

NORTHAMPTON HOUSING PARTNERSHIP

Minutes

May 2, 2016

Members Present: Gordon Shaw, Chair; Peter Frothingham, Vice-Chair; Jim Reis, Rev. Todd Weir, Michael Roy. Members absent, Richard Abuza, Lynne Wallace, Alan Verson. Also present, City Councilor/Realtor/Assessor David Murphy and Peg Keller, staff.

Call to Order: Chair Shaw called the meeting to order at 5:30 p.m. Members reviewed minutes from the March and April meetings. Mr. Murphy arrived and introductions were made.

Tax Abatement Program

Mr. Roy had invited Mr. Murphy to the meeting to help analyze how a program similar to the one that Amherst adopted could be beneficial for Northampton. Mr. Murphy had read the materials, so discussion ensued. Highlights are as follows:

- He asked about our percentage of subsidized units/ Peg said 11.3, but the loss of the Hathaway Farms 207 units on the inventory makes the zero sum gain on the new production occurring in town.
- He said adoption of a program like this requires home rule, so there is a process there involving City Council and the Mayor.
- Support for programs that are built around reducing taxes would begin with the Mayor. The property tax is the solid financial base from which municipal activity stems/ this year contracts for Police, Fire and Schools are up for renewal, so climate will be difficult.
- Development costs are so high - land, permitting fees and requirements/ Village Hill lots were more affordable because the State did the infrastructure (still an issue with other area developers). Sprinkler systems are now required for residences built outside the water district boundaries.
- A house, with land cannot be built for less than \$300,000 in Northampton, so producing affordable homeownership is not feasible. Efforts should be on creating rental options.

- Density bonuses in urban centers translate into additional stories. Adding stories is not always financially feasible, so the density bonus may not create new units.
- In the Amherst report, he liked the concept of funding the Affordable Housing Trust to provide subsidies for people to live in existing units.
- He said in an abatement program, the property would have a lower value anyway because the cash flow is limited, so if there is already a value reduction, the tax burden is already less. (Restricted condo units at Pines Edge are assessed less, have lower tax rate). This would not be the case for landlords taking Section 8 vouchers for subsidy because they are made whole between the tenant rent and subsidy amount.
- He raised the question: does every community have to supply all housing types for all income levels?
- Politically speaking/ his opinion is that this program would be difficult to support economically if Northampton is in excess of 10% (State threshold for subsidized units/market units).
- It takes the value of a \$500,000 home to support one student in the school system. Often families with lower incomes have children requiring additional services/ it can be a harder population to serve, so difficult to justify lowering taxes if want to meet that responsibility
- Prop 2 ½ has forced cities to use CPA for “a la carte” expenses for historic preservation, open space acquisition/protection, affordable housing and recreation projects. Fuel and health care costs were not anticipated to the extent they should have been when Prop 2 ½ was enacted limiting municipalities.
- Cities/towns have to go outside of the levy limits / 2.5% of the full value of the City/ not too many places for revenue besides the property taxes. Overrides are ok with the State as the “State” says, if you want to tax yourselves for what you need, go right ahead. Stressed cities can’t do overrides because the levy ceiling has lowered to meet the tax levels.

Mr. Frothingham asked about the worker base for the hospitality industry - would it make sense to go to the employers that aren't paying living wages and charge them a fee? Mr. Murphy said he knew of no mechanism to collect or enforce something like that. The State needs to give us back more of what we collect through the hotel/motel taxes. That advocacy has not yielded results to date.

- Mr. Murphy said Chatham has a residential tax exemption on the first \$50,000 of the property value. Lower income residents get a tax break that way, but you need property values at the extremes to make a program like that work and achieve the balance required to pay for services.
- Dept. of Revenue allows little flexibility at the local level.
- Given the property values, affordable rental housing is easier to create, and possibly condo units; difficult to do with single family homes. To make an “investment” in the Trust, do public education around what kinds of projects will be undertaken. Build more market rate units and contribute to the fund. Projects like Deep Woods and Meadowland create movement in the existing inventory. The only existing inventory under \$200,000 are the old ranch houses and some condos. Clark school rentals are in the \$3,000- 5,000 per month range (!) He thinks a potentially successful model is the 2 bedroom 800 sq.ft. townhouse with basic amenities, within the water and sewer district supported on a project by project level/ rather than macro policies dictating development.
- Zoning plays a role; there are anomalies in our existing ordinance. B zones have density caps (example, Shea’s property on Elm St. could be 5 units, capped at 3). Northampton Nursing Home is also capped; would have been sold if it had density allowed in C.

Conclusion/ Mr. Murphy was thanked for his attendance and his thoughts. Members agreed he raised many issues that require further analysis.

Project Updates

Peg gave brief updates on the two Pleasant St. housing projects. Both are moving forward.

Membership Update

It was reported that Mr. Frothingham and Ms. Wallace will not seek reappointment. Mr. Frothingham will attend one more meeting. Peg has some thoughts on recruitment, but members were encouraged to spread the word.

Minutes/ The minutes from the March meeting were approved. The minutes from the joint housing partnership meeting with Amherst need additional work.

Adjourn/ The meeting concluded at 7:05 p.m.

Respectfully submitted, Peg Keller

TAX ABATEMENT FOLLOW-UP DISCUSSION

Items raised in the discussion with realtor/councilor/assessor Murphy May 2/2016

- Does every community need to provide everything for all people/ or can some be higher income areas, others lower income areas, different housing stock, etc.
- E.O.418/ all communities had to have a plan to achieve 10%/ sanctions, tracking
- Property tax as solid base/ Will any tool that involves abatements be politically palatable, financially feasible? If win, at what cost, parameters of battle.
- (Year of Contract renewals/ Police, City, Fire, Schools)
- OPD Permitting/Zoning
- Differences between affordable home ownership production strategies vs. rental production strategies
- Fund Trust to provide subsidies to make existing units affordable
- (vs. or in addition to new unit production strategies)
- Are restricted units paying lower taxes now? (Habitat, Pines Edge, etc.)
- Project by Project design, analysis, advocacy vs. macro dictating policies