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Mayor David Narkewicz introduces changes to proposed PILOT program

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NORTHAMPTON — Mayor David Narkewicz will ask City Council on Thursday to endorse his proposed payment-in-lieu-of-taxes, or PILOT program, to begin next year, including three revisions he announced Tuesday.

“Throughout the 45-day public review period, I’ve made some modifications to try to address some of the issues that came up during that process,” Narkewicz said Tuesday.

The City Council will review the plan when it meets at 7 p.m. Thursday. Narkewicz said he hopes to start the PILOT program in January 2016.

One of the changes Narkewicz has introduced is an exemption of social service agencies, which would remove ServiceNet from the list of nonprofit, tax-exempt properties that would be asked to participate in the program. Narkewicz said that after meeting with people who work in social services, he concluded that the PILOT program is not appropriate for those agencies.

A second change would extend the phase-in period of the program from three to five years, which Narkewicz said he hopes will provide further relief in giving participating institutions more time to adjust their budgets. The first request for PILOT payments would be based on 5 percent of what a property would normally be taxed. That would be increased by 5 percent each year, until reaching the full 25 percent in the fifth year.

The third change is to allow participating institutions to pay more than 50 percent of their PILOT through services offered to the community when there are “exceptional or extraordinary opportunities for direct community services,” according to a memorandum sent from the mayor’s office Tuesday. This provision is part of the PILOT program in Boston, and Narkewicz said that several residents and local leaders pointed out that this was missing from his proposal.

The original proposal had asked 11 of the city’s largest nonprofit, tax-exempt property owners to make voluntary payments to the city. With the removal of ServiceNet, the list of 10 organizations is now Smith College, Cooley Dickinson Hospital, Hampshire Regional YMCA, Clarke Schools for Hearing and Speech, Lathrop Home, People’s Institute, Northampton Community Arts, Historic Northampton, Hill Institute and Northampton Lodge of Elks #977. All own property with assessed values ranging from \$421 million to \$1.2 million.

Government entities, religious institutions, cemeteries, conservation land and tax-exempt institutions whose property holdings fall below \$1 million in valuation — the threshold set in the mayor’s plan — are excluded from the program.

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