



TOWN COUNCIL
Tax Increment Financing Subcommittee

Thursday June 20, 2024

5:00pm

Selectmen's Conference Room 367 Main Street Hyannis

MEETING MINUTES

Members present: Councilor John Crow; Councilor Paul Neary; Vice President of the Town Council Craig Tamash

- **STAFF PRESENT:** Elizabeth Jenkins, Director Planning and Development; Arden Cadrin, Mark Milne, Director of Finance; Corey Pacheco, Senior Planner, Planning and Development;
- **OTHERS PRESENT:** Arden Russell; Tim Telman; Brad Sprinkle

Administrator to the Town Council opened the meeting at 4:00pm and took a Roll call of the members of the Committee.

(Below is an explanation of the Town of Barnstable Housing Development Incentive Program)

Town of Barnstable
Housing Development Incentive Program

**Housing Development Incentive Program
Tax Increment Exemption (TIE)**

The Town of Barnstable seeks to enter into Tax Increment Exemption Agreements with Residential Developers to support investment of market rate residential projects that contribute to meeting the housing goals of the community by increasing residential growth, expanding diversity of housing stock and supporting economic development in the Downtown Hyannis Growth Incentive Zone (GIZ). The Downtown Hyannis GIZ is uniquely positioned for additional housing development as it is the economic center of the Town and region however it is seeking a greater jobs-housing balance.

A Tax Increment Exemption Agreement (TIE) is a locally negotiated real estate property tax increment exemption between the Developer and Municipality of not less than 10% and not more than 100% of the increment on market rate residential units in a Certified Housing Development (HD) project for a period of not less than 5 years and not more than 20 years in accordance with Massachusetts Housing Development Incentive Program.

The Massachusetts Housing Development Incentive Program (M.G.L. Chapter 40V) is intended to spur residential growth, expand diversity of housing stock, support economic development and promote neighborhood stabilization in Gateway municipalities. The HDIP provides a residential developer the opportunity to access two incentives:

- a) a locally negotiated tax increment exemption (TIE); and
- b) State tax credit for qualified project expenses

Housing Development Incentive Program Requires:

- Project is locating in HD Zone (see map)
- Project consists of at least 80% market rate units
- Contains 20 or more units
- Housing units will be occupied as primary residence
- New construction or major rehabilitation
- Development is on one or more contiguous parcels

HDIP State Tax Credits will only be awarded to projects with EOHLC approved Local Tax Increment Exemption Agreements. All Projects, including those only apply for a TIE, must be approved as a “Certified” project by EOHLC

To apply for a TIE Agreement with the Town of Barnstable, the Applicant will submit:

1. Letter of Intent. Submit a letter of intent to the Town Manager (Attachment 1 – Sample Letter of Intent)
2. Town of Barnstable Full Application. Submit an application and all supporting materials. (Shall include draft TIE Agreement.)

Once TIE has been granted (positive vote of Town Council), Applicant must seek EOHLC approval:

1. EOHLC Preliminary Certification: Submit the State’s Preliminary Application.
2. EOHLC Application for Conditional Certification: submit Conditional Certification application to the State.

Once a Town of Barnstable application has been submitted:

1. Application Review. Town staff from the Finance, Assessing, Legal and Planning & Development Department staff shall review application materials and forward a summary report to the Tax Incentive Committee, a subcommittee of the Town Council.
2. Tax Incentive Committee. TIE Agreements are negotiated with the Tax Incentive Committee, a three-member subcommittee of the Town Council. The Tax Incentive Committee reviews applications and makes recommendations for any Town Council action.
3. Town Council Action. The draft agreement will be considered and voted on by the full Council at a regularly scheduled Town Council meeting.
4. Agreement. Any changes to draft TIE as a result of Town Council action will be incorporated into TIE Agreement in coordination with the applicant and Town Attorney.
5. EOHLC Action. Town Council forwards finalized TIE Agreement to the Executive Office of Housing and Livable Communities for their review and action.

A finalized TIE Agreement will go into effect:

- Upon approval by Executive Office of Housing and Livable Communities of the TIE
- A EOHLC Final Certificate for the Project has been issued
- As of the first fiscal year subsequent to the completion of new construction (80% of units sold or leased).

Tax Increment Exemption (TIE) Evaluation Criteria

Project _____

Location _____

1 – 4
1= Lowest
4= Highest

_____ *The terms of the TIE*

Agreement will be based on the extent to which the Project meets these evaluation criteria

Extent to which project will assist Town in achieving the goals of the Downtown Hyannis HDIP Zone Plan:

1. Increase Residential Growth

Number of new residential units created

2. Results in increase in new growth tax revenue

Percentage increase from existing

3. Expanding Diversity of Housing stock

Number of residential units other than single family

4. Promote economic development

5. Extent to which project positively influences real estate market dynamic in the HD Zone

Underutilized building; redevelopment of abandoned site, visual improvements to site, documented increase interest in surrounding properties

6. Extent to which project contributes to improvements to existing infrastructure, streetscape and community amenities

How many improvements; benefit of improvement to community

7. Extent to which the site design reflects the development patterns of the surrounding neighborhood and are consistent with Town's design guidelines

8. Extent to which the total development costs are reasonable for a project of it size and are consistent with industry standards

Average per sq foot; Average soft costs ; Developers overhead and profit

9. Demonstration of market demand for the unit mix, size and type and demonstration target rents are consistent with prevailing market rate rents

See Market Study

10. Strength of development team, including positive record in market rate housing development and management

Number of previous residential development projects
Number of residential projects owned and/or managed

11. Extent to which the project influences balance of market rate vs non-market rate housing in the area

Number of deed restricted units within half mile radius

12. Consistency with sustainable development principles, including elements of green design and conservation of energy resources

Number of sustainable design principles incorporated

13. Previous successful development in Town of Barnstable

14. Status of compliance/good standing with other subsidy programs

TOTAL

										page 3
Build-Out Costs										
BRATT, LLC					Proposed Project					
					Address: 199 Barnstable Road					
					Hyannis, MA					
	Description	Costs	\$/ SF	\$/ Unit	\$/ BR					
	Land	\$ 1,575,000	\$ 53.85	\$ 35,000	\$ 35,000					
	Closing Costs	\$ 25,000	\$ 0.85	\$ 556	\$ 556					
	Legal	\$ 75,000	\$ 2.56	\$ 1,667	\$ 1,667					
	Permits/ Fees	\$ 80,000	\$ 2.74	\$ 1,778	\$ 1,778					
	Engineering - Civil	\$ 75,000	\$ 2.56	\$ 1,667	\$ 1,667					
	Sewer Connection	\$ 100,000	\$ 3.42	\$ 2,222	\$ 2,222					
	Engineering - Soil	\$ 35,000	\$ 1.20	\$ 778	\$ 778					
			\$ 0.00	\$ -	\$ -					
	SmartHome Technology	\$ 75,000	\$ 2.56	\$ 1,667	\$ 1,667					
	Architectural	\$ 300,000	\$ 10.26	\$ 6,667	\$ 6,667					
	Landscaping	\$ 60,000	\$ 2.05	\$ 1,333	\$ 1,333					
	Development Fee	\$ 700,000	\$ 23.93	\$ 15,556	\$ 15,556					
	Construction Costs	\$ 8,043,750	\$ 275.00	\$ 178,750	\$ 178,750					
	Const. Loan Int/Fees	\$ 600,000	\$ 20.51	\$ 13,333	\$ 13,333					
	Misc/Contingency	\$ 500,000	\$ 17.09	\$ 11,111	\$ 11,111					
	Total Build-Out Costs	\$ 12,243,750	\$ 418.59	\$ 272,083	\$ 272,083					
	Community Preservation Funds	\$ 800,000				Printed:	6/17/24			
	HDIP (net value \$2.5MM @ 80%)	\$ 2,000,000					2:03 PM			
	Build-Out less CPA/HDIP Funds	\$ 9,443,750								

(link below for the Financing graph)



199 Barn 061424 45
units Financing.pdf

(Application submitted by 199 Barnstable Road, Hyannis, MA)



199 Barn 061824 TIE
Application.pdf

Below is the Staff report submitted on the project:

TO: TIF/TIE Town Council Subcommittee
FROM: Planning & Development Department
DATE: June 19, 2024

Staff Analysis

199 Barnstable Road – Telman & Sprinkle d/b/a BRATT, LLC

Request for Tax Increment Exemption Agreement under the Housing Development Incentive Program

SUMMARY

45 Units:	36 market rate	TIE:	100% years 1-5
	5 affordable @ 65% AMI		85% years 6-10
	4 affordable @ 80% AMI		50% years 11-20
			Total Est. Value: \$1,040,282

The Town of Barnstable has received a Housing Development Incentive Program Tax Increment Exemption application from developers Timothy Telman and Brad Sprinkle doing business as BRATT, LLC. The project seeks to redevelop the 1.2 acre property located at 199 Barnstable Road, Hyannis.

The applicant proposes to construct a total of 45 new rental housing units, all one bedroom and one bath each. 36 of the units will be market rate; 5 units are required inclusionary housing units (permanently deed restricted) priced for households earning 65% of the area median income; and 4 are proposed to be permanently deed restricted, affordable units priced for households earning 80% of the area median income.

This is a by-right development under zoning which has received formal approval by the Site Plan Review Committee.

The Tax Increment Exemption request is for a 100% tax exemption for years 1-5, 85% tax exemption for years 6-10 and 50% for years 11-20. The exemption is based on the increased value of the new market rate units only. The anticipated value of the property upon completion is \$9 million. At this time, with the information available, the approximate total value of Tax Increment Exemption is \$1,040,282 over the 20 year period. The developer is also seeking \$2 million in state HDIP Tax Credits.

The Development Pro Forma appears reasonable and in line with industry standards. The developer is seeking \$800,000 in Barnstable Affordable Housing Growth/Development Trust Funds for the 9 deed restricted units. Total Development Cost is \$12,243,750, \$272,083 per unit. Projected monthly rent for the market rate units is \$2,100 per month.

The proposed development meets the objectives of the HDIP Plan including increasing residential stock and diversity of housing choice from what is currently available. It will have a positive impact on housing supply and, in turn, support economic development. The recently completed Housing Needs Assessment indicates that 70% of households are 1 or 2 persons, indicating a demand for smaller units.

Enclosed is the HDIP application for your review.

(Below is the TIE Calculation)



199 Barnstable Rd
Local TIE calculation.p

Town Council Administrator asked the Committee for a motion to recommend to the full Council the application submitted by 199 Barnstable Road – Telman & Sprinkle d/b/a BRATT, LLC Request for Tax Increment Exemption Agreement under the Housing Development Incentive Program.

Councilor Neary made the motion to recommend to the full Council the application submitted by 199 Barnstable Road – Telman & Sprinkle d/b/a BRATT, LLC Request for Tax Increment Exemption Agreement under the Housing Development Incentive Program, this was seconded by Vice President Tamash, all members voted in favor of the application and recommendation to the full Council.

Town Council Administrator asked the Committee for a motion to adjourn: Councilor Crow made the motion to adjourn, this was seconded by Councilor Neary, all members present voted in favor of adjournment at 6:07pm

Adjourn 6:07pm