

Meeting Minutes for the eighth meeting of the Land Bank Study Committee

7.16.19 6:00 PM Room 310 of Town Hall

Present: David Lescohier, Harold Petersen, Bob Lepson, Marilyn Newman, Heather Hamilton, Chair

Special Guest: Gary McCabe, Tax Assessor for the Town of Brookline

The chair opened the meeting at 6:05 PM.

Joanne Sullivan moved the May meeting minutes be approved. Unanimous approval with one abstention from Marilyn Newman who was not in attendance for that meeting.

Marilyn Newman moved the June meeting minutes be approved with one edit to the language about the Governor's proposal regarding the Deeds fee. Chair made the change and a vote was held. Unanimous approval of the meeting minutes as amended with one abstention from Joanne Sullivan who was not in attendance for that meeting.

The Chair asked the members to go around the room and introduce themselves for Gary McCabe's benefit since he did not know everyone.

Gary presented his initial analysis based on the parameters he understood from a conversation he had with the Chair as to what the committee was looking for. He cautioned the group about what was excluded from the analysis. What was included was 1, 2, 3, family homes and condominiums. What was not included in the analysis was commercial and rental properties. Gary said he can run the numbers again to include all of it. The group would like to see that update and will review it at a future meeting. Gary also emphasized that we will need to be specific about certain policies if we expand exemptions, such as whether tax exempt status would be subject to this transfer tax/fee.

The group reviewed the different scenarios on the spreadsheet. The discussion revolved around the difference between exempting up to \$750,000 and \$1,000,000. The progressive structure in the analysis further down the page was very confusing to most of the group. Most felt like simple is better.

Gary highlighted that there is a difference between the tax assessment value and the sale value of mixed use residential/commercial property and that might be difficult to apply in this setting. If the rate differs between residential and commercial, this will make it difficult to apply. However, if the fee is the same regardless, it becomes less complicated to apply.

Since there are not as many commercial or big building sales in Brookline each year, the Chair asked Gary how one might choose a sample year on which to forecast since it is either a high value year or a low value year. An average of a few years might be the best way to account for those anomalies.

Bob Lepson asked if we could run the progression scenario using 1%, 1.5% and 2%. Gary said that is possible to do. Bob was concerned that 3% seemed high. Members pointed to other transfer tax/fee schemes in Washington D.C. (2.9%), Philadelphia (3%), and Pittsburgh (4% going to 5%). David Lescohier pointed out that one could use quartiles, where you would use a different rate at certain values.

Gary suggested that it might be helpful to figure out a total number one wanted to come to and work backwards. Taxes pay for the things that we expect government to provide. Bob pointed out that through certain policy decisions, that also impacts revenues.

Marilyn cautioned that this isn't a service in that it isn't an ongoing need like other municipal functions. This is for one-time purchase of property, so the it should not be forecasted the same way as other municipal functions.

Brief discussion about the difference between a transfer tax and fee.

Marilyn provided an update to the group on a related discussion that was had at the last EDAB meeting. Ken Lewis who is a developer confirmed that he did not think a transfer tax like this would impact the pro forma. However, he did express concern that the immediate affect would be on sellers. He wanted to know what the town would do if a number of property holders claimed their property values were lower and insisted on a tax assessment reduction? Gary stated that the burden of proof is on the property owner to demonstrate a reduction in property value and that it is a high bar. Gary's primary concern centers around staffing for his department if the exemptions are complicated and oversight is needed. Nantucket for example has approximately 6-8 people dedicated to overseeing their land bank and its exemptions.

The Chair updated the committee on a meeting the Chair was invited to attend for the subcommittee for the Fiscal Policy Committee (BFAC). Two of the main points during that conversation centered around the difference between a transfer tax and an operating override and the potential impact on the fiscal policy for the Town. Would these funds be used for any other municipal purpose? The Chair explained why this differed from an operating override and stressed that if the funds were used for any other purpose besides the discreet land purchases then it would be in violation of proposition 2 ½.

Gary re-emphasized that policy decisions such as exemptions that could include arms-length LLC transactions, inherited properties, non-profits buying for a specific purpose like to house clergy, will need to be thought of.

Gary also stated that we have managed our tax rate fairly well and will need to think carefully about the impact. David Lescohier cited an example from Los Angeles to assert that the impact is not high. Gary cautioned that that example was an apples to oranges comparison because they are a very large community and we are a small community within a larger region.

Bob Lepson pointed out that even if the assessment goes down, the tax rate could go up, making it a wash.

Harold thinks it is unwise not to include commercial transactions in this scheme. We are leaving money on the table. It will also make it near impossible to address mixed use properties.

A point was made about the residential exemption and the impact of that on properties.

David Lescohier provided an update on Somerville's bills. He attended the last hearing and may testify at the next scheduled hearing.

Next steps discussed include:

- 1) Refine the broad strokes language for a home rule petition or local option
- 2) Meet with Somerville/Cambridge to understand if we should sign on to one of their initiatives
- 3) Attempt to answer outstanding questions first raised by the AC

- 4) Run more scenarios with Gary
- 5) Think about exemptions, what to include, what not to include

Meeting adjourned at 7:35 PM.

Potential guest speaker for an upcoming meeting: David Gladstone, Brookline Chamber of Commerce and Vice President at Brookline Bank to understand the potential implications to commercial properties and transactions.

Our next meeting will be determined through a Doodle pool sometime in August.