

VISION 2020 FISCAL RESOURCES TASK GROUP
Meeting Minutes 11/15/12

ATTENDEES: Gordon Jamieson (CoChair), David Garbarino (CoChair), Heather Remoff, Town Manager Adam Chapdelaine, Pete Howard (Secretary),

MY TAX DOLLARS: Adam will ask the Deputy Town Manager to call Gordon to get the FY12 version posted.

DEVELOPMENT ON MASS AVE: Pete, using a revised version (Ref 1) of the memo discussed last month walked the meeting through the analysis. The revision involved the clarifications to one of the charts as suggested by David and an addendum suggested by Gordon. The addendum shows what would happen if the average assessment for the retail, office and residential parcels were equal to the average assessment of the mixed use parcels. The result would have been income of more than \$500k annually on average over the 9 years considered. There was considerable discussion. The average assessments seemed very low compared to residential assessment elsewhere in town. Gordon provided a table (Ref 2) based on annual assessor reports showing the total revenue from residential properties and from commercial properties from 1990 to 2011. Almost all the dollar increase was residential. Even the percentage increase of the residential over commercial was more than twice as big. Adam suggested that a look at building permits compared to assessment increases would be interesting. Pete said that given the data he would be glad to do the comparison.

UNMETERED WATER: Gordon reviewed what the FRTG has learned about this matter. There is a large discrepancy between the amount of water supplied and the amount metered. Adam believes the water used in municipal buildings is metered. He also believes that our water main maintenance program prevents serious leaks. He will consider how much is used to flush hydrants. He is aware that old water meters under measure water flow. Gordon described an article (Ref 3) he found that gives an idea of how water meters degrade over time. The article offers a way to decide when meters should be replaced. Gordon suggested that the one time saving from going to quarterly billing could be used to jump start meter replacement. He pointed out that we could borrow from the MWRA at no cost for this purpose.

NEXT MEETINGS . 12/20/12 Third Thursdays in Senior Center 2nd Floor Conference Room

Ref 1 Development On Mass Ave-East Arlington vs North Cambridge

Ref 2 Arlinton Property Tax Revenues

Ref 3 Determining The Optimum Economic Life Of Residential Water Meters, Dr Hans Allender, Water/Engineering & Management, Sept 1996,

http://www.wwdmag.com/sites/default/files/WEM%209_96%20Optimal%20Life.pdf

From: Pete Howard
To: Fiscal Resources Task Group (FRTG) of Vision 2020
Subject: Development on Mass Ave - East Arlington vs North Cambridge
Date: 10/18/2012

Background: In late 2011 the Planning Department began to develop a Master Plan to guide development in Arlington. The FRTG discussed ways we might contribute. Gordon Jamieson observed that Mass Ave in East Arlington seems to be much less developed than the section of Mass Ave in Cambridge just over the Town line in North Cambridge. Much of this development seemed to have taken place in recent years. With the FRTG's encouragement he asked the Town Manager, Adam Chapdelaine for assessment records from both communities to see if the difference could be quantified. If this difference turned out to be substantial, it would be a strong reason to encourage similar development in Arlington. The tax revenue from such development might reduce the structural deficit which puts such pressure on Town finances.

Data: In the spring of 2012, the Town Manager provided two Excel files containing the requested data and more. The Arlington file contains assessment records and GIS locations for all properties on Mass Ave from Pleasant St (Rt 60) to Alewife Brook (Rt16). It also contained the same information for Broadway from Broadway Plaza to Rt 16. There are 564 records in all. Each record includes data for the years 2003 to 2011. The Cambridge file contains similar but somewhat less complete records covering the years 2001 to 2011. It contains only 257 commercial properties, not all of which are on Mass Ave. The Mass Ave properties are between Rt 16 through Porter Square. It covers the years 2001 to 2011.

Initial Analysis: The Town Manager provided a map (Figure 1) showing the change in assessed value (2011-2003) for each property over the period covered by the data. The properties which change in land use code were marked. By this measure, most of the properties in Arlington showed an increase in assessed value ranging from 25% to 75%. Most of the properties in Cambridge showed little or no increase in value. The FRTG found this result surprising. I decided to look at the data more closely.

Data Filtering: My first step was to extract the Mass Ave properties in Arlington and to delete the 13 church or government owned parcels according to the Land Use Code (LUC). In the case of the 4 closed parcels, I combined all the parcels that replaced the closed parcel to provide a complete assessment history of that location. I treated the Broadway properties the same way. The Cambridge file had some entries which didn't make sense. I dropped these parcels along with the parcels not on Mass Ave. In all cases I dropped the data for 2011 because it was the same as the data for 2010. Figure 2 lists all data processing steps.

Results:

Total Assessments: I added the assessments of all parcels in each grouping for each year from 2003 through 2010. The results, Figure 3, show a steady increase in Arlington of more than 5%/year for Mass Ave and a much slower increase of less than 2%/year for Cambridge. The Cambridge assessments seem to change only when the LUC changes, for example by condo-izing. The approximate annual tax increase was \$86k for Arlington and \$63k for Cambridge. This more detailed look at the data shows that the initial analysis was misleading. Over all the assessment values for both communities did increase though more in Arlington than in Cambridge. But still these numbers are very small given our structural deficit of several million dollars.

Distribution of Assessments on Mass Ave in Arlington: I investigated the number of parcels with low assessments compared with those with high assessments to see if most of the increase was at the low or high end of the scale (Figure 4). Most of the 181 parcels were assessed at less than \$1m. Over the 8 year period the numbers in the lower categories decreased and the numbers in the higher categories increased but there is considerable bouncing around in between. The number of properties assessed at more than \$1m increased rather steadily from 19 to 28. This group probably accounts for most of the growth.

Distribution of Assessments, Arlington vs Cambridge, in 2011: I show the % of parcels in each assessment value category in Figure 5 for both communities. There is a striking difference. A much larger portion of the Arlington parcels are in the lower value bracket. This is probably because only Arlington data includes the non-commercial parcels. But a much smaller portion of the Arlington parcels, 1/3 as many, are in the over \$1m bracket. This supports the original idea that it might be possible to attract high value redevelopment to Arlington.

Assessment Value of Arlington Parcels by Land Use Codes in 2011 The Arlington data includes LUCs for each parcel. Figure 6 shows that most of the increase in value over the 8 year period was in residential/commercial (mixed use) properties. Also note the large hotel assessment increase in 2009. The value of residential properties increased dramatically from 2003 to 2007 but then leveled off.

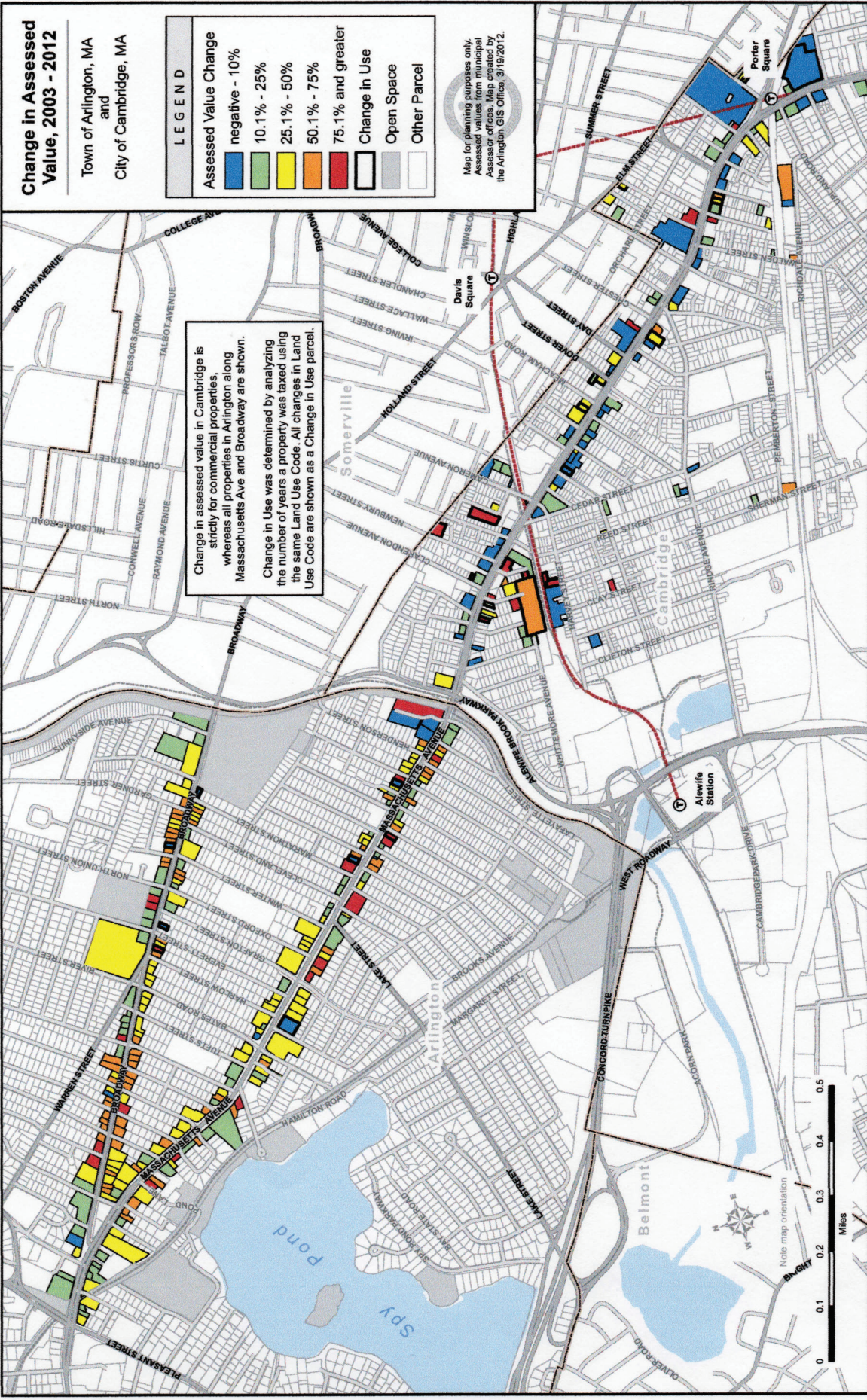
Conclusion: This interesting data set shows that on Mass Ave, North Cambridge has attracted more high value properties than East Arlington but that the total assessments are similar though the rate of increase is greater in East Arlington. The potential tax revenue increase seems to be modest.

References

- 1 Initial Analysis
- 2 Data Processing Steps
- 3 Total Assessment History
- 4 Assessment Distribution History Mass Ave Arlington
- 5 Assessment Distribution 2011 Arlington vs Cambridge
- 6 Assessment History In Arlington by Land Use Code
7. Average Assessed Value for each Land Use
8. What If Assessment Vs Actual Assessment Mass Ave Arlington

Addendum During the FRTG discussion of the memo, Gordon suggested that the Arlington data could be used to do a what if study. The first step would be to compute the average assessed value for each land use. (Ref 7). The average apartments and hotel are far more valuable than the average retail, residence or office building. But also the mixed use parcels (Residential/Commercial) are more valuable than residential (76% more), retail (31% more) or office (144% more). What if the latter parcels were mixed use parcels? The result is a 21% annual increase in value (Ref 8) for a modest average annual revenue increase of \$18k. However the difference in annual revenue (as opposed to the annual increase) would be more than half a million dollars.

Dist: C Kowalski



Data Processing Steps

Ref 2

Mass Ave Arlington

- 1 Using Sheet " ForGIS", copy all Mass Ave rows & paste on Sheet " MassAve".
Also copy and paste 1st (title) row.
- 2 Freeze the title row: use "freeze panes".
- 3 For each of 4 closed parcels, insert row and paste closed parcel line into it, values only.
Thus this location assessment history summarized in one line.
- 4 Delete 13 LUCs >900 such as churches (3), state owned (2), town owned (8), veterans (2)
- 5 Adjust column width to save space, Shorten headings.
- 6 Hide Adam's computations, tax #, parcel ID
- 7 Sort by St #
- 8 Sum assessments by year.
- 9 Chart annual assesment & compute tax increase
- 10 Chart annual assessment increase
- 11 Chart history of distribution of assessment
- 13 Sort by land use code
- 14 Count parcels in each group of land use codes & chart

Broadway

- 1 Same for Broadway
- 2 Same
- 3 Same 5 closed parcels
- 4 Same
- 5 Same
- 6 Same
- 7 Same
- 8 Same
- 9 Same
- 10 Same
- 11 Same

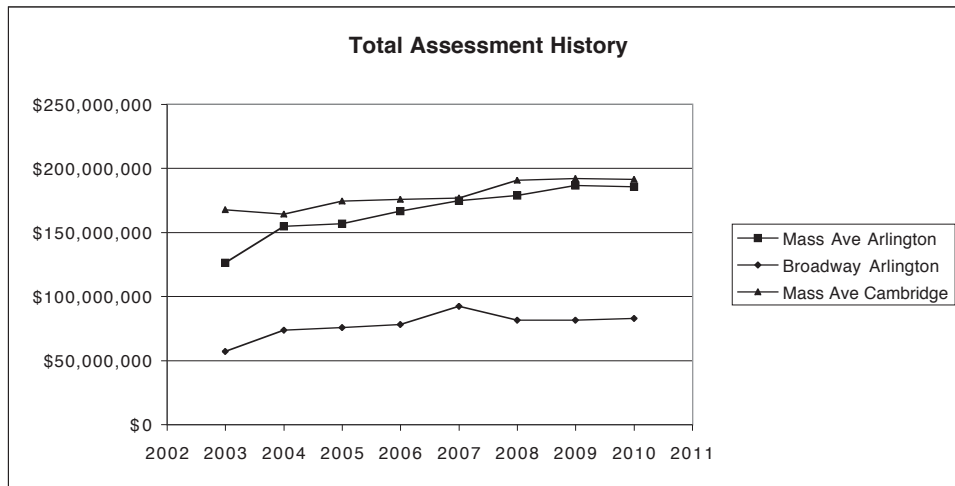
Mass Ave Cambridge

Same where possible

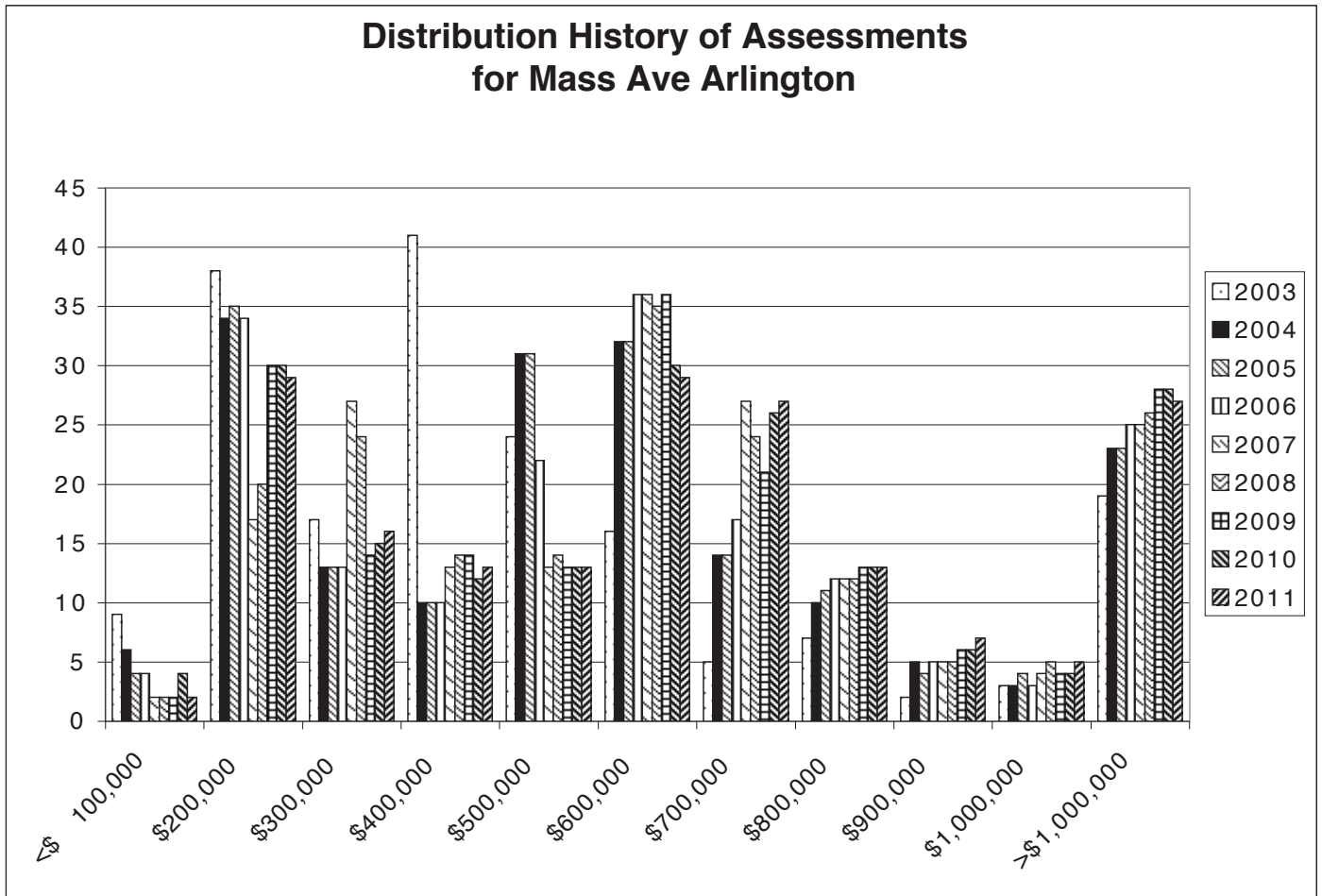
Deleted 31 parcels that had very small assessments in 2001. Possible data corruption.

Included but do not understand 14 parcels lacking assessments from 2003 through 2007.

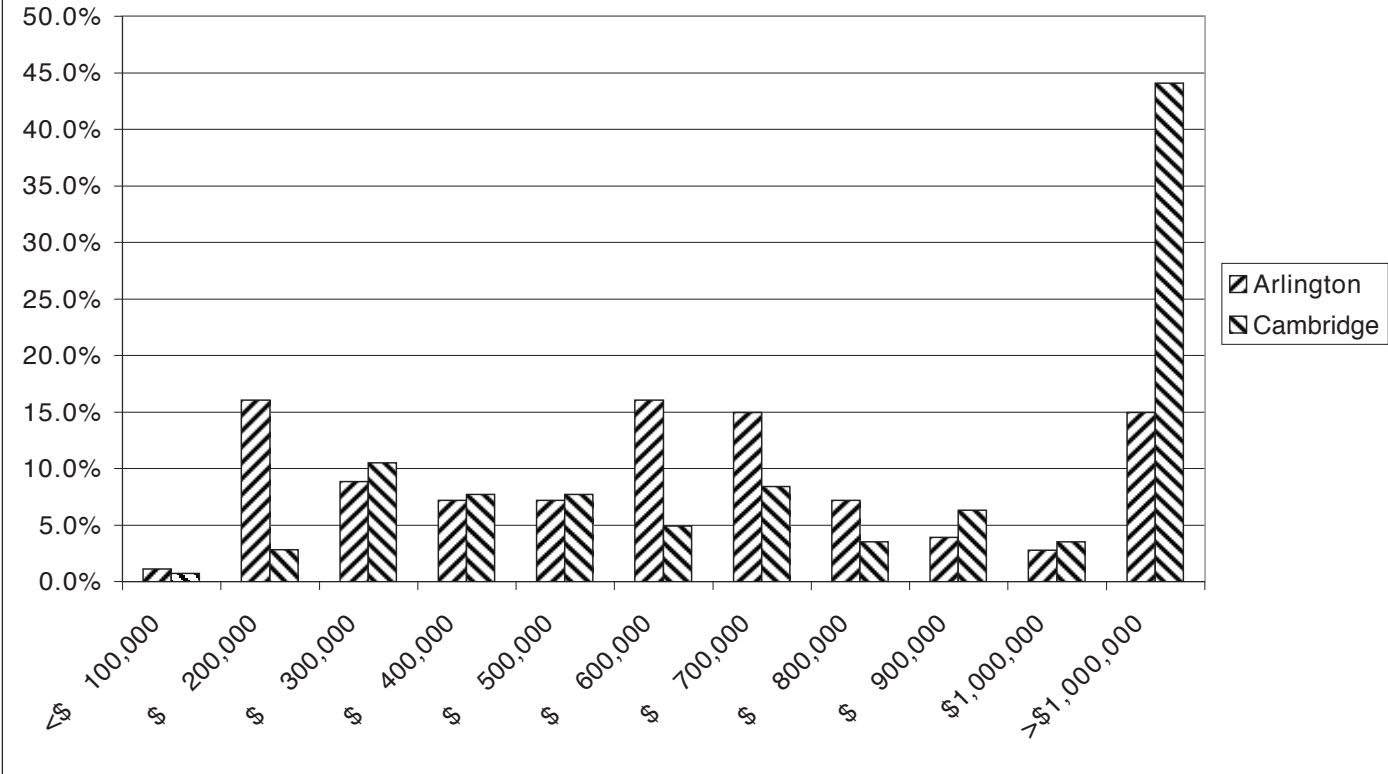
For LUC used final code when code changed

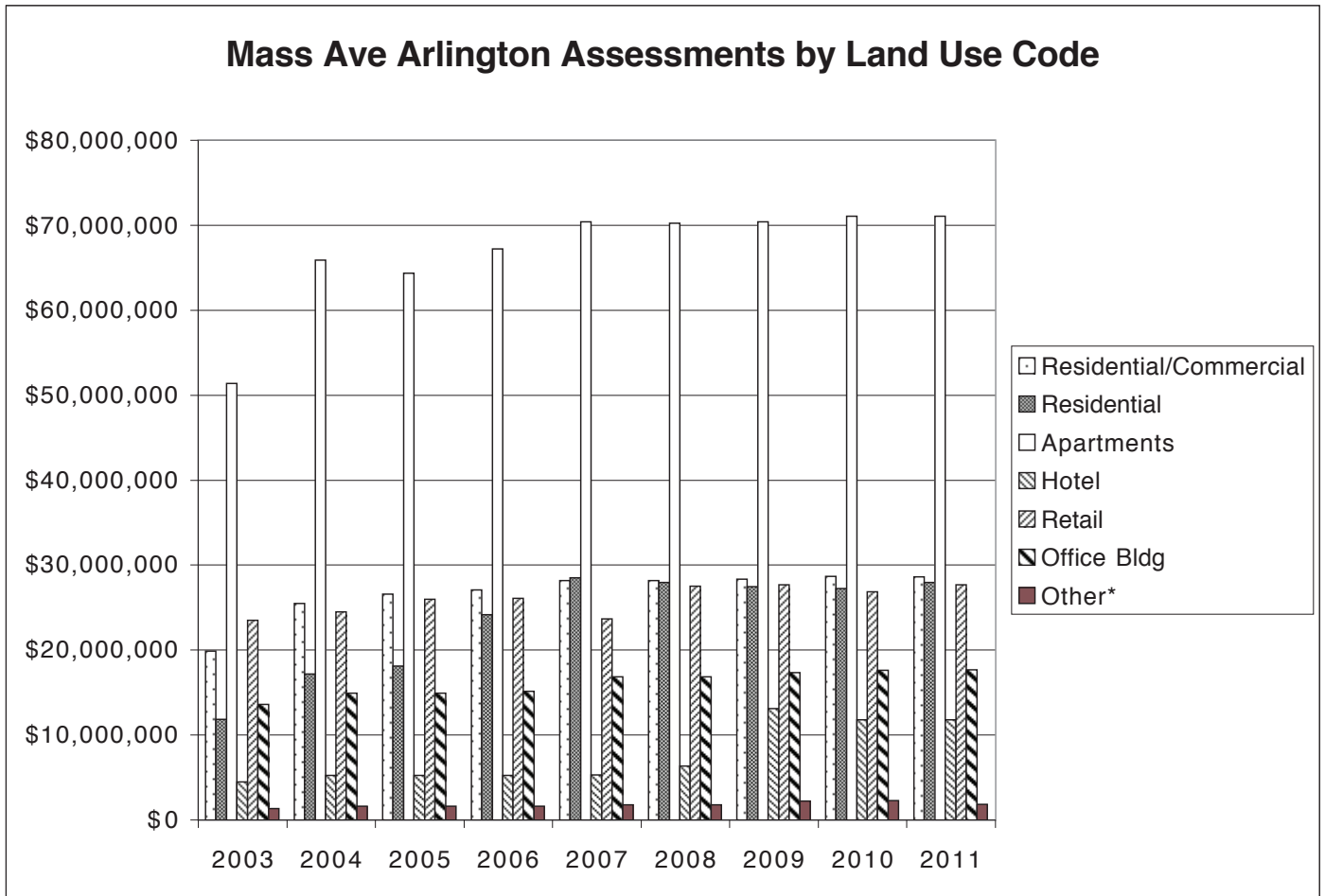


	Mass Ave Arlington	Broadway Arlington	Mass Ave Cambridge
#Parcels	181	295	143
Avg annual assessed \$ increase	\$7,857,143	\$2,714,286	\$5,714,286
Avg annual assessed % increase	5.61%	3.93%	1.79%
Avg annual assessed increase per p:	\$43,410	\$9,201	\$39,960
Est avg annual total tax increase	\$86,036	\$29,721	\$62,571 @10.95/1000

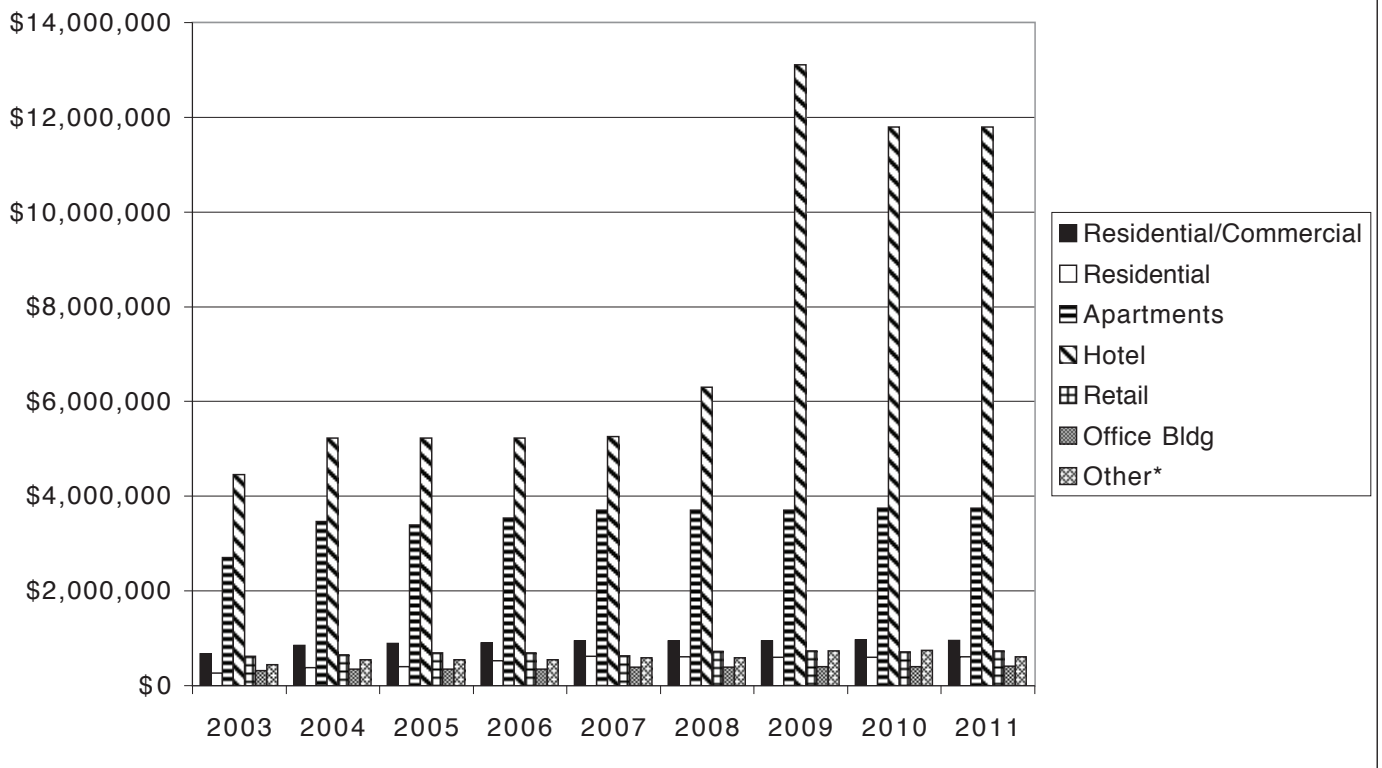


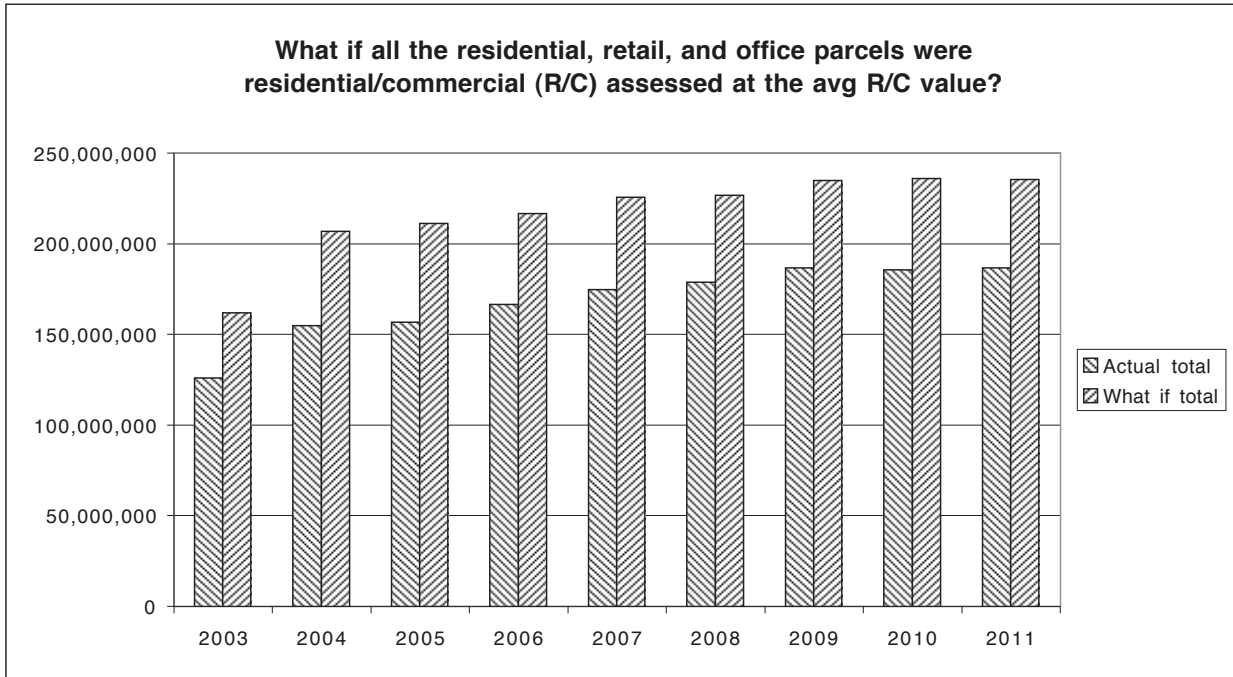
Distribution of Assessments on Mass Ave Arlington and Cambridge in 2011





Mass Ave Arlington Avg Assessments For Each Land Use Code





	Actual	Whatif	
Avg annual assessment increase	\$7,576,153	\$9,194,893	
Est annual tax increase	\$82,959	\$100,684	Tax rate 10.95/1000
Average annual tax revenue what if vs actual			\$534,030

ARLINGTON PROPERTY TAX REVENUES

Year	Residential Revenue	CIP Revenue	Total	Year
1990	31,973,083	3,146,059	35,119,142	1990
1991	35,218,582	3,423,389	38,641,971	1991
1992	35,885,616	3,750,338	39,635,954	1992
1993	36,737,554	3,928,011	40,665,565	1993
1994	39,039,697	4,040,842	43,080,540	1994
1995	41,148,969	4,194,748	45,343,717	1995
1996	42,346,832	4,239,822	46,586,654	1996
1997	43,768,608	4,317,971	48,086,578	1997
1998	45,170,532	4,268,535	49,439,067	1998
1999	47,958,911	4,483,708	52,442,620	1999
2000	49,385,336	4,711,734	54,097,070	2000
2001	51,869,183	3,968,659	55,837,843	2001
2002	54,980,457	4,117,275	59,097,732	2002
2003	56,962,049	4,284,796	61,246,845	2003
2004	59,880,691	3,859,449	63,740,140	2004
2005	61,820,467	3,899,503	65,719,970	2005
2006	69,428,973	4,096,828	73,525,801	2006
2007	72,656,089	4,122,262	76,778,351	2007
2008	74,394,576	4,418,800	78,813,376	2008
2009	76,075,616	4,870,391	80,946,007	2009
2010	78,508,301	4,962,735	83,471,036	2010
2011	TBD	TBD	TBD	2011

37.8%

Increase (\$\$) since 1994

Residential	CIP	Total
39,468,604	921,893	40,390,496

Allocation of tax revenue increases since 1994

Residential	CIP	Total
97.72%	2.28%	100%

Tax revenue source - 2010

Residential	CIP	Total
94.05%	5.95%	100%