



TOWN COUNCIL
Tax Increment Financing Subcommittee
Selectmen's Conference Room
Wednesday December 16, 2020
MEETING MINUTES

Members present: Councilor Matthew Levesque; Councilor Eric Steinhilber, Councilor Nikolas Atsalis

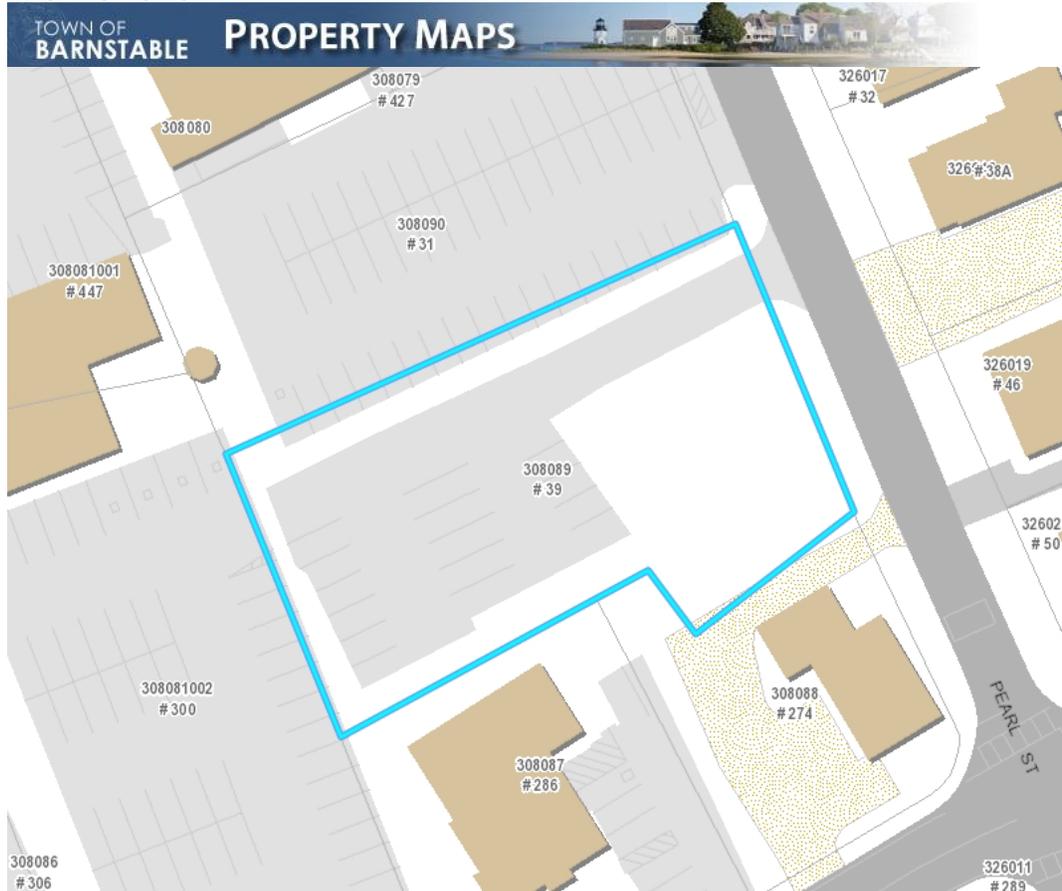
STAFF PRESENT: Elizabeth Jenkins, Director Planning and Development; Arden Cadrin, Housing Coordinator, Gloria McPherson, Mark Milne, Director of Finance; **OTHERS PRESENT:** Attorney David Lawler, Jake Dewey

Councilor Eric Steinhilber called the meeting to order at 9:00am. Cynthia Lovell, Administrator of the Town Council took a Roll Call of members present;

Councilor Matthew Levesque here
Councilor Eric Steinhilber here
Councilor Nikolas Atsalis (will join shortly)

Quorum being present Councilor Steinhilber asked Arden Cadrin to explain the application for the Housing Development Incentive Program (HDIP) Tax Increment Exemption submitted by: Jacob Dewey, for Captain Barse's Village, 39 Pearl Street, Hyannis, MA

Map of proprty



Map printed on: 8/27/2020



39 Pearl St Proforma
11_2020 Blank.pdf

Value of TIE Local Tax Incentives for 39 Pearl St, Hyannis, MA							Draft	
	Municipal Tax Rate Per Thousand	TIE Assessed Value	Annual Property Tax Bill for Ttl Tax Assessed Value	TIE Yearly Exemption %	Exempted Annual Property Tax	Total Yearly Value Gained	Total Yearly Tax Amount Gained	Total Yearly Value of Exempt Amount (Reportable)
	<i>projected</i>							
2021	\$9.10	\$2,500,000.00						
2022	\$9.10	\$2,500,000.00	\$22,750.00	0.85	\$19,337.50	\$2,500,000.00	\$3,412.50	\$2,125,000.00
2023	\$9.10	\$2,562,500.00	\$23,318.75	0.85	\$19,820.94	\$2,562,500.00	\$3,497.81	\$2,178,125.00
2024	\$9.10	\$2,626,562.50	\$23,901.72	0.85	\$20,316.46	\$2,626,562.50	\$3,585.26	\$2,232,578.13
2025	\$9.10	\$2,692,226.56	\$24,499.26	0.85	\$20,824.37	\$2,692,226.56	\$3,674.89	\$2,288,392.58
2026	\$9.10	\$2,759,532.23	\$25,111.74	0.85	\$21,344.98	\$2,759,532.23	\$3,766.76	\$2,345,602.39
2027	\$9.10	\$2,828,520.53	\$25,739.54	0.60	\$15,443.72	\$2,828,520.53	\$3,860.93	\$1,697,112.32
2028	\$9.10	\$2,899,233.55	\$26,383.03	0.60	\$15,829.82	\$2,899,233.55	\$10,553.21	\$1,739,540.13
2029	\$9.10	\$2,971,714.38	\$27,042.60	0.60	\$16,225.56	\$2,971,714.38	\$10,817.04	\$1,783,028.63
2030	\$9.10	\$3,046,007.24	\$27,718.67	0.60	\$16,631.20	\$3,046,007.24	\$11,087.47	\$1,827,604.35
2031	\$9.10	\$3,122,157.42	\$28,411.63	0.60	\$17,046.98	\$3,122,157.42	\$11,364.65	\$1,873,294.45
2032	\$9.10	\$3,200,211.36	\$29,121.92	0.50	\$14,560.96	\$3,200,211.36	\$11,648.77	\$1,600,105.68
2033	\$9.10	\$3,280,216.64	\$29,849.97	0.50	\$14,924.99	\$3,280,216.64	\$14,924.99	\$1,640,108.32
2034	\$9.10	\$3,362,222.06	\$30,596.22	0.50	\$15,298.11	\$3,362,222.06	\$15,298.11	\$1,681,111.03
2035	\$9.10	\$3,446,277.61	\$31,361.13	0.50	\$15,680.56	\$3,446,277.61	\$15,680.56	\$1,723,138.81
2036	\$9.10	\$3,532,434.55	\$32,145.15	0.50	\$16,072.58	\$3,532,434.55	\$16,072.58	\$1,766,217.28
2037	\$9.10	\$3,620,745.42	\$32,948.78	0.50	\$16,474.39	\$3,620,745.42	\$16,474.39	\$1,810,372.71
2038	\$9.10	\$3,711,264.05	\$33,772.50	0.50	\$16,886.25	\$3,711,264.05	\$16,886.25	\$1,855,632.03
2039	\$9.10	\$3,804,045.65	\$34,616.82	0.50	\$17,308.41	\$3,804,045.65	\$17,308.41	\$1,902,022.83
2040	\$9.10	\$3,899,146.79	\$35,482.24	0.50	\$17,741.12	\$3,899,146.79	\$17,741.12	\$1,949,573.40
2041	\$9.10	\$3,996,625.46	\$36,369.29	0.50	\$18,184.65	\$3,996,625.46	\$18,184.65	\$1,998,312.73
Map / parcel	308/089			20 YR TOTALS	\$345,953.54	?	approved by Town Council	
FY2021 AV	\$92,900							
			Base value =	\$92,900	\$0	(commercial) =	\$0	
			\$2,500,000	-	\$0	=	\$2,500,000	
The anticipated value of the development upon completion is at least \$2.5 million.								
9 - 2 bedrooms, proposed rents :			\$1,800 per month					
1 commercial office rent:			\$1,200 per month					

HOUSING DEVELOPMENT INCENTIVE PROGRAM (HDIP)
Application for Tax Increment Exemption
Town of Barnstable

The Downtown Hyannis Housing Development Incentive Plan was adopted to take advantage of the Massachusetts Housing Development Incentive Program (HDIP), established by MGL CH 40V to spur residential growth, expand diversity of housing stock, support economic development, and promote neighborhood stabilization in Gateway municipalities. The HDIP program provides two incentives for developers: (1) a local option property tax exemption on a portion of the increased property value, the increment, resulting from improvements, and (2) a State tax credit for Qualified Project Expenses (QPEs).

The Department of Housing and Community Development (DHCD) **may** (1) approve a locally negotiated Tax Increment Exemption Agreement between the Developer and Municipality under M.G.L. c. 59 section 5M of not less than 10% and not more than 100% of the increment on market rate units in a Certified Housing Development (HD) Project for no less than five years and no more than 20 years, and (2) award the Developer of the Certified HD Project a State Housing Development (HD) Tax Credit under M.G.L. chapter 62 section 6(q) and chapter 63 section 38BB, not to exceed 25% of the cost of QPEs of the market rate units.

The Town of Barnstable has an approved HD Zone designation and HD Zone Plan (see attached map). The Town is accepting applications for TIE Agreements and DHCD is accepting applications for certification of housing development projects pursuant to M.G.L. c. 40V and 760 CMR 66.05.

HD Tax Credits (State incentive) will only be awarded to Certified HD Projects with DHCD approved HD Tax Increment Exemption Agreements (local incentive).

Please refer to the **HDIP Guidelines** on the Mass.gov website for additional information on the HDIP and DHCD application requirements. Applications are available on-line in word format (www.mass.gov; search key word HDIP).

**HOUSING DEVELOPMENT INCENTIVE PROGRAM
APPLICATION FOR TAX INCREMENT EXEMPTION AGREEMENT**

The Town may request additional information to supplement an incomplete application. The Town Tax Incentive Committee will request a meeting(s) with the Developer to discuss a proposed housing development project and application submission.

1. PROJECT INFORMATION:

Name of HD Project: Captain Bears's Village	
Address of HD Project: 39 Pearl Street	
City: Hyannis	Zip: 02601
Map 308	Parcel 89

2. TO-SCALE MAPS OF THE FOLLOWING:

A. Identification of locus of development
B. Site plan showing lot lines, building footprint and general dimensions

3. DESCRIPTION OF THE PROJECT: Narrative description of the proposed project.

<p>39 Pearl Street is a .38 acre lot which is currently vacant. It was previously developed with the Captain Bears Lodge, a lodging house. The structure caught fire in 2011 and was later demolished.</p> <p>Captain Bears Village is a proposal to construct 5 new, two family structures.</p> <p>The site is located in the Hyannis Village Business Zoning District where the Town has planned and zoned for higher density residential housing.</p> <p>The newly constructed residential units will be townhouse style homes, each with 2 bedrooms, 1.5</p>
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baths and 806 square footage.

The current total assessed value of vacant land is \$92,900 producing \$870.47 in tax revenue.

The anticipated value of the development upon completion is approximately \$2-2.5 million, creating Over 2 million in additional, new value.

4. MARKET ANALYSIS: Demonstrate need and demand for multi-family market rate housing. Describe how pricing for market rate units was calculated.

The proposed project before you is a much needed development for continued economic growth to our town and the downtown Main Street, and Hyannis Harbor Waterfront area. As stated at an Economic Development Task Force meeting, by Rick Penn, owner of Puritan Cape Cod, "retail follows residential, we can't have retail growth without residential growth." This new housing stock in the downtown area.

As specifically identified in the "Housing Needs Assessment," (Published 2014) the need for new market-rate rental housing stock in the Hyannis downtown is great. This development would create 9 new, much needed market rate rental units.

These proposed newly units are comfortably sized and well laid out for both family, workforce, and individuals to reside in contrast to much of the existing rental housing stock in downtown which are very small, unconventional structures and were adapted from buildings that were not meant for multi-family living or high density housing.

The proposed market rate rent is \$1,800 (plus utilities) maintaining a rent level that is achievable by the Cape Cod workforce.

5. PROJECT DETAILS:

Development Name: Captian Bearse's Village

Construction Plans and Specifications (please attach)

Proposed Uses(s): Residential Residential S. F.: 7254 Other S.F.:

Total Floor Area: 8060 SF

Total Number of Units: 9 2BR

Total Number of Market Rate Units for Sale/Rent: : 9 2BR

Permitting Status: Informal Site plan review completed, updated engineering in process to determine if relief from planning board will be required.

Site Control (attach details):

I individually currently own the property. Prior to construction it will be placed into an LLC.

Amenities and services:

Heat, central AC, washer and dryer in unit, rear outdoor area

Construction Costs Estimates– attached

Management Plan – elaborate -

I individually own, maintain and manage year-round rental housing in the mid-cape area. I currently own and manage approximately 60 rental units in the mid-cape area.

This includes property acquisitions, renovations and repairs. As well as tenant selection, placement, rent collection, and managing all aspects of on going maintenance and repairs.

Identification of all funding sources committed:

This project has received initial approval for a commercial loan from Cape Cod Five but are awaiting a decision on the status of this tax relief before submitting for final approval.

6. DEVELOPMENT TEAM:

• Owner Jake Dewey
• Developer Jake Dewey
• General Partner N/A
• Development Consultant N/A
• Architect
• Contractor Seashore Homes Inc
• Construction Manager Seashore Homes Inc
• Management Agent Jake Dewey
• Attorneys (real estate & tax) Bernie Kilroy
• Guarantor N/A
• Service Provider N/A
• Other role
• Others

7. DEVELOPER EXPERIENCE AND CAPACITY: Describe relevant background and/or experience that demonstrate the capacity of the development team to successfully carry out the proposed project.

I purchased my first residential unit in 2006. Since then I have accumulated approximately 60 units. Some that began as total rehab projects. I have managed all of my units personally for the past 13 years.

I also sit on several condo association boards and am actively involved in maintaining and improving these higher density living environments.

Most recently I have completed a development at 17 High School Road Hyannis, a very similar project to what I am proposing here. The project was completed on budget and on-time, and was fully leased within weeks of taking applications.

8. STRATEGIC IMPORTANCE: Describe how the proposed project will meet the goals of HDI Program and benefit the HD Zone (see TIE Criteria)

Not only will this development serve an economic need to our community. It also will add to the tax base by improving currently unproductive land.

The allowed range of exemption is a 100% relief of new assessed value to 10%. The length of time for this relieve is a range of 5 years to 20 years. I am proposing a 85% relief in the new assessed value for the five years after completing the project, and a 60% relief for the following 5 years, and a 50% relief for the

remaining 10 years.

I am proposing this relief to help stabilize the project upon completion and further to keep these units as market rate, year round rental homes that are attainable for our working class citizens.

Additionally, the need for the level of relief and length of time for the relief is due to the Hyannis Fire Tax which will not receive any relief.

It has been well documented by our town planning department, including economic development and housing; that the need for additional rental units are some of the top priorities for our town. This project is a viable option to create 9 new units, on a currently unproductive piece of land in the downtown area.

9. DESIGN: Attach copies of site plan, floor plans, elevations, and/or specifications that will clearly indicate the scope of work to be undertaken and the types of materials to be used. Describe environmental and energy efficient design..

All new residential construction, new insulation, energy efficient windows, central A/C and Gas heat.

10. PROJECT SCHEDULE: (Milestones) Attach project timeline.

TIE Application Date: November 30, 2020
Construction Start: Goal of spring 2021
50% Construction completion: Goal of July 2021
Construction Completion: Goal of December 31, 2021
First Certificate of Occupancy Goal of December 31, 2021
Last Certificate of Occupancy Goal of December 31, 2021
Permanent Loan closing: Goal of December 31, 2021
Full Lease Up: Goal of February 15, 2022
Other tasks:

11.

Tax Increment Exemption Request
Percentage Years 1-5 - 85% Years 6-10 60% Years 11-20 50%
Years: <u> Total of 20 years </u>
Estimated Project value upon completion: \$2.2-\$2.5 million anticipated value

12. PROJECT FINANCING:

A. Development Budget	Project Cost	Cost/Unit	Cost/Sq. Ft.
Number of Units: 9	\$2,885,916	\$320,657	\$397.84

Sources:	Amount:
• Developer Equity	\$699,464
• HD Tax Credit Equity	\$395,387
• Other Tax Credit Equity (describe)	N/A
• 1 st Mortgage (on existing land)	
• Syndication Bridge Loan	
• Construction Loan	\$1,791,065
• Permanent Loan upon completion	1,791,065
• Sale of Units	N/A
• Public Subsidy/source	
• Other	
Total Sources:	\$2,308,944
Uses:	
• Acquisition	\$250,000
• Direct Construction Budget	\$1,830,500
• General Development Costs	\$294,544
• Developer Overhead & Fee	\$385,873
• Solar	\$125,000
• Other	
Total Uses	
Total Development Cost	\$2,885,916

B. Projected Rents/Sales:			
Rental Units:	# of Units:	Square Feet:	Projected Monthly Rents
• 1 Bedroom			\$
• 2 Bedrooms	9	806	\$1,800
• 3 Bedrooms			\$
• 4 or more Bedrooms			\$
For Sale Units:			
• 1 Bedroom			Projected Prices
• 2 Bedroom			\$
• 3 Bedroom			\$
• 4 Bedroom			\$
Commercial Space			\$

Annual Operating Budget	Project	Unit	With Proposed TIE
Income			
Rents	\$208800		
Less			
Vacancy (6.8%)	\$14,198		
Gross Effective Rent	\$194,602		
Expenses			
Operating	\$28,500		
Taxes (without TIE)	\$23,960		4500
Insurance	\$17,700		
Maintenance	\$15,200		

Administrative	\$1000		
Management Fee	\$21,000		
Legal, accounting, supplies, Credit checks, ad & marketing	\$1800		
Payroll			
Admin payroll			
Maintenance payroll			
Payroll taxes, fringe			
Other			
Total Annual Operating Expense	\$109,160		
Replacement reserve	\$5000		
Operating reserve	\$3500		
Debt Service	\$95,703		

Development Pro-forma and Operating Pro-forma. Applicants may use their own format or the Commonwealth’s One Stop Application Section 1-4 and submit it with this application. The One Stop application is available at www.onestopapp.com.

*Applicants must demonstrate that the proposed project is financially feasible. The Debt Service Coverage/Cash Flow must be acceptable by current industry standards and acceptable to the Town and DHCD.

Checklist for Exhibits to Application

- Exhibit 1: Site Information
 - HD Project site map
 - Site plan showing lot lines, building footprint and general dimensions

- Exhibit 2 Evidence of Site Control
- Exhibit 3 Management Plan; Management Agent Profile
- Exhibit 4 Construction Plans and Specifications
- Exhibit 5 Documentation of Funding Commitments
- Exhibit 6 Development and Operating Pro-forma
- Exhibit 7 Developer Team Profiles

Councilor Steinhilber asked Committee member for a motion to approve this TIE and forward for recommendation to the full Council. Councilor Matthew Levesque made the motion to approve the application as submitted and to forward to the full Council for recommendation. Councilor Nikolas Atsalis seconded the motion. Cynthia Lovell, Administrator of the Town Council took a Roll Call vote:

Councilor Matthew Levesque yes
Councilor Eric Steinhilber yes
Councilor Nikolas Atsalis yes

Councilor Steinhilber asked Committee member for a motion to Adjourn, Councilor Matthew Levesque made the motion to Adjourn; Councilor Nikolas Atsalis seconded the motion; Cynthia Lovell, Administrator of the Town Council took a Roll Call:

Councilor Matthew Levesque	yes
Councilor Eric Steinhilber	yes
Councilor Nikolas Atsalis	yes

Committee Adjourned at 9:27am

Included below are the meeting discussions in its entirety:



TIF-TIE 12-15-2020.mp4