



## Finance Committee

# Meeting Minutes

### PROVINCETOWN FINANCE COMMITTEE

Judge Welsh Meeting Room - 2:08 p.m.

October 31, 2014

**Members Present:** Mike Canizales, Duane Steele, Clarence Walker, Doug Cliggott

**Others Present:** Mary Jo Avellar, Town Moderator, Robert Anthony, Selectman

Mike opened the meeting by stating the need to respond to the housing issue including the Housing Summit and the Selectmen's Goals. He had different slides to make a point regarding the housing crisis. First slide from the NY Times (4/29/14 – "Rent too high – move to Singapore"). Article addressed that for the middle class/earning class, housing is becoming a complete crisis. Singapore has addressed and accomplished this issue. "Wall Street is My Landlord" – discusses pooling together rented properties which have made good money. There seems to be interest in renting as opposed to buying. Mike stated the need to discuss whether there is a demand for year-round rentals and employment. He stated that the Town has 106 staff with a median salary of \$52,000 for 2015. He discussed possible rentals at \$1300 for a single person and \$1750 for couples. The Town could possibly buy 50 - 100 rentals which would not be a problem to rent. An auction could be used to rent them. If we follow the 30% rule – 30% for rent and utilities – there wouldn't be a need to subsidize if rented at the rates listed above. Local business could take some for their employees and the Town take some. Mike also discussed the term "affordable" year round rentals. The Town could buy some kind of mix of housing. Renters would have to have jobs and the ability to pay rent. He stated he has talked with Ted Malone and found it would not be easy to get grants. Also discussed was the possibility to get landlords to rent yearly instead of monthly but the gap in pay is probably too great to have that happen. Mike looked at Zillow and found there were 199 condos on sale right now in Provincetown. A real estate agent said there are usually between 150 and 200 on the market. There was a range in prices, i.e., \$150,000 to \$225,000 per bedroom. That means there is the possibility to buy units rather than

build. The Town can't own, but the Town could buy the land, fund a trust to rent and manage them, and then the trust pay the Town. Mike stated that he and Doug Cliggott felt it would be profitable to buy and raise taxes, that the units could be leased to an employer to take the head lease and then sublease to the employees. Employers could say how many slots they wanted as could the Town. Possible rentals could be \$950 for a studio, \$1000 for a one bedroom, and \$1600 for a two bedroom, and add 20% on to make the 30%. Renters would need these incomes. Hypothetically, the Town could buy 10 units a year for 5 years, then the units would all be owned in 5 years which would save millions in interest charges. This would be an income bearing asset and an investment.

Peter Pettas commented that he likes this idea because this approach does not create affordable housing ghettos, that scattering is better. He doesn't like the idea because he feels the cost would be higher than projected, and he discussed figures. He did say that it might qualify for tax exempt status.

Doug Cliggott stated that interest payments are a debt loss. Discussed equity funding, and that there could be an auction that would be an equity stake. He also discussed free cash fall back.

Rick Murray discussed having professionals discuss the financing. He stated that numbers have been discussed for the VFW site. He suggested that the committee investigate how many units could be VFW property, the Community Center, and the Shankpainter Building as they are the largest owned properties. From a zoning point of view, everyone has to buy into this, and he discussed an idea that Chicago used. He also stated that zoning laws can be changed. Doug stated that they are doing this in Sweden. Rick responded that there need to be incentives for zoning bylaws. Clarence Walker stated that he feels that equity financing is spot on. He also stated that we are obligated by rules and regulations, and we should have control with an equity route.

Robert Anthony commented on the need to meet more often. He stated this is a totalitarian type of adventure, and he discussed the need to change zoning bylaws to have rentals be allowed on properties. He also suggested the possibility of lessening the capital gains tax for selling properties. He did comment on the importance of having something on the floor  
For the April Town Meeting.

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Mary Jo Avellar stated that the 40B Model for affordable housing has not worked except for developers. She shared that in her opinion 40B does not work. She feels that the community should take charge without state and federal, and she discussed looking at bylaws that would provide incentives as well as the need to rewrite the book.

Peter added that 40B does have 20% set aside for affordable housing and that it is helpful in getting around zoning laws.

Mike stated that it was 3pm and the end of the official meeting due to Doug having to leave, and that there would no longer be a quorum. He stated that the discussion would continue.

Bill MacDougall stated that this should be a priority for the next 120 days as a government and as a community. He also stated that this should be a priority for the Board of Selectmen. He feels every proposal should come forward and be considered and that we need to be creative. Shared that he is not sure the community is on the same wave length regarding affordable housing, and the committee needs to come up with terminology. He stated that 75% of tax bills go out of town, and the other 25% includes only a handful of year rounders that are left. There is a need to state key priorities for the next couple of years, and discussed taxes going up. Bill shared that he feels the community needs to know who will benefit and how. He also shared that money needs to be put together to meet priorities, and that the population cannot be over-burdened. He then discussed that the committee really needs to understand what buying into a condo means – what is the liability. Also, sewer hookups are still be worked on which can be costly in addition to condo association fees. There are many factors to consider if buying condos, and the need to buy into strong associations. Another consideration that is a big factor is heating, and that many condos have electric heat.

Claire (no last name given) shared that she feels that groups like The Financial Committee and The Board of Selectmen should meet more frequently to accomplish goals.

Clarence Walker asked to clarify if the proposal was to build or buy, and Mike stated they could possibly build 25 and buy 25. Clarence stated the need to have a group to handle parameters to get a game plan.

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**Tom Coen shared that he feels there is a need to work on details and come up with something practical and also come up with time frames. He commented that we cannot assume that everyone who works here wants to live here due to it being very difficult to afford to purchase a single family home.**

**Duane Steele expressed his feeling that there is a need to spend money for expert consultants. Mary Jo Avellar stated that she is disappointed that only one selectman showed up for the meeting, and the need to set up a meeting with the Board of Selectmen. She also stated the need to look at how bylaws are an impediment. Clarence Walker stated that we can't wait to move to get resources for the best decisions and planning.**

**Mike thanked everyone for attending and their input.**

**Respectfully submitted,  
Maghi Geary**