

V2020 FISCAL RESOURCES TASK GROUP  
Meeting Minutes 11/17/11

ATTENDEES: Pete Howard (Acting Chair), David Garbarino, Heather Remoff, Emerson Olander, Bruce Fitzsimmons (Chair Arlington Redevelopment Board)

Main topic: Discussion of Municipal Development w/ Bruce.

Pete summarized our thinking so far. Arlington has a \$3m structural deficit. (See notes from Gordon's mtg w/ Adam Chapdelaine attached Ref 1) To maintain services we either need to expand our tax base (w/o significant increase in cost of services) or expect periodic overrides. Overrides will become increasingly difficult since about a quarter of households earn less than \$50k (See distribution chart attached Ref 2). An expanding tax base would need to net taxes of about \$2m/year to maintain services w/o overrides (Ref 1). If there are no changes, we have a 4 yr window until our override money & GIC savings run out.

David offered an outline (Arlington Revenue Maximization Ref 3) which provides a logical approach to development. It includes a table comparing key characteristics of Arlington to neighboring communities. His studies so far have concluded that good schools are not closely linked to property values since many other factors are involved.

Bruce participated in a broad discussion starting from Pete & David's material. Below are highlights.

The development on the Brighams site will be rental units and a small commercial area. The development will feature access to the bike path. The assessed value will be 55% of what a condo unit would be worth. Renters may require fewer services and may later buy homes in Arlington.

There are some possible development sites. The Mugar property, though large, lacks access, faces neighborhood opposition & would be expensive to build on. The Lutheran church might become available. It has good Rt 2 access but is not large. St Camillas has property that it wanted to use for affordable housing until stopped by neighborhood opposition. Gold's Gym is part of a large & under-utilized site already zoned for non-residential use. Mirak auto sales occupies a large contiguous site that might become available. Dudley St also is zoned for light industry but is under-utilized.

Symmes may be reaching a deal which will include assisted living on the former nurses home site. It may yield income to the Town of \$1/2m to \$1m per year.

Transportation access is a key issue. Mass Ave is not easy to reach from Rt 2, especially at rush hour. This was a problem for the Symmes developers. Years ago the Red Line extension would have had a station in the Center but residents opposed bringing in that kind of visitor. Of course, Davis Square & Alewife have profited handsomely from their Red Line stations.

The zoning bylaw contains a "bias" that encourages gas stations, when redeveloped, to become residential. The ARB may propose that this feature be removed.

There are two kinds of zoning changes that the Town might consider. Boston has overlay districts which may include several pre-existing districts but have different rules. A developer could use either set of rules. Form based zoning has rules that control the shape of a development but not its use.

There are no recent studies of where Arlington residents shop. An ideal arrangement is to live, work, & shop in the same community. We might not be as concerned w/ the traffic associated w/ a new business if the workers and customers lived here.

Heather asked if land is assessed appropriately. Bruce pointed out that business and residences can be assessed at different rates, a change the Town should consider. There is concern w/ discouraging small businesses.

David suggested that the Town hire an economic developer to market Arlington. Perhaps this person could be a contractor who was paid in part proportional to his success in attracting businesses. He told of his company out growing their present location in Boston and shopping for a new space. Parking is a major concern. To them, the Alewife area in Cambridge is attractive.

David suggested that the RCN headquarters on Mass Ave is the right size for Arlington.

Emerson suggested that the Town offer an economic incentive to attract businesses. Heather would oppose a tax break but would support a tax incentive

Bruce suggested that the FRTG might study how other communities have attracted businesses. Also what success they have had w/ hiring economic developers.

NEXT MEETINGS – Third Thursdays .12/15 Senior Center 1st Flr Conf Rm,  
Following mtgs in Town Hall Annex 1st Flr Conf Rm: 1/20, 2/17, 3/16, 4/20, 5/18

Ref 1

**Jamieson, Gordon**

I gordon@transrx-inc.com

Today, Thursday, Nov 10 09:23 AM | [Show Details](#)

**Meeting with Adam...**

Hi Pete

Good session w/ Adam this morning .. Offshoots as follows:

Current New Growth (500K in tax levy increase) corresponds to roughly \$40M of growth a year

Current Structural Deficit is about \$3M per year .. Net additional revenue requirements including existing new growth equals about \$3.5M/year

But for ease of discussion and assuming that manager's office is using conservative budgeting values .. Let's say you need \$3M/year

Via New Growth alone .. If \$40M = 500K .. Then \$240M = \$3M .. That's a lot of new growth

But growth provides other revenues over time including:

.. Local sales tax revenue increase (ramping to 125K over current levels)

.. More in-town employees increases Chp 90 funding (ramp to 125K over current levels)

.. Inspections are required during the building process .. Current new growth produces ca. 750K in inspection fees/yr

So how much new growth is possible .. To get a ballpark number Adam is going to contact Cambridge and request new growth values on Mass Ave in North Cambridge over the past ten years from Porter Sq to the Arlington line .. Then using a \$\$/distance metric we can make an initial determination about how much a similar level of growth would impact New Growth here in Arlington

.. Doubling new growth would add 500K per yr .. Giving annual new growth amount of 1M/yr

.. Add in 750K from inspections (one time increase) .. Sales/Chp 90 funds at 125K each (again a one time increase)

.. And suddenly in that first year (with double the growth) you have \$2M of the necessary \$3M annual requirement

.. Shifting police, fire, school, recreation debt costs to debt exclusions over time might provide an additional one-time savings of another 750K to 1M or more over time

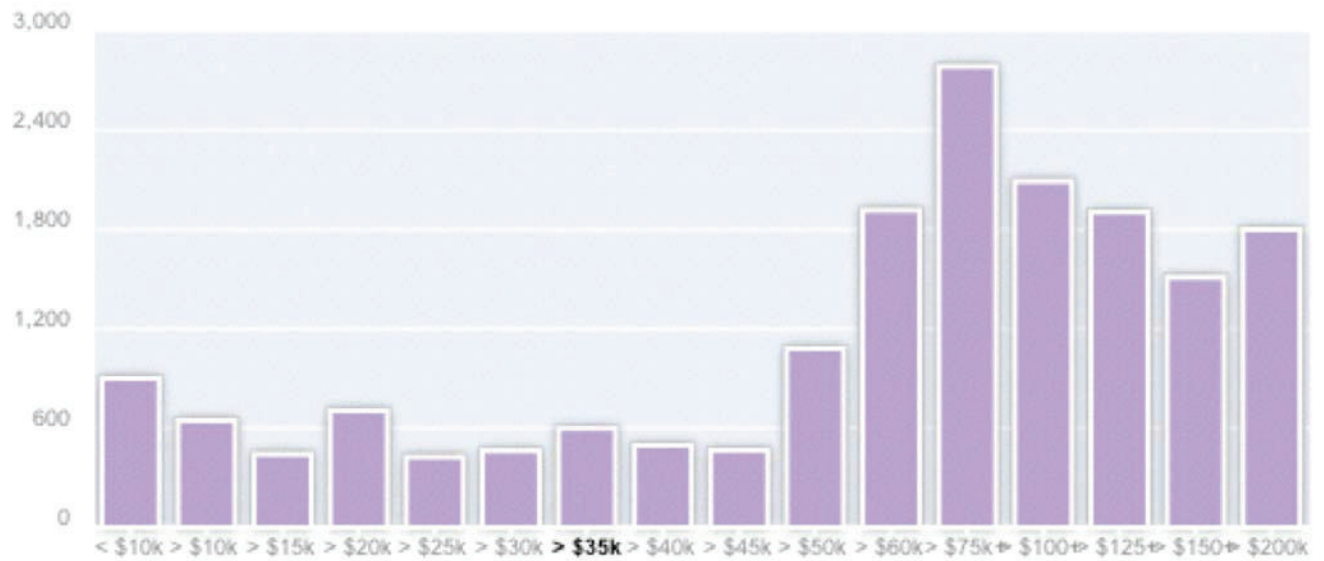
So there is definitely something to talk about here

Greater understanding about the potential scope/scale of growth required will be attainable once Adam reports back on Cambridge new growth numbers

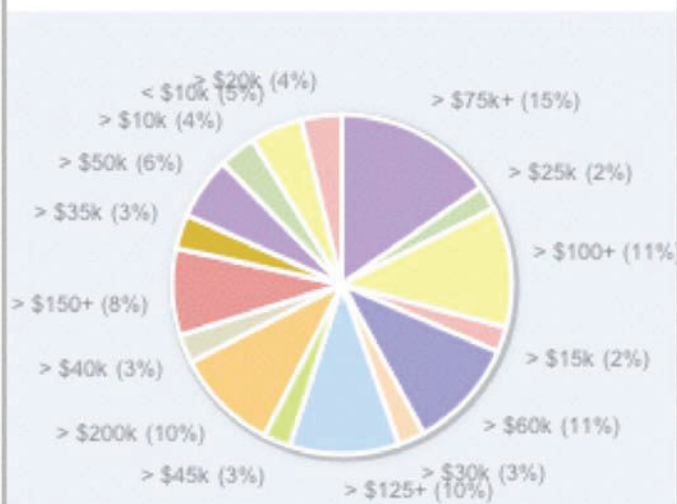
Gordon

Ref 2

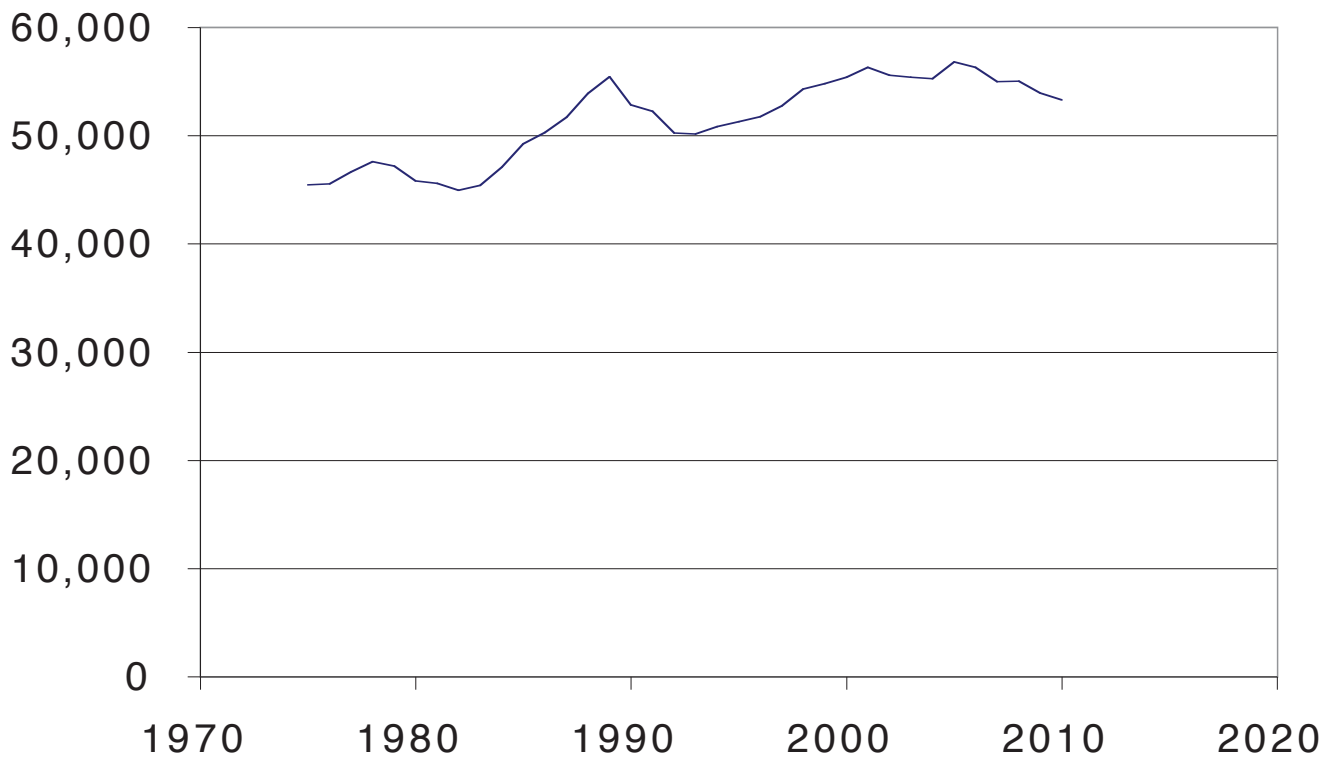
*Distribution of median household income in 2009 (number of people)*



*Income distribution in Arlington (%)*



Notheast Median Income  
2010 \$  
Census Bureau



## Arlington Revenue Maximization

### *How to enhance revenue growth through sources other than tax override*

*Premise:* Arlington has a structural deficit that produces an annual gap between spending growth and the available 2.5% tax property tax revenue increase.

*Objective:* Eliminate town budget structural deficit through additional sources of revenue that abolish or reduce the need for periodic property tax overrides.

*Options:* Although there are several potential sources of additional revenue to the town, expansion of the property tax base through new growth could lead to sustainable revenue streams over the long term.

#### I. Sources of new growth to expand the property tax base-Commercial Development:

- a. Retail
- b. Non retail
- c. Housing

#### II. What Business want:

##### a. Retail-*merchant or restaurant*

- i. Available space
- ii. Competitive rents
- iii. Access to demographic with disposable income

##### b. Non-retail-Large commercial business, *e.g. Shire Rx*

- i. Large available land to build or existing structures to re-develop
- ii. Access to major roads to attract employees
- iii. Access to population that meets their hiring needs-relative to somewhere else.

##### c. Housing-*Developers*

- i. Available land to build
- ii. Low existing inventory to compete against
- iii. Town that attracts buyers in desired demographic

#### III. What Arlington Offers to residents

- a. Good Schools
- b. Proximity to Boston, i.e. employment, Cultural activities
- c. Proximity to Rt 2/Rt 93-Access
- d. Access to the MBTA
- e. Reasonable housing costs relative to surrounding towns
- f. Easier commute east/west, relative to similar priced communities
- g. High priority on open space, i.e. parks and bike path
- h. Small Town feel
- i. Numerous restaurants and two theaters
- j. Participatory form Government

IV. What Arlington offers to Business

- a. Pro's:
  - i. MBTA Access from surrounding towns East/West
  - ii. Attractive demographic in town and surrounding towns
  - iii. Access from Rt 2
  - iv. Centralized Business district
  - v. space available for redevelopment
- b. Con's:
  - i. Restricted Access to Rt 2
  - ii. Limited un-developed open space

Town	Median Price ('07)	Med prop tax ('07)	\$\$ per pupil '09/'10	'10 Overall school rank	10 <sup>th</sup> grade MCAS '10 English/Math/Science	Student Teacher ratio X:1 '10
Arlington	471,000	5,326	12,502	46	87/87/81	13.7
Winchester	675,500	7,803	11,363	20	97/65/94	14.8
Lexington	691,500	8,266	15,862	5	95/94/93	11.8
Belmont	682,000	8,283	11,609	22	94/94/89	15.7
Cambridge	648,000	5,719	25,737	25	70/77/59	10.5

V. What elements of “desirability” can town governance control or influence?

- a. Quality of the schools (see hypothesis)
- b. Maintain infrastructure
- c. Reasonably business friendly zoning
- d. Competitive tax rates compared to somewhere else

VI. What FRTG can do

- a. Advance building code/zoning rules that allow taller buildings in some areas
- b. Study land value based taxation v. property value to encourage redevelopment of underperforming space
- c. Other...?

Hypothesis: All things being equal, the perception that Arlington has high quality schools makes the town a desirable place to live. Good schools attract families who value education and spurn spending at local businesses which help feed school spending. Therefore effort should be made to maintain them.

There have been numerous studies on the link between “Good Schools” and property values. One challenge is defining what a “Good School” is. “Good Schools” can be defined by test scores, graduation rates, college placement, good teachers, teacher-student ratio, quality of infrastructure or good students and parental involvement. Some of these measures can be captured quantitatively while others are more qualitative in nature. Further, each of these variables is not necessarily independent of the others. For example, how much of a student’s success can be attributed to what the school provides v. what the parents provide? However, to the extent a town can be labeled with having “Good schools”, this is generally seen as a positive attribute worth maintaining. Maintenance of such a status does require, among other things, available funding.