

# Harbor Hill & Trust Update 2020



**Mission:** “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.”

**History:** On February 6, 2017, the Town of Provincetown voted to spend up to \$10,700,000 to purchase and renovate 26 units of housing at Harbor Hill. On September 4, 2018 [14 months later than expected], the Town acquired title to the property for \$8,101,620. The Trust received a \$250,000 State Grant in October 2018 to create two (2) additional ADA Compliant Units (bringing the total number of units available from 26 to 28). After not receiving any acceptable bids, the Trust moved forward with renovating Building #5 while re-bidding the larger project and brought that building online and available for rental in May 2019. After two RFPs, the Trust hired the Community Development Partnership [CDP] as the Property Manager in January 2019. Following two invitation for bid cycles in a very hot construction market, the June 24, 2019 Special Town Meeting approved \$492,000 in additional funding for the Year Round Market Rate Rental Trust allowing the construction contract with NEI to move forward. The primary renovation project was completed in April 2020. For future planning purposes, the Trust had a Capital Needs Assessment conducted by Dr. Nutt-Powell of Capital Needs Unlimited *pro-bono* in March 2020.

**Occupancy:** Currently 25 of the 28 units are occupied [89%] with 1 unit scheduled for move-in October 1<sup>st</sup> for 26 units [93%], and 2 units with pending applicants which would lead to full occupancy at 100%!

As Harbor Hill approaches full occupancy and the Trust continues the ongoing maintenance and improvements with CDP assistance, the Trust is considering various options to move forward with future capital needs. To cover all bases, the Trust has hired a financial consultant, Bev Gallo of Peregrine Urban Initiative, to assess various financial models and potential subsidy assessments for capital improvements of the property.

## Expenditures:

Acquisition	\$8,102,000
Legal costs	206,000
Architect	336,069
Primary reno project	2,924,911
Rental operations & reno	320,000
Rental operations	310,000 [includes various items such as water/sewer, betterment, insurance]

## ATM Article #11 Funding Request:

The article requests \$594,557 for the debt service for FY 2021. Since the beginning, it was anticipated that other funding sources would be needed to bridge the gap between rent receipts and expenses. The Trust expected to cover the gap for about 5 years, but due to project delays and higher renovation costs, funds were depleted. Potential additional funding sources identified in the beginning included the short-term rental tax, the marijuana tax, and others; none of which have materialized at this time but are still on the table for future consideration. If Article 11 fails, there will be insufficient funds to pay the entire debt service.

Hear tenant stories & view Harbor Hill [video created by David Cox & Produced by CDP]:

[https://www.youtube.com/watch?time\\_continue=15&v=hZ3CLlf5N9g&feature=emb\\_logo](https://www.youtube.com/watch?time_continue=15&v=hZ3CLlf5N9g&feature=emb_logo)