

Provincetown Year-Round Rental Housing Trust Board of Trustees

Minutes: September 15, 2020

Virtual Meeting Town Hall, 260 Commercial Street, Provincetown

4:04 p.m.

YRRT Members Present: Nathan Butera, Doug Cliggott, Kevin Mooney

Excused: Louise Venden

Absent: Cass Benson

Staff: Community Housing Specialist Michelle Jarusiewicz, Finance Director Josee Cardinal Young

CDP: Jay Coburn

PTV filmed

MODERATOR [Michelle Jarusiewicz]:

The September 15, 2020, meeting of the Provincetown Year Round Market Rate Housing Trust is about to be convened. As a precautionary measure to reduce the spread of coronavirus, all Town buildings are closed to the public; therefore, this meeting will be held by remote participation. My name is Michelle Jarusiewicz, I am the Town's Housing Specialist, and will be moderating participation. I will begin by taking a roll call for quorum.

Provincetown Year Round Market Rate Housing Trust:

Nathan Butera, Chair: HERE

Doug Cliggott: HERE

Kevin Mooney: HERE

The chair of the Board will now call the meeting to order and I will then explain how remote participation works before proceeding.

CHAIR [Nathan Butera]:

calls the meeting to order at 4:07. I will now ask the moderator to explain how remote participation works.

MODERATOR:

Pursuant to Governor Baker's March 12, 2020, Order Suspending Certain Provisions of the Open Meeting Law, the Governor's March 23, 2020, Order imposing strict limitations on the number of people that may gather in one place, and Chapter 53 of the Acts of 2020, this meeting of the Provincetown Year Round Market Rate Housing Trust is being conducted via remote participation. No in-person attendance of members of the public will be permitted, but every effort will be made to ensure that the public can adequately access and participate in the proceedings. Participation is only available through telephone where members of the public will be allowed to speak during the public comment portion of the hearing by dialing (833) 579-7589. When prompted, enter the conference ID: 288 584 656 #. Please do not speak until the chair asks for public comments or questions and keep your phone muted at all times. Use *6 to mute or unmute your phone. Clearly state your name each and every time prior to speaking and remember to mute your phone when not talking. We will post a record of this meeting on Provincetown's website as soon as possible. All votes must be roll call votes. After a motion is made and there is a second, the Chair will ask for a roll call vote. All motions, decisions, documents, and letters should be verbally referenced for the record.

If it appears the meeting cannot or should not proceed, then the moderator will recommend that the Chair request to continue the hearing to a later date and time. I will now hand the meeting back to the Chair.

CHAIR: Please clearly state your name each time prior to speaking. At the completion of each agenda item, ask “At this time I did not hear any request for additional comment, if you wish to speak, please check that your phone is not muted using *6 and this is the final time I will ask if there is anyone who wishes to speak on the matter at hand.” [allow a moment and ask participants to speak one person at a time.]

Agenda item #1 Public Hearing:

Public Hearing opened with Harbor Hill video created through Community Development Partnership, filmed and edited by David Cox.

PP Presentation:

The Provincetown Year-Round Market Rate Rental Trust Board of Trustees will hold a remote public meeting on Tuesday, September 15, 2020, at 4:00 pm, in Town Hall, 260 Commercial Street at Town Hall, Provincetown, MA 02657.

NOTE: THIS IS A REMOTE PARTICIPATION MEETING

Pursuant to Governor Baker's March 12, 2020 Order Suspending Certain Provisions of the Open Meeting Law, the Governor's March 23, 2020 Order imposing strict limitation on the number of people that may gather in one place, and Chapter 53 of the Acts of 2020, this meeting of the Provincetown Year Round Market Rate Rental Trust will be conducted via remote participation to the greatest extent possible. Specific information and the general guidelines for remote participation by members of the public and/or parties with a right and/or requirement to attend this meeting can be found on the Provincetown website, at <https://www.provincetown-ma.gov/>. For this meeting, members of the public who wish to listen and participate in the meeting may do so in the following manner:

To participate in this meeting, dial (833) 579-7589.
When prompted, enter the following Conference ID number: 288 584 656 #

1. PUBLIC HEARING

To participate in this meeting, dial (833) 579-7589.
When prompted, enter the following ID number: 288 584 656 #

Please:

- Keep your phone muted at all times when not talking
- Mute all background noises
- Mute the television or computer and use only the phone audio
- Please do not speak until the chair or the meeting moderator asks for public comments or questions. Use *6 to mute or unmute your phone.



Year Round Market Rate
Rental Housing Trust
& Harbor Hill
Public Hearing
September 15, 2020

To participate dial (833)579-7589
Conference ID: 288-584-656 #

Harbor Hill Video

- [Produced by the Community Development Partnership & Created by David Cox](#)
- https://www.youtube.com/watch?time_continue=15&v=hZ3CLf5N9g&feature=emb_logo

Ch. 305 Acts 2016 excerpt

“The trust is established to create and preserve year-round rental units in the Town of Provincetown including, but not limited to, market rate units, for the benefit of residents of the Town.”

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End goal

The Town of Provincetown has been aggressively tackling the need for community housing for decades; while we have had many successes, more needs to be done. The Year Round Market Rate Trust was created to address a gap in our housing tools – provide housing for those who are not eligible for the traditional affordable housing in a broken market. The 2019 Camoin economic development report identified the primary issue impacting ED is lack of housing.

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Challenges

Our outside the box, cutting edge effort is not without its challenges, including more time for acquisition, legal hurdles, a very hot construction market with few bidders at higher costs, and un-occupied buildings for about 2 1/2 years - as a municipal property owner and landlord subject to all municipal regulations – practically unheard of. While it has taken longer than anticipated – it has been just over 3 years since that town meeting vote – this is amazingly fast compared to typical housing development which is usually 10 years.

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Conference ID: 288-584-656 #

Harbor Hill: How did we get here?

ACQUISITION

2015 & 2016: Town Meeting approved submission of special legislation; funded \$1,500,000 start-up funds for Trust

December 2016: Year Round Market Rate Rental Housing Trust created & Harbor Hill opportunity surfaces.

February 2017: voters approved \$10,700,000 to purchase & renovate Harbor Hill, a former timeshare resort at auction, 26 rental units.

September 2018: closing happens after legal challenges and court proceedings delay purchase

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Conference ID: 288-584-656 #

Harbor Hill: Renovations & Operations

2017:

- ❖ RFP for architectural firm issued with 1 proposal.
- ❖ RFP #1 for management company issued; no proposals received

2018:

- ❖ Architectural firm hired to do assessment & prepare for bidding renovation
- ❖ \$250,000 grant awarded for 2 new accessible units bringing total units to 28
- ❖ Renovation IFB issued; RFP for property management re-issued; 1 proposal received
- ❖ No acceptable construction bids received

Harbor Hill: Renovations & Operations

October 2018: Building #5 renovations begin

January 2019: CDP Property Management begins; IFB #2 for renovation work re-issued

Winter/Spring 2019: new mini-split systems for heat & AC installed through Cape Light Compact at no cost [est. value \$340,000]

March 2019: 3 bids received; award to lowest eligible bidder

May 2019: Building #5 reno complete; Tenants move in

July 2019: renovation construction begins

To participate dial (833)579-7589
Conference ID: 288-584-656 #

Harbor Hill: Rent-up

Summer 2019: Building #5 with 6 units becomes available 8 months after acquisition through in-house renovations and is occupied by end of summer

NOW - September 2020:

- ❖ Primary renovation project completed in April 2020
- ❖ 25 of 28 units [89%] are occupied plus 1 unit scheduled for move in [93%] and applications pending for the remaining 2 units [100%]

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Harbor Hill Property

Target market: households that are not eligible for traditional affordable housing with median incomes from 80% to 200% Area Median Income
For example: traditional AH maximum 80% AMI for household of 1 is \$54,150, for 2 people \$61,850 - while Teacher salary range \$52K - \$88K. Police Officers range \$61K - \$70K

Rents Range:

ADA units: \$1000 - \$1200
1 Bedrooms: \$1450 - \$1550
2 Bedrooms: \$1650 - \$2000

Features include: Large unit size, Laundry in every unit, Efficient heating and cooling, Parking available

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Harbor Hill Pro Forma

- From the onset, a gap was anticipated between rent receipts and expenses
- Monthly Revenue is projected at approximately \$50K at full occupancy for total of about \$600K per year.
- Annual debt service is about \$594K
- The Trust is working with the Finance Dept and the CDP on updating annual budgets as we approach full occupancy
- A Capital Needs Consultant conducted an assessment *pro-bono* in March 2020 to begin long term capital planning
- The Trust has engaged a financial consultant to explore financial options for long term capital planning
- As stated in 2017, we anticipate the need for gap funding for both FY 21 and future years

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Harbor Hill & Trust Financing

- Options include
 - Town appropriation
 - Pursue allocations from upcoming revenue streams, including Marijuana and Short Term Rental Tax revenues
 - Work on operating expenses after revenue and expenses normalize
 - Sell more valuable units to create a cushion for bond payment for upcoming years

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Community

Harbor Hill is about community.

*It is about providing homes
where none can be found.*

It is about keeping the lights on in the winter.

It is about viability.



Year Round Market Rate
Rental Housing Trust
& Harbor Hill

Public Hearing
September 15, 2020

Public Comments

To participate dial (833)579-7589
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Chair Nathan Butera read his narrative:

“The Trust’s Mission was “ established to create and preserve year-round rental units in the town of Provincetown including, but not limited to, market rate units, for the benefit of residents of the town.” The 2016 housing playbook described three categories of housing that needs to be addressed-affordable, community (market rate) and workforce. All three categories are important and must be addressed. We are here today to talk about the second one, community or market rate housing. All three categories are important and must be addressed. We are here today to talk about the second one, community or workforce or so-called market rate housing.

Unlike affordable housing, there were no state tools or legislation that addressed the need for market rate or workforce housing. In identifying these facets of our housing crisis, the state passed special legislation to create the trust. The legislation does not limit the trust to market rate or workforce housing, but these categories were clearly a driving impetus. The initial vision of the trust was to identify and purchase single units in town that could be maintained as market rate rentals. As we all know, when Harbor Hill became available, the Trust Board, Select Board and many Town residents felt it was an opportunity to make a big dent in addressing the market rate rental crisis. It may seem to many that harbor hill has taken a long time to come together. The project has been confronted with legal setbacks, procurement contracting setbacks, and other obstacles. But to put it in a simple perspective, within 3 years of 2017’s special town meeting vote there are now 8 units occupied, 6 more leases signed, and 2 other applications have been approved and pending resident decision. That represents 16 of the 28 total units in the project. The average annual income of lease holders is \$60,000, which is the income level Harbor Hill was targeted to serve. The expectation is that all remaining units will be ready for occupancy during March & April of 2020. Over twenty-one applications have been requested and distributed in January and February so far this year, so it appears that demand for the 12 remaining units is robust.

So, to recap, it has been almost 3 years since that February 2017 vote. Acquisition of the property took place in September 2018. And the first units came on line in the summer of 2019. Compared to the typical housing development cycle of ten years, this is remarkable.

I was not a founding member of the trust. I came aboard after the trust acquired harbor hill. Like many others, I voted for the purchase of harbor hill, but like many others, I thought the trust was self-sustaining. It wasn’t until my first meeting that I learned Harbor Hill required a subsidy and that subsidy was always a part of the equation for Harbor Hill. Looking back at the presentation, the Trust anticipated and spoke to the gap and need for additional funding. To address this, the Finance Committee had proposed and Town Meeting had agreed to fund \$1.5 mil. for 5 years worth of start-up costs until the Trust could identify other sources of revenue, of which the short-term rental rooms tax and marijuana tax were proposed as possible sources. I know that because I had this misconception about the extent of ongoing Town subsidies, many others had it and many probably still do. I know this kind of confusion creates public mistrust. The Trust Board is working to regain that trust. To that end, all of our meetings are now videotaped.

The past year our priority has been getting the renovation project completed, getting people into the property and starting a stream of rental income. The majority of our energy and focus has been on these tasks. At the same time, we made sure to preserve the value of the property by pursuing forms of ownership that will allow the town to sell buildings and/or units quickly and efficiently if it must come to that. The Trust has also proposed using a portion of the Short Term Rental Tax to fund the project shortfalls.

We are proud that people are now living on Harbor Hill and the entire property will be ready for tenants before the end of the fiscal year. But now that we are almost on the other side of that hump, we are faced with a continued budget shortfall until a sustainable, annual funding source is put in place for the trust. At this point we do not have a long term answer as to how the amount of Town subsidy that will be required over the next 5 years, but we are working with the Finance Director to come up with a Special Town Meeting Article that will provide us with funding through the remainder of FY20 for the anticipated operating budget short-fall for Harbor Hill and to make a modest contribution to a maintenance reserve. At Annual Town Meeting we will propose an Article to fund Harbor Hill through FY21. Anticipated rental income and total debt service will both be roughly \$600,000 in fiscal 2021. Rental revenue, once stabilized will cover annual debt service, but not operating expenses like maintenance, repairs, landscaping, property management and lease up costs.

Moving beyond FY21, we will need to identify a sustaining subsidy. We have reached out to a Mr. Thomas Nutt-Powell, an expert in capital needs assessment who has generously agreed to perform a capital needs assessment of Harbor Hill pro bono. We need to know what we are looking at 5, 10, 15 years down the road; so we can come before the town and ask for something that is sustainable and do it with confidence.

The Trust is unique. It was specially created for Provincetown's acute housing crisis. There are no models, no templates, no examples from which we can draw to guide us forward. We are the model. There's no way to know all the facts and potential consequences in advance. We can only prepare so much. We can only look at something from so many angles. But at a certain point, we're only really going to find out what we need to know by taking action.

As the economist George Gilder put it:

"It is the leap, not the look, that generates the crucial information; the leap through time and space, beyond the swarm of observable fact that opens up the vista of discovery." As we take this leap to solve our housing crisis, we are also learning how to get better at solving it. As we continue to work to make this project successful and sustainable we also get the benefit of learning how to do it again. How to do it even better, faster, and more efficiently.

Email from Brian & Patrick Michaelan, new tenants at Harbor Hill, delighted with space.

No other comments.

Public Hearing closed at 4:41 pm

Agenda #2: Annual Town Meeting & Public Forum:

Ms. Jarusiewicz stated that the Public Town Meeting Forum would be virtual. On September 16 at 6pm.

Annual Town Meeting is scheduled for September 21, 2020 at 5:00 pm outside in the parking lot at St. Peter's. Logistics include spaced chairs, no food, restricted entry area. Chair Nathan Butera would be in attendance. Jay Coburn from the CDP indicated that there are 3 versions of the video on social media and have had over 1000 views.

Agenda #3: Select Board presentation:

Member Venden of both boards would be doing some follow-up, but had family emergency today.

Agenda #4: Invoices: none

Agenda #5: Minutes: none

Other: Land Court filing – Lee Smith hoped that it would happened soon.

Kevin Mooney MOVE to adjourn at 4:54 pm; Doug Cliggott second; roll call vote:

Nathan Butera, Chair: YES

Doug Cliggott: YES

Kevin Mooney: YES

approved 3-0

Minutes drafted by:

Community Housing Specialist Michelle Jarusiewicz