

**PROPERTY TAX WORKING GROUP MEETING**  
**Focused Recommendation Group on Residential Tax Abatement Policy Review**  
**Monday, July 13, 2020 | 2:30- 4:30 p.m. | Virtual on Zoom**

**NOTES**

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These are notes from the July 13th meeting. *Notes and any additions to the recommendations are in italics.* These do not constitute official minutes nor a transcript. For a recording or to watch the meeting please visit: <https://www.youtube.com/watch?v=I33D4IHDXXQ>

**Agenda**

- Welcome and virtual meeting housekeeping  
*This meeting was held virtually on Zoom. The meeting was co-chaired by Carol Gibbs and Dan Bower. 6 working group members, 5 City staff, and 12 community members were in attendance.*
- Purpose of meeting: Finalize Recommendations
- Next Steps: Thursday, July 23rd meeting on final recommendations and report

**Structure of Recommendations**

Section I	Immediate Recommendations
Section II	Aims of Recommendations
Section III	Considerations for Recommendation Implementation
Section IV	Long-term Recommendation

**Section I - Immediate Recommendations**

**Recommendation 1** - This is the recommendation that determines recommended caps and terms.

*Three options were discussed during the meeting as seen in [this spreadsheet](#).*

- *Option A: Was presented by Carol Gibbs as a starting point for discussion*
- *Option B: Was presented by Paul Yankie*
- *Option C: Was presented by Carol Gibbs. This option clarifies the green building tiers.*

*The final recommendation from the group is seen in the chart below following discussion. The main topics of conversation included:*

- *Whether “New Construction” with a \$200,000 cap should be included in the recommendation (as in Option A and C) or whether New Construction must have a green building component to be eligible (as in Option B). 3 of the working group members voted in favor of the inclusion of New Construction as in Option A and C and 2 members voted against.*
- *The language to be used in the remodel category (restoration/renovation/remodel). Remodel was chosen as it is used in other policies. The working group made a note that they want to avoid owners tearing down houses to the foundation and classifying it as a remodel.*
- *The placement of “Historic Renovation/Restoration (pre-1940 buildings).” Some members believe that it should be included under Remodel Criteria with a \$750,000 cap whereas others believed it should be included as a Bonus Criteria and an additional cap of \$100,000. A vote was taken - 3 members were in favor of the \$750,000 cap and 2 members were in favor of the \$100,000 additional cap. Additionally, this criteria applies to all pre-1940s buildings, not just pre-1940s masonry buildings.*

Recommendation		
<b>NEW CONSTRUCTION Criteria</b>	<b>Cap</b>	<b>Term</b>
New Construction	\$200,000	10 yr
New Construction - LEED Silver	\$400,000	15 yr
New Construction - LEED Gold/LBC Zero Energy Petal	\$500,000	15 yr
New Construction - LEED Platinum/LBC Full Cert/ Passive House	\$650,000	15 yr
<b>Bonus Criteria</b>	<b>Add't Cap</b>	<b>Add't Term</b>
Visitability	\$100,000	0 yr
<b>REMODEL Criteria</b>	<b>Cap</b>	<b>Term</b>
Remodel	\$200,000	12 yr
Remodel - HERS/Other moderate level EE & High performance Cert	\$300,000	15 yr
Remodel - LEED Silver	\$500,000	15 yr
Remodel - LEED Gold/LBC Zero Energy Petal	\$650,000	15 yr
Remodel - LEED Platinum/LBC Full Cert/ Passive House	\$800,000	15 yr
Historic Renovation/Restoration (pre-1940 building)	\$750,000	15 yr
<b>Bonus Criteria</b>	<b>Add't Cap</b>	<b>Add't Term</b>
Visitability	\$100,000	0 yr

**Recommendation 2 - Residential buildings with up to and including four units should be eligible for residential tax abatements.**

- School Board would prefer not to lose any revenue, but is supportive of seeing more units available to families which would be achieved by increasing the eligibility to 4 units. School Board would be concerned about increasing that any further.
- There is not a desire on behalf of co-chairs/working group to increase unit eligibility above 4 units.

**Section II - Aims of Recommendations**

The recommendations of this group aim to...

- Encourage small, minority-owned, and women-owned businesses and small scale developments
- Encourage reinvestment in existing affordable housing.
- Not reduce the overall quantity of affordable housing.
- Encourage units appropriate for a family (2 or more bedrooms)
- Not reduce the overall unit growth needed to meet the growing population.
- Encourage low-cost of long-term homeownership through environmental design (LEED, etc.) - Reduced utility costs
- Encourage transparency on residential abatements (where does the money go after roll off)
- Consider investment incentives of our local competitors

- Consider overall tax rates and how abatements may impact opinions of new tax levies - *there was a note to make this statement clearer*
- Encourage historic conservation

\* *These recommendations are not in a priority order.*

### **Section III - Considerations for Implementation**

When implementing these recommendations...

1. Ensure that property tax values do not diminish from pre-abatement values, including lot splits and tear downs, by:
  - a. Requiring information on the application to help the auditor track land sales (splits from parent parcels)
  - b. Abatements should be reviewed consistently every 3-5 years to ensure they are not overly inflating neighboring property values through comps. The review should include community input. - *this should be reviewed before tiers are implemented.*
2. Adequate notice should be provided about policy change to developers, homeowners, etc. Consider triggers for grandfathering applicants under current policy: permits, zoning approvals etc.

### **Section IV - Long-Term Recommendation**

**Long-Term Recommendation 1** - Explore a tiered approach to residential tax abatements (In order to establish the tier criteria, additional studies would be required, which is why it is not being proposed for the immediate term, rather a goal for the future.)

- Current staff may need to be increased due to long-term monitoring as needed

**Long-Term Recommendation 2** - *Consider short-term rental caveat so that no abated properties can have a listing on the short-term rental registry other than "hosted".*

- *This is an overlap recommendation with the group focused on Property Tax Relief for Seniors and People Living with Disabilities/Special Needs*
- *This would require further conversations with the departments that manage the registry and work on abatements.*

**Long-Term Recommendation 3** - *Is there a way of incentivizing local renter co-ops? In the long run buildings are better maintained and money is recirculated in the community rather than leaving the region and going into large investment companies. A way that is the best of both worlds...offering equity that can be tapped without being forced to move as long as the renter stays 5+ years – but provides flexibility to relocate more quickly by not having to wait to sell.*