 2017, with 517 units added to the local housing stock over this period.

On average, 29 units were added annually between 2000 and 2017, with 517 units added to the local housing stock over this period.

Figure 20
Newly Constructed Units and Cumulative New Units, 2000–2017¹⁹



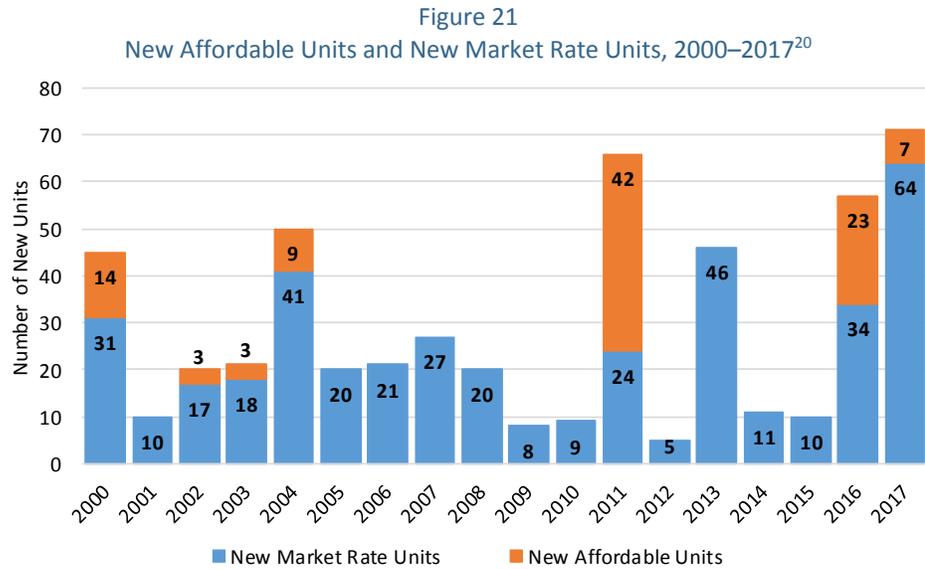
Source: Provincetown Building Department 2000-2012 and 2016-2017; U.S. Census Bureau Building Permit Survey 2013-2015; Authors' calculations

¹⁹ Due to a change in the format of the Provincetown Building Department's data the building permit numbers for 2013 and 2014 use the total reported by the Town on the Census' Building Permit Survey, and the number estimated by the Census for 2015.

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Unsurprisingly, the majority of newly constructed units are produced to meet the substantial demand for market-rate housing in Provincetown, rather than being developed to be affordable to households with incomes below or near the area median income (AMI). With the exception of 2011, when 42 units of affordable housing were permitted, market-rate housing was the primary type of housing constructed from 2000 to 2017 (see Figure 21). Since 2000, 101 affordable units have been constructed, even as 416 market rate units were added during the same period (through 2017).

The majority of newly constructed units are produced to meet the substantial demand for market-rate housing in Provincetown, rather than being developed to be affordable.



Source: Provincetown Building Department; Authors' calculations

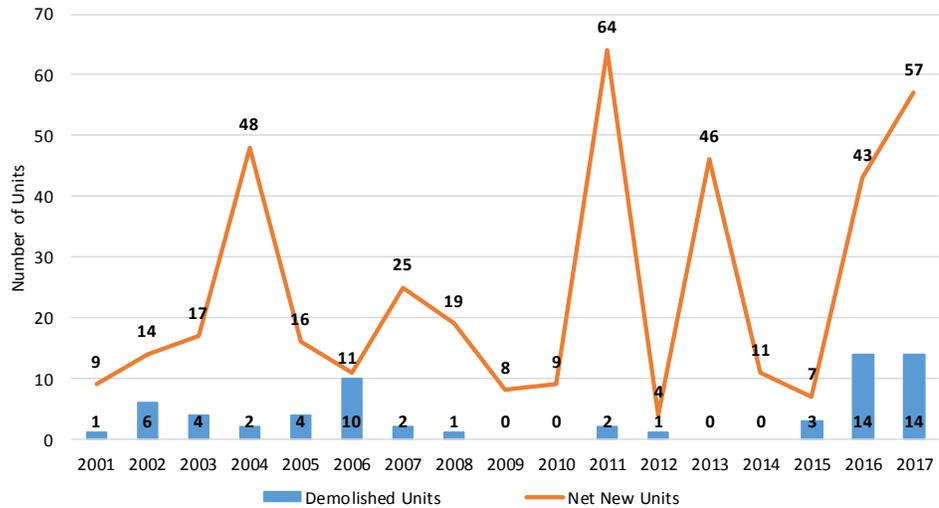
²⁰ Due to a change in the format of the Provincetown Building Department's data the building permit numbers for 2013 and 2014 use the total reported by the Town on the Census' Building Permit Survey, and the number estimated by the Census for 2015.

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In 2016 and 2017, 14 units were demolished, while 43 and 57 new units were permitted in each year, respectively.

Demolitions can happen for a variety of reasons, including fire damage, water damage, infestations, or structural deficiencies. In Provincetown, while older homes are demolished and replaced with new units on occasion, new construction has consistently outpaced demolitions, allowing for net housing unit growth (see Figure 22). In 2016 and 2017, 14 units were demolished, while 43 and 57 new units were permitted in each year, respectively.

Figure 22
Total Structure Demolitions and Net New Units, 2001–2017²¹



Source: Provincetown Building Department; Authors' calculations

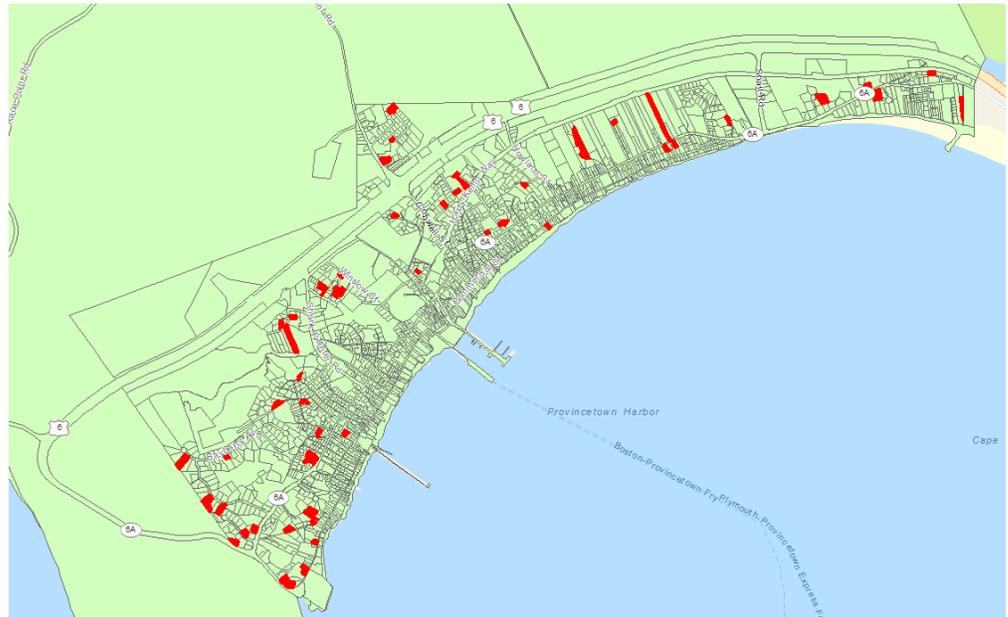
²¹ Due to a change in the format of the Provincetown Building Department's data the building permit numbers for 2013 and 2014 use the total reported by the Town on the Census' Building Permit Survey, and the number estimated by the Census for 2015.

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3.2.2.1 Options for Future Residential Development

The Assessor's Office identified 66 parcels of vacant, developable residential land, which are highlighted in red on the map in Figure 23 below. Like most parcels in Provincetown, the majority of these vacant parcels are small and abutted by other development. These conditions mean that, if the vacant parcels were used to create the dense housing needed to alleviate the pressure on the housing stock, they are likely to encounter the same NIMBY issues other large-scale developments have.

Figure 23
Vacant, Developable Parcels



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3.3 AFFORDABILITY AND AVAILABILITY

Housing affordability in general is a challenge for many households across Massachusetts. On Cape Cod and in Provincetown in particular, the cost of housing has risen to levels that make ownership unobtainable on the income of the typical household. As demonstrated in the previous section, the median sales price for Provincetown homes is above \$500,000, which creates both a barrier to purchasing for many households and incentive to sell for residents who may have otherwise continued stay in town.

Indeed, Provincetown's median sales price has increased dramatically over the last 15 years, while the median household income in town has fallen. This implies that renter households in town and elsewhere on the Cape have increasingly less opportunities to transition into homeownership. In the meantime, maintaining rental housing itself poses difficulties, as Provincetown's limited supply of rental units operates on a word-of-mouth marketplace and units are being lost to condominium conversions. The income profile of Provincetown's renter households makes it clear that, even if they are given the right of first refusal on purchasing an apartment converted into a condominium, in most cases they will be unable to afford the monthly payments, let alone obtain the necessary mortgage financing.

The median sales price for Provincetown homes is above \$500,000, which creates both a barrier to purchasing for many households and incentives to sell for residents who may have otherwise continued stay in town.

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3.3.1 The Housing Cost Burden

As demonstrated in our previous work for the Town, the majority of Provincetown households are financially burdened by their housing costs.²² Households that spend 30 percent or more of their total income on housing costs are traditionally considered to be financially burdened.²³

In Massachusetts, two out of every five households (40.6%) are burdened to some degree by their housing costs, devoting about one-third or more of their income to rent/mortgage payments, utilities, and other costs related to housing, such as association fees (see Table 4). Like other symptoms of the statewide housing crisis, the share of residents paying housing costs beyond this 30 percent threshold increases as we look further out on Cape Cod, with nearly half of all Outer Cape households (49.3%) spending more than 35 percent of their income on housing and the majority of Provincetown households (56.0%) carrying a similar burden.

The majority of Provincetown households are financially burdened by their housing costs.

Table 4
All Households by Share of Income Spent on Housing Costs, 2016

| Percent of Income Spent on Housing Costs | Massachusetts | Barnstable County | Outer Cape | Provincetown |
|--|---------------|-------------------|------------|--------------|
| Less than 20 percent | 32.4% | 28.3% | 24.2% | 21.4% |
| 20 to 24 percent | 14.9% | 13.8% | 7.7% | 8.2% |
| 25 to 29 percent | 12.1% | 12.1% | 9.0% | 10.3% |
| 30 to 34 percent | 9.0% | 9.9% | 9.8% | 4.1% |
| 35 percent or more | 31.6% | 35.9% | 49.3% | 56.0% |

Source: 2012-2016 ACS Table DP04; Authors' calculations

²² Refer to *A Baseline Assessment of Economic Conditions in Provincetown, Massachusetts: Implications for the Growth Management Policy* at: http://publicpolicycenter.org/wp/wp-content/uploads/2017/09/PPC_ProvincetownAnalysis.pdf.

²³ Schwartz, M. & Wilson, E. (2008). "Who Can Afford to Live in a Home?: A look at data from the 2006 American Community Survey." U.S. Census Bureau

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3.3.2 Homeownership

Table 5 below compares the median household income, median home sales price, and the income required to afford a home at the median sales price in Provincetown, the Outer Cape, and Barnstable County. Affordability is defined here as a housing payment that does not exceed 30 percent of household income. As discussed earlier, the median household income in Provincetown is 35.4 percent below that of Barnstable County while the median price of a home in Provincetown was \$525,000 in 2016, 52.2 percent greater than that of the county equivalent. To affordably purchase a home at the median price in Provincetown in 2016, an annual income of at least \$120,040 would be required. This is nearly twice the median household income in Barnstable County and nearly triple the median income in Provincetown (\$65,382 and \$42,228, respectively).

Table 5
Homeownership Affordability, 2016

| | Provincetown | Outer Cape | Barnstable County |
|--|---------------------|-------------------|------------------------------|
| Median Household Income | \$42,228 | \$52,680 | \$65,382 |
| Margin of Error | +/- \$11,702 | +/- \$4,900 | +/- \$1,119 |
| Median Home Sales Price | \$525,000 | \$472,861 | \$345,000 |
| Income Required to Afford the Median Home Price ²⁴ | \$120,040 | \$111,040 | \$80,600 |
| Gap | -\$77,812 | -\$58,360 | -\$15,218 |

Source: Provincetown Assessor’s Office; Warren Group TownStats; 2012-2016 ACS Table B19013;
Authors’ calculations

To affordably purchase a home at the median price in Provincetown in 2016, an annual income of at least \$120,040 would be required.

²⁴ Assumes a 5% down payment on a 30-year fixed rate mortgage at 3.65% interest, local tax rates (averaged for the Outer Cape and county), and \$800 insurance premium.

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The disparity between housing costs and incomes is not a new development, but it has become more pronounced over the last decade and a half. A review of sales prices and income trends reveals that median household income in Provincetown and median sales prices have diverged significantly. Between 2000 and 2016, median household income in Provincetown **decreased** by 14.9 percent, a period during which the median home sales price **increased** by 53.1 percent (see Table 6). As a result, the income required to afford the median home grew by 3.8 percent, putting homeownership further out of reach for an increasing number of Provincetown households.

*Between 2000 and 2016, median household income in Provincetown **decreased** by 14.9 percent, a period during which the median home sales price **increased** by 53.1 percent.*

Table 6
Inflation-Adjusted Change in Homeownership Affordability, Provincetown, 2000 - 2016

| | 2000 | 2016 | Change |
|---|-----------|-----------|--------|
| Median Household Income | \$49,467 | \$42,228 | -10.7% |
| Median Home Sales Price | \$343,465 | \$525,000 | 53.1% |
| Income Required to Afford the Median Home Price ²⁵ | \$115,600 | \$120,040 | 3.8% |

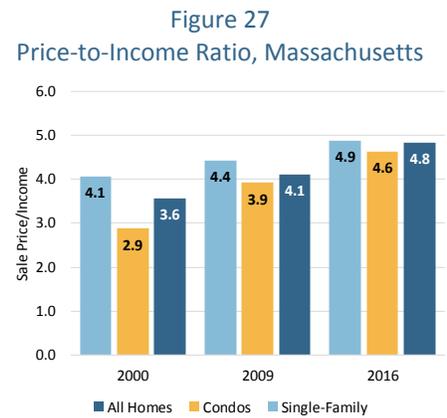
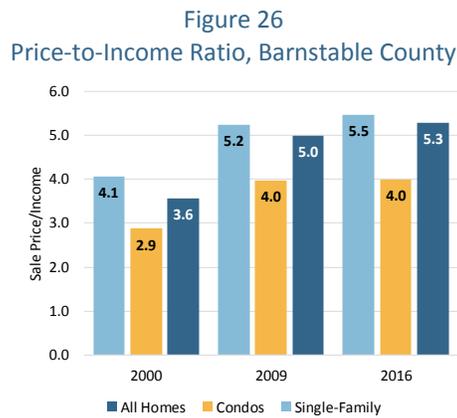
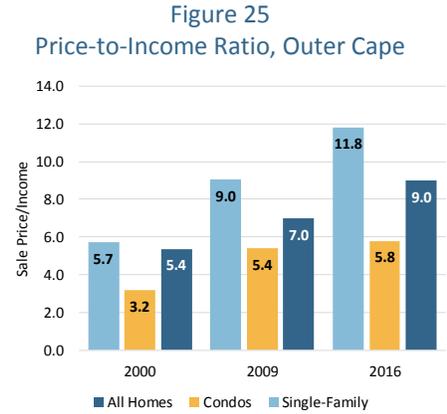
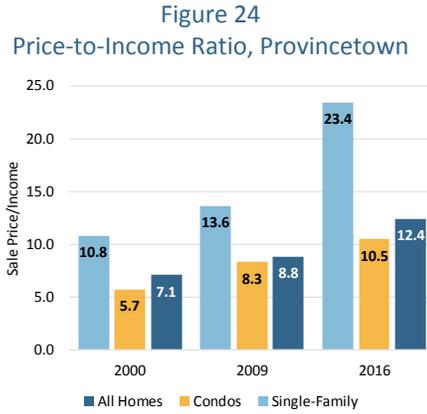
Source: Provincetown Assessor's Office; Warren Group TownStats; 2000 Census Table HCT012; 2012-2016 ACS Table B19013; Authors' calculations

To be sure, Provincetown is not feeling the effects in isolation, but conditions are more severe than elsewhere in Massachusetts. Figure 24-27 below show the price-to-income ratio, which is derived from dividing the annual median sales prices into the annual median household income. The resulting ratio implies the years of income the median household required in order to purchase the median home. Historically, the cost of a home in the U.S. has been 2.6 times, or required 2.6 years of, the annual median household income.²⁶ In Massachusetts, the median price of all homes was 4.8 times that of the median annual household income in 2016, meaning that the typical household would need nearly five years of income to buy a home at the median sales price outright. On the Outer Cape and in Provincetown, where the median single-family homes sell for the equivalent of 23.4 years of median household income, the disparity between household income and home sales prices significantly exceeds that of the state in every observed year, and increased at higher rate than both the state and Barnstable County between 2000 and 2016.

²⁵ Assumes a 5% down payment on a 30-year fixed rate mortgage at 8.05% (2000) and 3.65% (2016) interest, 2000 and 2016 residential tax rates, and \$800 insurance premium.

²⁶ Zillow. (2013) "High Home Price-to-Income Ratios Hiding Behind Low Mortgage Rates." *Forbes*. April 16, 2013. Retrieved from: <https://www.forbes.com/sites/zillow/2013/04/16/high-home-price-to-income-ratios-hiding-behind-low-mortgage-rates/#3e854bb03a59>.

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Sources: Warren Group TownStats; 2000 Census; 2005-2009 ACS Table B19013; 2012-2016 ACS Table B19013

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3.3.3 Rental Housing

Nearly every interviewee remarked about the scarcity of rental units on the market, and observed that the rental market in Provincetown operates largely by word-of-mouth, creating yet another barrier for new households seeking housing in the area. While some business owners have been able to secure properties and provide seasonal rental housing to their employees, these units are limited and their seasonal use effectively removes these units from the year-round housing stock, thereby exacerbating the shortage of year-round housing options.

Table 7 below shows the rental affordability gap between apartments available at the median rent and the median income for renter households. In Provincetown, renter households with incomes at the median would need to increase their annual income by more than \$16,000 to afford the median rent. While the gap between the median rent and the median income of renter households is more pronounced in Provincetown, it exists to varying degrees throughout Cape Cod – even when the margin of error on the household income estimate is taken into account.

Additionally, the median rent estimates we use are from the American Community Survey, and they are based on a sample of responses meant to represent the spectrum of residents in a region. Therefore, median rent estimates are derived from a sample that may include housing units with affordable deed restrictions and other subsidized units, which would produce estimates lower than the median would be for only market-rate units. Indeed, stakeholders indicated during our interviews that a median rent of \$1,200 might be more representative, but substantial data on this figure are hard to come by, as there are very few listings for year-round rentals.

The income profile of Provincetown’s renter households makes it clear that, even if they are given the right of first refusal on purchasing an apartment converted into a condominium, in most cases they will be unable to afford the monthly payments, let alone obtain the necessary mortgage financing.

Table 7
Rental Affordability, 2016

| | Provincetown | Outer Cape | Barnstable County |
|--|---------------------|------------------------|--------------------------|
| Median Renter Household Income | \$26,202 | \$27,692 ²⁷ | \$36,077 |
| Margin of Error | +/- \$6,965 | +/- \$4,353 | +/- \$1,680 |
| Income Required to Afford the Median Monthly Rent | \$42,560 | \$39,360 | \$45,480 |
| Median Monthly Rent | \$1,064 | \$984 | \$1,137 |
| Gap | -\$16,358 | -\$11,668 | -\$9,403 |

Source: 2012-2016 ACS Tables B25119 & B25064; Authors’ calculations

During interviews, many stakeholders noted that the rental market in town is difficult to break into for newcomers, as most vacancies are rented via word-of-mouth rather than traditional postings. Moreover, interviewees noted that the trend in condominium conversions has reduced the available rental housing stock, transforming rental units into ownership units that sell at prices unaffordable to incumbent renters. This claim is wholly

²⁷ Represents the *average median* for Outer Cape communities.

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consistent with available data on prevailing rental housing costs and the income of renters in Provincetown. Despite having a greater gap between the median renter household income and the median rent, when compared to the Outer Cape and Barnstable County, the median rent in Provincetown is notably similar to the rest of the region. This implies that if a renter household is unable to afford an apartment in Provincetown or if they are forced out due to a condominium conversion, they will face serious difficulties finding a comparable unit elsewhere on Cape Cod. The income profile of Provincetown’s renter households makes it clear that, even if they are given the right of first refusal on purchasing an apartment converted into a condominium, in most cases they will be unable to afford the monthly payments, let alone obtain the necessary mortgage financing.

3.3.4 Affordability by Income Level

While the median household income is a helpful benchmark for the housing gap, it only represents the midpoint of an area’s income spectrum. Table 8 below displays the maximum affordable housing costs, assuming that a household spends no more than 30 percent of their income on housing, for 200, 120, 100, and 80 percent of both the town-wide household median income (ownership gap) and the rental household median income (rental gap).

Table 8
Ownership and Rental Cost Gaps by Percent of Town Medians, 2016

| Ownership Gap | Monthly Income | Maximum Affordable Housing Costs | Monthly Median Ownership Cost | Potential Gap |
|----------------|----------------|----------------------------------|-------------------------------|---------------|
| 200% of Median | \$7,038 | \$2,111 | \$2,776 | -\$665 |
| 120% of Median | \$4,223 | \$1,267 | \$2,776 | -\$1,509 |
| Town Median | \$3,519 | \$1,056 | \$2,776 | -\$1,720 |
| 80% of Median | \$2,815 | \$845 | \$2,776 | -\$1,931 |
| Rental Gap | Monthly Income | Maximum Affordable Housing Costs | Monthly Median Rent | Potential Gap |
| 200% of Median | \$4,366 | \$1,310 | \$1,064 | \$246 |
| 120% of Median | \$2,620 | \$786 | \$1,064 | -\$278 |
| Renter Median | \$2,183 | \$655 | \$1,064 | -\$409 |
| 80% of Median | \$1,746 | \$524 | \$1,064 | -\$540 |

Source: Provincetown Assessor’s Office; 2012-2016 ACS Tables B19013, B25119 & B25064

As the estimates demonstrate, even a household earning double the town-wide median, or \$84,456 annually, would still face a housing cost gap for the mortgage payments associated with purchasing a home at the median sales price. The only households that are potentially without a deficit are renter households earning 200 percent of the rental median (\$4,366 a month or \$52,392 a year) that rent housing at the median rent of \$1,064 a month.

Even a household earning double the town-wide median, or \$84,456 annually, would still face a housing cost gap for the mortgage payments associated with purchasing a home at the median sales price.

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3.3.5 Closing the Gap

Provincetown actively addresses the housing affordability challenge through a variety of programs. Traditional approaches, such as the use of deed restricted housing development and rehabilitation, down payment assistance, and subsidized affordable housing developments, are complemented by more novel initiatives such as the Affordable and Year-Round Rental Housing Trusts, the affordable housing residential tax exemption, and Community Preservation Act-funded short-term housing vouchers.

Though not a perfect measure, the Massachusetts Subsidized Housing Inventory (SHI) provides a metric for comparing the affordable housing stock across communities. Under Chapter 40B, the state has mandated that all communities in the Commonwealth reserve a minimum of 10 percent of their year-round housing for affordable housing.²⁸ Few communities have achieved this goal. However, Provincetown is close, with 9.8 percent of year-round units (208 units) designated as affordable under the SHI (see Table 9). Additionally, the Provincetown Housing Office has counted 30 affordable units that are not captured by the SHI’s metrics.²⁹ Moreover, Provincetown’s units account for nearly two-thirds (65.0%) of all SHI units on the Outer Cape, making the town the most likely place to find affordable housing in the region.

Provincetown’s units account for nearly two-thirds (65.0%) of all SHI units on the Outer Cape, making the town the most likely place to find affordable housing in the region.

Table 9
Subsidized Housing Inventory

| | 2010 Year-round Housing Units | SHI Units | SHI Share of Town-wide Units | Share of Outer Cape SHI Units |
|--------------|-------------------------------|-----------|------------------------------|-------------------------------|
| Outer Cape | 7,394 | 320 | 4.4% | 100.0% |
| Provincetown | 2,122 | 208 | 9.8% | 65.0% |
| Eastham | 2,632 | 54 | 2.1% | 16.9% |
| Truro | 1,090 | 28 | 2.6% | 8.8% |
| Wellfleet | 1,550 | 30 | 1.9% | 9.4% |

Source: Provincetown Housing Office; Massachusetts Department of Housing and Community Development, Chapter 40B Subsidized Housing Inventory, 2018; Census 2010 Year Round Housing Units

²⁸ State of Massachusetts, Department of Housing and Community Development: 760 CMR Sections 56.03 (2D), 56.05 (13A and B), 56.02 (B)

²⁹ “Town of Provincetown MA Housing Update” Presentation prepared by Michelle Jaurisiewicz, Housing Specialist, June 2018.

3.4 THE CONSTRAINED HOUSING STOCK

Even if a unit is otherwise vacant or available for owner use 50 percent of the time during the peak season and vacant the balance of the year, the rental income from the short-term rental still may exceed the annual rental income of the typical rental unit.

The loss of year-round housing to seasonal units has reached what some in Provincetown call crisis level. The unabated conversion of rental units to condominium conversions has both increased the number of units available for both part-time residents and for short-term rentals to tourists, while removing from the housing stock options for workers in industries that service an increasing number of seasonal guests. The jobs in Provincetown supported by households who purchase condominiums, such as restaurant staff, traditionally pay wages that are below what is needed to rent housing affordably on Cape Cod. While the Town has enacted measures to shore up the supply of affordable and community workforce housing, they have been unable to keep pace with a loss of housing to condominium conversion and seasonal reallocation.

Two major themes emerged from discussions with interviewees about the decline of year-round rental properties in Provincetown and the Outer Cape: the increased use of units for short-term rental via online platforms and the eroding of year-round housing through the conversion of rental units into condominium, many of which are then purchased by part-time residents and may become short-term rentals when not in use by the owner. These topics are explored in detail below.

3.4.1 Short-term Rentals

Interviewees reported that in recent years, there has been the proliferation of short-term rentals through services such as Airbnb and HomeAway, and many suggested that property owners are more likely to keep units available for short-term rentals because they can and frequently do offer a greater return on their investment as compared to a year-round rental. The increased income comes along with an increased freedom of not managing a property on Cape Cod during the winter, when the weather and remoteness of Provincetown can create headaches for owners. Interviewees also told us that Provincetown has made strides in expanding its tourist season beyond just the summer months. While this advances longstanding efforts to develop a more robust year-round local economy, it also increases the appeal of short-term rental options.

Given the market for short-term rentals, it is not surprising that property owners opt to use their units for this purpose rather than maintain them as year-round rentals. For instance, the estimated average rental rate for an Airbnb in Provincetown is \$254 per night and most rentals are two-bedroom units.³⁰ Assuming that a property owner is able to rent their Airbnb unit every week during May and September (20 weeks), at the average nightly rate of \$254 they would generate as much as \$34,493 in rental income.³¹ This compares very unfavorably to the median rent a year-round two-bedroom unit commands, which we estimate to be \$1,033 to \$1,300 per month or \$12,396 to \$15,600

³⁰ Based on the average nightly cost calculated by the vacation rental aggregating service AllTheRooms. Retrieved from: <https://www.alltherooms.com/p/airbnb/usa/massachusetts/provincetown>.

³¹ $[(\$254 \times 7 \text{ days}) \times 20 \text{ weeks}] - 3\% \text{ Airbnb service fee} = \$34,493 \text{ per season.}$

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per year.³² This translates to a potential gain of \$18,893 annually for keeping a unit as a short-term rental rather than having it available year-round to one tenant. Even if the unit is otherwise vacant or available for owner use 50 percent of the time during the peak season and vacant the balance of the year, the rental income from the short-term rental still may exceed the annual rental income of the typical rental unit.

3.4.2 Condominium Conversions

The second major theme that was repeatedly raised by our interview subjects was the steady erosion of the supply of rental properties as the result of condominium conversions. Table 10 summarizes condominium conversions by the unit's original tax classification from fiscal year 2007 to 2018. Over this period, just under half of condominiums (49.5%) have been converted from multi-unit housing.

Table 10
Residential Condominium Conversions by Original Property Type, FY 2007-2018

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | Total | Share of Total |
|---------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|----------------|
| 1-Family | 0 | 0 | 0 | 0 | 0 | 5 | 2 | 0 | 0 | 2 | 5 | 3 | 17 | 2.6% |
| 2-3 units | 26 | 38 | 13 | 9 | 12 | 6 | 8 | 10 | 7 | 15 | 6 | 6 | 156 | 23.6% |
| 4 or more units | 6 | 20 | 17 | 0 | 9 | 6 | 6 | 14 | 7 | 12 | 55 | 19 | 171 | 25.9% |
| Motel/inn | 58 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 71 | 10.8% |
| Multiple homes | 13 | 13 | 6 | 2 | 2 | 5 | 10 | 2 | 5 | 7 | 9 | 2 | 76 | 11.5% |
| Mixed use | 6 | 15 | 16 | 16 | 11 | 0 | 0 | 6 | 3 | 5 | 11 | 4 | 93 | 14.1% |
| Other ³³ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 65 | 0 | 0 | 10 | 1 | 76 | 11.5% |
| Annual Total | 109 | 93 | 52 | 27 | 34 | 22 | 26 | 97 | 22 | 41 | 96 | 41 | 660 | 100.0% |

Source: Provincetown Assessor's Office; Authors' calculations

The Massachusetts Condominium Act governs the process for converting residential units of any other type into condominiums by requiring the filing of a new master deed at the regional registry, and outlining the process for creating the condominium association's by-laws, which govern condominium operation and the responsibilities of owners.³⁴ In an effort to stem the displacement of tenants from rapid conversion of multiunit rental properties into condominiums, the Massachusetts state legislature enacted a law in 1983 that protected renters and outlined the process by which property owners must adhere to in order to convert their housing units into condominiums.³⁵ The law affords all rental

³² 2012-2016 ACS, Table B25031, Median Gross Rent by Bedrooms.

³³ Includes small retail, previously tax-exempt parcels, office buildings, and additional dwellings on multiple home parcels.

³⁴ Massachusetts General Laws, Part II, Title I, Chapter 183A. Retrieved from: <https://malegislature.gov/Laws/GeneralLaws/PartII/TitleI/Chapter183A>.

³⁵ Chapter 527 of the Acts of 1983, Section 3. Retrieved from: <https://archives.lib.state.ma.us/bitstream/handle/2452/39633/1983acts0527.txt?sequence=1&isAllowed=y>.

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tenants living in a building that a property owner intends³⁶ to convert to condominiums the following protections:

- A notice of an impending conversion one year in advance for all tenants, and two years in advance for low- to moderate-income, elderly, or handicapped tenants.
- A renewal of the lease term from the date the conversion notice was sent.
- Right of first refusal for the first 90 days on purchasing the converted unit, and assistance in finding a new apartment for all low- to moderate-income, elderly, or handicapped tenants.
- Protection from rent increases beyond the inflation rate before the conversion takes place.
- The right to moving expenses up to \$750 paid by the property owner for all households, and up to \$1,000 for all low- to moderate-income, elderly, or handicapped tenants.
- Right to occupy to the converted unit after sale until the expiration of your lease.

In addition to these requirements, municipalities are able to enact local ordinances to govern the condominium conversion process.³⁷ However, all provisions, local or state, only apply to tenants and property owners in buildings with four or more units, and as Table 10 above shows, more than a quarter of all recent conversions originated as properties with three units or less. Consequently, they are not subject to the provisions of the Massachusetts Condominium Conversion Act.

Provincetown has made two recent attempts to enact a local condominium conversion ordinance. Our review of the revisions to the relevant by-laws that were proposed, but not enacted, in 2015 and 2016 indicates that Provincetown likely modeled them after similar condominium conversion bylaws successfully adopted in Massachusetts so far. The amended bylaws would have required property owners to acquire a special permit from the Select Board, which would evaluate the eligibility of each conversion based on a variety of factors, many of which reflect concerns about preserving the supply of year-round, market-rate rental housing, and the ability of existing tenants to find comparable alternative housing units in town, especially elderly, disabled, and financially vulnerable rental households. While all stakeholders interviewed acknowledged the negative impacts of the unrestrained condominium conversions on the supply of year-round rental housing, the proposed bylaws were vigorously debated but not enacted.

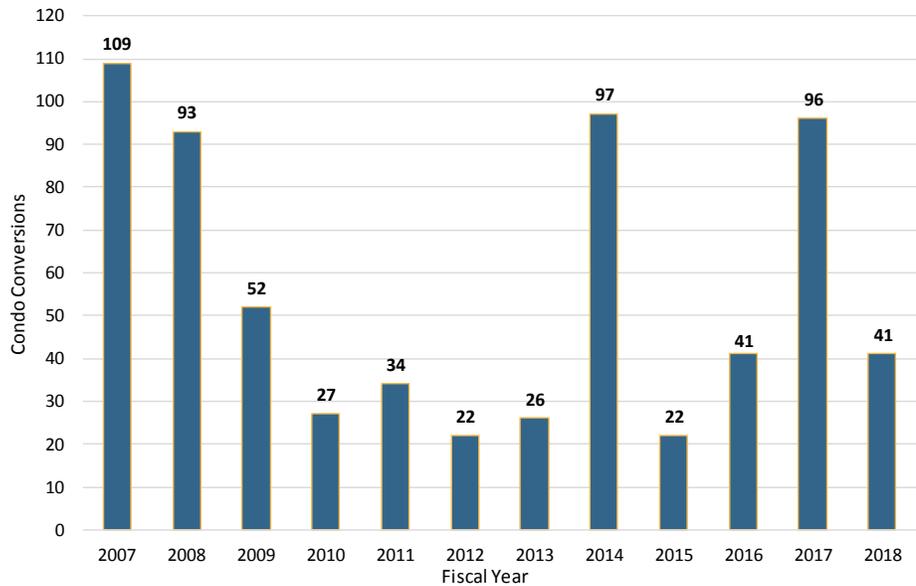
³⁶ Note that “intent to convert” as defined by the law means that all of the following apply whether or not the property owner has filed a new master deed. This interpretation is meant to protect tenants from unreasonable rent increases prior to the filing of a master deed, or other attempts by the property owner to force out rental tenants before the terms of the renewed lease expire.

³⁷ For more information on specific restrictions and local ordinances, refer to: M. McCreight. (2017). “Condominium Control.” *Legal Tactics: Tenants’ Rights in Massachusetts*. Eighth Edition. Mass Legal Help. Retrieved from: <https://www.masslegalhelp.org/housing/lt1-chapter-17-condos.pdf>.

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As can be seen in Figure 28 the number of conversions varies considerably from year to year. Local stakeholders we interviewed consistently attributed the spike in conversions in fiscal years 2014 and 2017 to the highly visible discussion associated with the proposals to restrict condominium conversions during the same period.

Figure 28
Condo Conversions, FY2007 – FY2018



Source: Provincetown Assessor's Office; Authors' calculations

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The median square footage for condominiums in Provincetown is 732 square feet, which is considerably less than that for single-family homes and all residential parcels in general (see Table 11). But, while these condominium units are typically small, their value per square foot is the highest of all residential property types in Provincetown, at \$555/sq. ft. For perspective, the median sales price per square foot is \$305 in Barnstable County, \$256 in Massachusetts, and \$707 in Boston.³⁸

Provincetown's condominiums have a higher value per square foot than their surrounding region and the state.

Table 11
Median Property Size and Value per Square Foot, FY2018

| | Median Square Footage | Median Value per Square Foot |
|----------------------------|-----------------------|------------------------------|
| Provincetown Single family | 1,610 | \$501 |
| Provincetown Condominium | 732 | \$555 |
| Provincetown All Parcels | 1,638 | \$519 |

Source: Provincetown Assessor's Office; Authors' calculations

3.4.2.1 Impact of Condominium Conversions

When new construction of condominium or rental complexes occurs, developers are frequently called upon to demonstrate the impacts of their project on the community. These cases provide community leaders with the opportunity to pose questions to developers about how they can mitigate certain impacts. However, when condominiums are converted from existing housing stock, there is rarely an opportunity for local officials or the community at large to consider the potential impact on the local housing market.

The following analysis aims to quantify the impacts of condominium conversion on Provincetown through an economic input-output model. The analysis requires a number of assumptions. First, we assume that all condominiums in question have been converted legally, through the process described above. If converted from rental housing, we assume that any displaced renters have been provided with all of the protections and support required by the law. Additionally, we assume that the conversions do not add new bedrooms or any net new housing units, and therefore that the flow of wastewater from these units is unaffected by the conversion.

It is important to note that our impact analysis does not consider the displacement of residents through the conversion of their rental unit. Measuring the impacts of displacement, such as the burden of finding and securing new housing in town, would be an in-depth process, requiring knowledge of impending conversions in Provincetown and numerous interviews with both tenants and property owners, both of which are, unfortunately, beyond the scope of this study. However, our conversations with stakeholders and Town officials did reveal anecdotal stories about the displacement of residents and the impact on the community of converting year-round rentals to seasonal condominiums. Interviewees remarked that, in some cases, displaced tenants did not have the financial means to secure new housing in town and others simply could not find similar housing due to the shrinking supply and the tight rental market. From what we

³⁸ Data acquired from Zillow.com/data on May 7, 2018. Aggregated data on this page is made freely available by Zillow for non-commercial use.

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heard from interview subjects, if displaced tenants were unable to find new housing in Provincetown, they had to relocate much further down cape or move in with friends or family in town.

We use the income of a household able to affordably purchase a condominium at the median price as the basis for this analysis. We also assume that the household purchasing the converted condominium will spend a maximum of 30 percent of their income on housing costs, which include mortgage payments and condominium association fees. Based on these assumptions, a household that purchased a Provincetown condominium for the median price in 2016 (\$447,000) would have monthly housing costs of \$3,532. In order to be affordable, the household would need an annual income of at least \$141,280 (see Table 12).

Table 12
Provincetown Condominium Affordability, 2016

| | |
|---|------------------|
| Median Annual Household Income | \$42,228 |
| Median Condominium Sales Price | \$447,000 |
| Monthly Housing Costs at Median ³⁹ | \$3,532 |
| Monthly Income Required if Housing Costs Are 30% of Household Income | \$11,677 |
| Annual Household Income Required to Afford a Condominium at Median Value | \$141,280 |

Source: 2012-2016 ACS Table B19013; Provincetown Assessor's Office; Authors' calculations

³⁹ Assumes a 30-year fixed mortgage with a 5% down payment at 3.65% interest rate (2016) with a 7.7% tax rate (2016), \$800 annual insurance premium and \$889/month in association fees.

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Given the significant gap between local incomes and prevailing home prices, we assume the household that purchases a newly converted condominium unit will be a net new household to Barnstable County and that any household that is displaced by the condominium conversion will relocate within the county. This allows us to estimate the disposable household income associated with this new household. We used this estimate of net new disposable household income to the region, which allows us to estimate the regional economic impact of new residents. Table 13 below describes how we arrived at our estimate that these new households have \$119,170 in annual disposable household income (IMPLAN removes federal and state taxes in its spending calculation).

Table 13
Estimating Disposable Income

| | |
|--|------------------|
| Base Household Income | \$141,280 |
| 2016 Federal Insurance Contributions | 7.65% |
| Annual Personal Savings Contribution | 8.00% |
| Total Estimated Contributions | 15.65% |
| Percent Disposable | 84.35% |
| Total Disposable Household Income | \$119,170 |

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To estimate the local spending associated with new condominium households, we use IMPLAN, a standard input-output model that tracks how spending associated with an industry flows through an economy.⁴⁰ Using an input-output approach (IMPLAN), we estimate that the local spending associated with 100 of these households supports 55 jobs throughout Barnstable County, or 0.75 jobs per net new household.⁴¹

Table 14
Top Ten Supported Induced Jobs by Sector,
per 100 Net New Condominium Households

| | Per 100 Net New Condominium Households | Average Annual Earnings per Employee |
|--|---|---|
| Total Induced Jobs | 75 jobs | \$42,513 |
| Real Estate | 5 jobs | \$13,160 |
| Full-Service Restaurants | 4 jobs | \$31,105 |
| Hospitals | 4 jobs | \$96,915 |
| Limited-Service Restaurants | 3 jobs | \$27,308 |
| Offices of Physicians | 3 jobs | \$87,960 |
| Retail – Food & Beverage Stores | 3 jobs | \$34,523 |
| Other Financial Investment Activities | 2 jobs | \$5,798 |
| All Other Food & Drinking Places | 2 jobs | \$29,132 |
| Home Health Care Services | 2 jobs | \$54,101 |
| Individual & Family Services | 2 Jobs | \$27,717 |
| All Other Sectors | 45 jobs | |

Source: IMPLAN; Authors' calculations

As can be seen in Table 14, the addition of 100 new condominium households with an estimated total disposable income of \$11.9 million supports an estimated 75 jobs. The estimated average annual earnings for one induced job are \$42,513.

Some occupations, like those at Hospitals sector, are indicative of the countywide impacts of the IMPLAN model, as these jobs cannot be located in Provincetown since there is no hospital. For illustrative purposes, we will consider the circumstances facing an employee

⁴⁰ IMPLAN is commonly used in the Residential Nexus Analysis required by California to assess the impact of new housing. A review literature on the Nexus analysis revealed that IMPLAN staff recommends using the Household Income Change Activity modeling approach to estimate the spending impacts associated with addition of new households to a community. This approach produces a conservative estimate of the jobs supported by changes in the local household income. For more information and a discussion of the Nexus approach, see: <https://fremont.gov/DocumentCenter/View/25688/BIA-Evaluation-of-Residential-Nexus-Analysis>.

⁴¹ Induced jobs are those that are generated through household spending on goods and services. Note that the jobs represented in these estimates refer to the total number of individual jobs and not necessarily the number of full-time jobs or new jobs, merely jobs supported by the increase in local spending associated with a change in total local household income.

We estimate that the local spending associated with 100 of these households supports 55 jobs throughout Barnstable County, or 0.75 jobs per net new household.

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in the Full-Service Restaurant sector. Let us assume this employee is a line cook earning the sector average of \$31,105 annually (approximately \$15/hour). Table 15 below demonstrates the affordability gap for renting an apartment in Provincetown and throughout Barnstable County while cooking at a restaurant on Cape Cod. In Provincetown, our cook would need an additional \$11,455 a year to affordably rent an apartment at the median price. Otherwise, the cook would be spending 41 percent of their income on housing costs, which is above the established 30 percent minimum threshold for being financially burdened by housing costs. If the cook were unable to find suitable housing in Provincetown, they would most likely pay a higher rent elsewhere on the Cape, with a gap of \$14,375 between the cook’s earnings and the income required to affordably rent at the countywide median price.

Table 15
Income Gap for Renters in Full-service Restaurant Occupations Induced by
New Condominium Households in Provincetown

| | Provincetown | Barnstable County |
|--|--------------|-------------------|
| Median Rent | \$1,064 | \$1,137 |
| Annual Income Required to Affordably Rent an Apartment at Median Rent | \$42,560 | \$45,480 |
| Average Wage for Occupations Induced by New Condominium Households ⁴² | \$31,105 | \$31,105 |
| Income Gap | -\$11,455 | -\$14,375 |

Source: IMPLAN; 2012-2016 ACS Table B25064; Authors’ calculations

As our analysis demonstrates, there are both positives and negatives to condominium conversion. For instance, the addition of a new household with considerable disposable income infuses the local economy with more spending. However, to provide services to these new households, businesses need employees, who in turn need a place to live. These employees enter a community with a tight housing market, where available rentals are often only found through word of mouth, and where rental units are steadily being removed from the supply via conversion.

Like most of Cape Cod, a significant share of Provincetown’s residential property owners do not make the town their full-time residence.

⁴² The average wage is inflated by healthcare workers included in model output. Considering that very few healthcare jobs are based in Provincetown, the average wage for workers that local employment patterns suggest are more likely to be in Provincetown (e.g., full service restaurants and retail) is \$29,660, which raises the rental-income gap to \$12,900 for rental units available at the median rent.

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3.4.3 Non-Resident Property Owners

Like most of Cape Cod, a significant share of Provincetown’s residential property owners do not make the town their full-time residence. These non-resident property owners are, according to interviewees, predominantly made up of people who visited the town as tourists for years before purchasing a second home there, when in the wake of the Great Recession more properties became available. Additionally, upticks in condominium conversions have increased the number of available condominiums.

Some interview subjects observed that, in recent years, there has been an increasing tension between year-round residents and seasonal property owners, as market conditions have reduced the supply of available year-round rental housing. Non-resident owners we interviewed feel maligned by what they perceive are accusations that their ownership has contributed to a change in Provincetown’s character, and disenfranchised (as non-voting, but tax-paying, members of the community).⁴³

Lifelong and recently returned residents, for their part, remarked that the vibrancy of the community during the off-season, and even at some points during the summer has been affected by the increase in housing reserved for seasonal or part-time use. During interviews, they noted seeing apartments or homes on their street that used to house year-round residents remaining vacant and dark for months at a time, and the increased difficulty facing both employees in finding housing and the ability of business owners to provide it, which in turn they saw as increasing the stress on local businesses during the busiest times of the year.

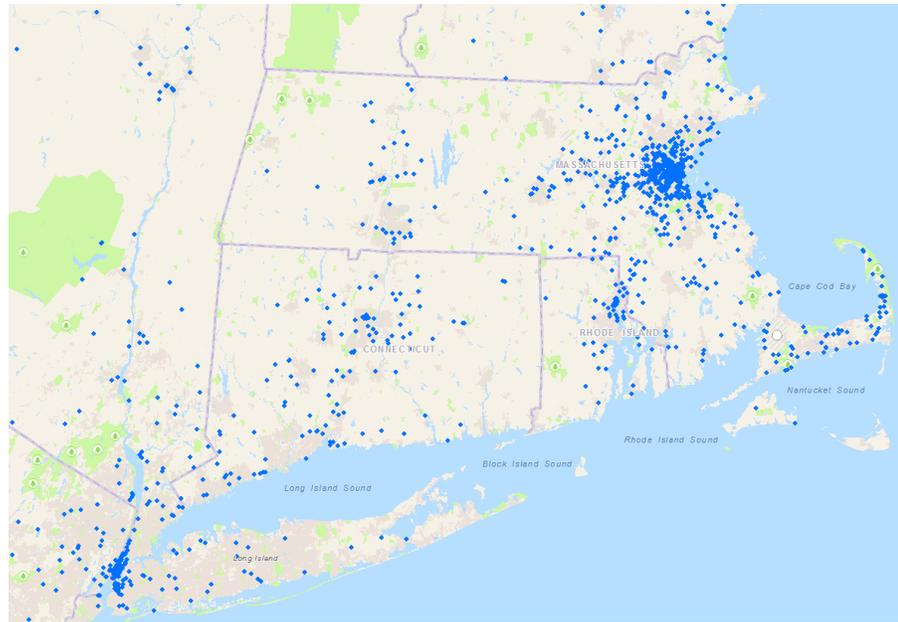
An analysis of the assessment records for Provincetown’s residential parcels revealed that the majority (61.5%) of these properties are owned by people or entities with mailing addresses outside of town.

⁴³ Also see “Part-time residents seek a full say in Provincetown.” *The Cape Cod Times*. Sep. 3, 2018. Retrieved from: <http://www.capecodtimes.com/news/20180902/part-time-residents-seek-full-say-in-provincetown>.

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Figure 29 displays the mailing addresses non-resident property owners have provided for their tax bill. An analysis of the assessment records for Provincetown's residential parcels revealed that the majority (59.2%) of these properties are owned by people or entities with mailing addresses outside of town. Of these non-resident addresses, slightly over half (50.1%) are located in Massachusetts. Slightly more than one-third of properties have tax bill addresses that are located outside of New England.

Figure 29
Tax Addresses of Non-Resident Property Owners in the Northeast



Source: Provincetown Assessors' Office; Public Policy Center

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Year-round residents are able to apply for a residential exemption on their property tax bill if they own and occupy a property in Provincetown as their permanent, legal residence.

Non-residents own a large majority of residential properties in Provincetown. The same is true for the two most common types of residential properties, condominiums, of which 71.2 percent and 50.9 percent are owned by non-residents, respectively (see Table 16).

Table 16
Unit Type and Value by Owner Residency

| | Resident-Owned | Non-Resident-Owned |
|-------------------------|----------------|--------------------|
| Median Value | \$593,200 | \$502,350 |
| Median Sq. Ft | 1,342 | 882 |
| Median Value per Sq. Ft | \$442.59 | \$578.09 |
| All Parcels | 40.8% | 59.2% |
| Condominiums | 28.8% | 71.2% |
| Single-Family Homes | 49.1% | 50.9% |
| 2 to 3 Units | 60.4% | 39.6% |
| 4 Units or More | 55.7% | 44.3% |

Source: Provincetown Assessor’s Office; Authors’ calculations

Year-round residents are able to apply for a residential exemption on their property tax bill if they own and occupy a property in Provincetown as their permanent, legal residence. Table 17 below shows the number of residential exemptions by parcel type and the share of each parcel type that has been granted an exemption. Condominiums, the most common residential property in town, account for the highest number of exemptions, with 13.5 percent (n=321) of all condominium parcels, qualified as of the end of fiscal year 2018. Overall, over 80 percent of the residential parcels in Provincetown do not currently qualify or have not applied for the exemption.

Table 17
Residential Exemptions by Parcel Class, End of FY18⁴⁴

| State Class | Total Parcels | Exempt Parcels | Percent Exempt |
|-----------------|---------------|----------------|----------------|
| Condominiums | 2377 | 321 | 13.5% |
| Single-Family | 852 | 253 | 29.7% |
| 2 to 3 Units | 252 | 88 | 34.9% |
| Multi-use | 185 | 39 | 21.1% |
| Multiple homes | 100 | 25 | 25.0% |
| 4 Units or More | 45 | 8 | 17.8% |
| Total | 3811 | 734 | 19.3% |

Source: Provincetown Assessor’s Office; Authors’ calculations

Once qualified, the taxable value of each parcel is reduced by the exemption amount of \$115,639, which is the current exemption rate (20% in FY18) multiplied by the average value of residential parcels (\$578,197 in FY18). Parcels owned by non-resident property

⁴⁴ Note that these represent parcels and not units. In the case of multi-unit parcels, the owner’s unit may be the only one that is approved for the exemption, and in these cases, the total exemption is reduced to reflect that.

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owners are not eligible for the residential exemption. However, non-resident owners are not adversely affected; they simply do not receive the benefits of the exemption. Both parcels owned by residents and non-residents are charged the same tax rate (\$7.45/\$1,000 of taxable value), it is only the taxable value of the property that is reduced as a result of the residential exemption.

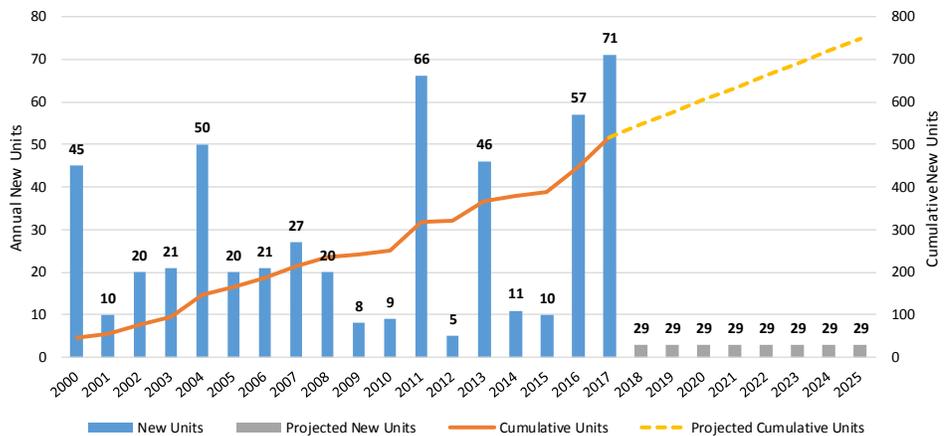
3.5 HOUSING SUPPLY FORECAST

As discussed above, the 2000-2017 period saw an average of 14 building permits issued and an average of 29 units added annually. These averages and the annual totals account for the demolition existing buildings and units, and represent our estimate of the net new units added to the local housing stock during this period. Demolition appears to exist on a small scale annually, with an average of three demolitions (and replacements) per year from 2000 to 2017. A review of the permits reveals that these demolitions resulted in the replacement of the residential units in nearly every case.

Figure 30 below displays the forecast for housing unit production in Provincetown if the current trend of 29 units per year continues. If the current pace of net new unit production continues, Provincetown can expect to create 232 new units between 2018 and 2025.

If the current pace of net new unit production continues, Provincetown can expect to create 232 new units between 2018 and 2025.

Figure 30
Actual and Forecasted Housing Unit Production, 2000-2025



Source: Provincetown Building Department; authors' calculations

Importantly, these are **potential** new units and accordingly they have a variety of potential uses. Some units could be affordable ones added via subsidized development or through the inclusionary zoning bylaw. A share of these units could be year-round market rate homes, or seasonal workforce housing.

However, the most likely outcome, based on the trends observed in our analysis and the qualitative interviews we have conducted, is that the majority of new housing constructed in Provincetown will be to meet the strong market demand for condominiums. Although they may not be purchase solely for seasonal use, the price point and typical size of condominiums limits the pool of potential owners to current homeowners able to

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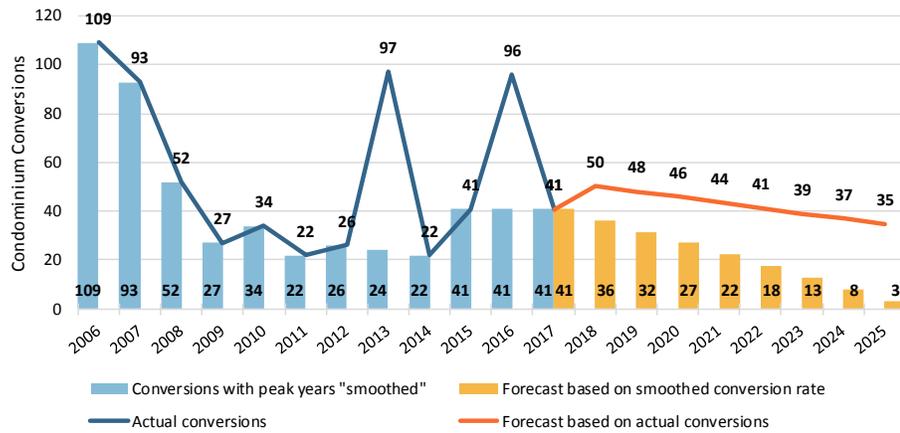
transfer equity, part-time residents purchasing a second home, and investors seeking to repurpose the unit as a vacation rental.

Figure 31 below displays the forecasted number of condominium conversions from 2018 to 2025 based on two scenarios; the actual annual conversion rate and the adjusted or “smoothed” annual conversion rate. The actual conversion forecast is based on the moving average of condominium conversions that occurred from 2006 to 2017, and it results in an estimated 305 residential units being converted to condominiums from 2019 to 2025.

The “smoothed” forecast is also based on the actual rates, only in this scenario the large increases in 2013 and 2016 have been replaced with estimates. Under the “smoothed” scenario, an estimated 159 units will be converted by 2025.

The actual conversion forecast results in an estimated 305 residential units being converted to condominiums from 2019 to 2025. Under the “smoothed” scenario, an estimated 159 units will be converted by 2025.

Figure 31
Forecasted Condominium Conversions, 2019 – 2025



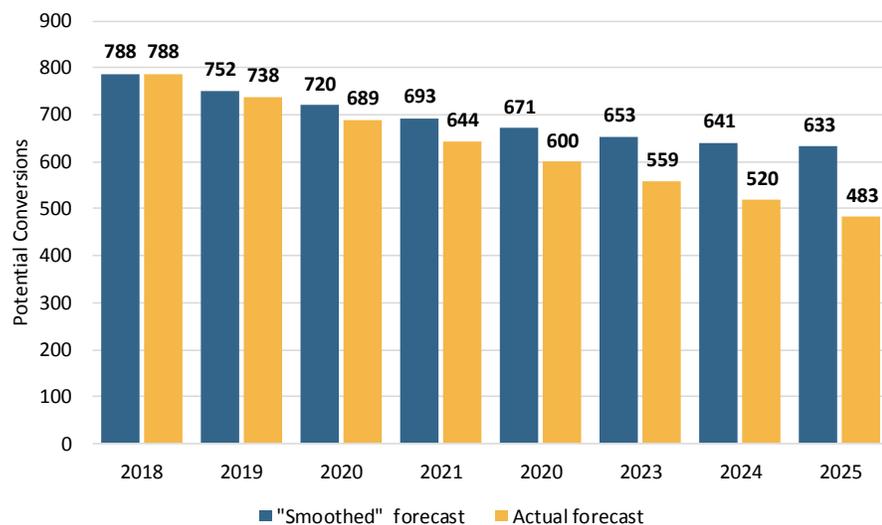
Source: Provincetown Assessor’s Office; Authors’ calculations

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The potential universe of multiunit parcels that have not yet been converted consists of 324 properties, with 788 units among them.

Both the “smoothed” and actual scenarios show a decline in the annual number of condominium conversions. While this is due to an overall decline in the existing data, from 109 conversions in 2006 to 41 in 2017, the trend is substantiated by the limited stock of potential conversions. The potential universe of multiunit parcels that have not yet been converted consists of 324 properties, with 788 units among them. Figure 32 below demonstrates the anticipated impact of conversions in both the actual and “smoothed” forecast scenarios on the stock of units in multifamily properties eligible for conversion. Note that under either scenario it is anticipated that property owners will not add units or bedrooms to their properties.

Figure 32
Universe of Potential Condominium Conversions



Source: Provincetown Assessor’s Office; Authors’ calculations

Because over 70 percent of the condominiums in Provincetown are owned by people with out-of-town tax addresses, it is likely that these converted units will be purchased by a part-time resident or an investor.

On average, more units are converted to condominiums than are constructed annually in Provincetown. Because over 70 percent of the condominiums in Provincetown are owned by people with out-of-town tax addresses, it is likely that these converted units will be purchased by a part-time resident or an investor. Therefore, the pace of construction of year-round units would have to be 70 percent of the conversion rate of condominiums in order to maintain the current stock of available year-round housing units.

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3.5.1 Reconciling the Supply and Demand forecasts

As noted previously, the Census estimates that 54.8 percent of all Provincetown house units are seasonally vacant, and the Provincetown Assessor’s records indicate that as of the writing of this report, there are 4,322 housing units in Provincetown, both year-round and seasonal. Assuming that 232 new units are added by 2025, this would bring the total of housing units to 4,554. Our demand forecast projected 1,371 year-round households would reside in Provincetown by 2025

Allocating the forecasted number of households in 2025 to the forecasted number of units results in nearly two-thirds (64.9%) of the housing stock going unused by year-round households (see Table 18). This implies that nearly 3,000 housing units in Provincetown will be reserved for seasonal use by 2025.

Table 18
Allocation of Forecasted Households to Forecasted Units and Change from 2016

| Usage Type | 2016 | | 2025 | | Change 2016 to 2025 |
|------------------|----------------------------|-------------------|------------------------------|-------------------|------------------------|
| | Units by Current Demand | Share of Units | Units by Projected Demand | Share of Units | |
| 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 |

Source: 2012-2016 ACS 5-Year Estimate, Tables DP04, B25001, B25004, S0101 & S1101;
UMass Donahue Institute Population Projections; authors’ calculations

4 CONCLUSIONS AND IMPLICATIONS

Over the last two decades, Provincetown has developed a number of programs and initiatives to address the housing crisis. Town programs as well as partnerships with affordable housing developers have created new housing opportunities for low-income families, created incentives for property owners to maintain year-round rental housing, and secured units for workforce housing in perpetuity. Housing analyses for resort communities elsewhere in the Commonwealth and the country point to Provincetown's programs as a model for how to address similar issues. However, Provincetown's location and history make the town and its problems unique and importing outside solutions also means adapting them to the distinctive housing, natural, and cultural environments.

Unfortunately, and despite the Town's significant efforts, the financial incentives and housing market preferences continue to make it attractive for property owners to utilize housing units for short-term, seasonal rentals and to convert existing year-round housing to condominiums, which have a high likelihood of being purchased by an out-of-town owner for use as a part-time residence or an investment property. While progress has been made towards achieving many of the housing goals Provincetown set for itself, the erosion of year-round housing and units affordable to the seasonal workforce continues unabated and at a pace that the Town cannot match on its own.

This analysis was conducted to provide decision makers and stakeholders with objective information to empower Provincetown to address its housing issues. Our interviews uncovered a number of commonly held solutions among stakeholders. Some ideas were novel suggestions that have been applied elsewhere, such as the use of houseboats or a requisitioned cruise ship for seasonal workforce housing, or creating a program for matching tenants with empty nesters and seniors with spare rooms.

Additionally, we heard recognition that Provincetown does not face these problems in isolation. As is evident by the comparative data presented here, the housing crisis is a statewide issue that acutely affects Cape Cod. To some degree, all the communities on the Outer Cape suffer from similar issues: a housing affordability crisis at most income levels; an aging population and little housing available to support the in-migration of younger households; an allocation of the majority of the units for seasonal use; and an unregulated short-term rental market. To this end, the Cape Cod Commission has been acting as a convener and facilitator of discussions on how to approach the problem as a region as opposed to piecemeal strategies that only address the issue on the margins.

Finally, we heard commitment to the use of Town resources to secure affordable and year-round housing. There were varying suggestions on how to best utilize the vacant space, such as the VFW site: tiny homes, seasonal dormitory housing, community housing for families, accessible senior housing, or some combination of these approaches. The Town is already exploring options for moving forward with development on some properties, and the successful purchase of the Harbor Hill property speaks positively to Provincetown's willingness to commit significant resources to solving this problem. As with all decisions, education on the variety of options available is needed before residents can rationally debate the best use of these limited resources.

APPENDIX A – INTERVIEWEES

The Public Policy Center would like to thank the following Town officials and community members for their time, insight, and guidance.

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| Michelle Jarusiewicz | Provincetown Community Housing Specialist |
| David Panagore | Provincetown Town Manager |
| David Gardner | Provincetown Director of Community Development |
| Jeffery Ribeiro | Provincetown Planner |
| Anne Howard | Provincetown Building Commissioner |
| Morgan Clark | Provincetown Director of Health & Environment |
| Forest Malatesta | Provincetown Community Resource Navigator |
| Kristin Hatch | Provincetown Housing Authority Executive Director |
| Edward Malone | President, Community Housing Resource Inc. |
| Robert Anderson | Provincetown Year Round Market Rate Rental Trust, Trustee |
| Nathan Butera | Provincetown Year Round Market Rate Rental Trust, Trustee |
| Lise King | Provincetown Select Board |
| Betty Williams | Community Housing Council |
| Louise Venden | Provincetown Select Board, Chair |
| Dr. Beth Singer | Provincetown Public Schools Superintendent |
| Patricia Miller | Provincetown Part-Time Resident Taxpayers Association, Vice President |
| Candance Collin-Boden | Provincetown Chamber of Commerce Executive Director |
| Wendy Northcross | Cape Cod Chamber of Commerce Executive Director |