

Great Barrington is grappling with a housing crisis that adversely affects our community's sustainability, social identity, workforce, and quality of life. Increased housing costs are displacing longtime residents, and demand for affordable housing far outstrips supply.

Presentation to HSC
Leigh Davis 01.24.2023

PROPOSAL:
Tax Exemption for Owners of
Affordable Year-round
Rental Housing

STRATEGY:

***Increase affordable,
long-term rental housing inventory
by incentivizing property owners***

Property owners who provide affordable housing are exempt from paying property tax on the portion of their property being rented at, or below, the affordable rates to income-eligible households.

***This affordable housing exemption is a
standalone proposal
and should not be confused with
the Residential Exemption.***

Long Term Rentals Only

To be eligible for exemption, the housing unit must be leased for the entire fiscal year (12 month lease only)

Low Income Renters Only

To be eligible for exemption, the housing unit must be leased to a low-income person at rents not to exceed HUD limits for low-income households (80% AMI)

***Rents assume that the landlord
pays all utilities.***

***An allowance for any utilities paid by
tenants must be deducted
from these rents.***

***The exemption is granted by the
Principal Assessor
on a year-to-year basis.
If a property qualifies for that year, an
exemption is granted.***

No deed restrictions are required.

EXEMPTION EXAMPLE:

- ***An owner of a duplex lives in one unit and rents out the other unit (of equal size) to income eligible household.***
- ***Without this exemption, the property owner would have a tax burden of \$6,000.***
- ***If leased for the full fiscal year, the owner could apply for a property tax exemption, and if granted, would pay property tax for the year of only \$3,000, or half of the full tax burden.***
- ***Therefore, this affordable housing exemption, would save owner \$3,000 in real estate taxes.***


CASE STUDY:
PROVINCETOWN

- *At 2002 Special Town Meeting, Provincetown voters approved STM Article 9, to submit a home rule petition for special state legislation allowing Town to offer a property tax exemption*
- *This Town Meeting Article was introduced into the State Legislature as Senate Bill No. 2325.*
- *Following enactment by House and Senate, the bill was placed before the Governor for signature on December 9, 2002, to become law.*
- *On December 19, 2002, Acting Governor Jane Swift signed bill into law.*

Provincetown Application Excerpt

Name:
Address:

Map/Parcel:
Key:



DATE RECEIVED

ASSESSORS USE ONLY

TOWN OF PROVINCETOWN
Assessors Office (508) 487-7017
FY 23 APPLICATION FOR AFFORDABLE HOUSING
EXEMPTION
(Ch.408 of the Acts of 2002)
Rental Certificate must be on file with Licensing Department
Application Due no later than April 1, 2023

INSTRUCTIONS: Complete all sections that apply. Please print or type.
A. Identification: Complete this section fully.

Name of Applicant Property Owner
Social Security No. (optional) Tel. No.
Mailing Address
Location of Property No. of Dwelling Units
Did you own the property on July 1, 2022 ? Yes No
If so, were you
Sole Owner Co-owner with spouse/partner only Co-owner with others

DISPOSITION OF APPLICATION (ASSESSORS' USE ONLY)
Ownership GRANTED Assessed Tax
Tenant Income DENIED Exempted Tax
Lease Adjusted Tax
Rental Certificate Verified Board of Assessors:

Date Voted
Certificate No.
Date Cert./Notice Sent
Date

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RENTAL INFORMATION:
Please complete information for each rental space for which you are seeking an exemption; add pages if necessary

Unit : Number of bedrooms in this affordable unit: Studio 2-bedroom 4-bedroom
1-bedroom 3-bedroom
Rent /per month. Does this amount include all utilities? Yes No
If not, which utilities are paid by the tenant? Check all that apply
Heat: oil electric propane Electric: [general]:
Hot Water: oil electric propane Cooking: oil electric propane

(Note: The maximum allowable rent decreases if the tenant pays any utilities.)
Number of Renters Name(s) of renter(s)

Mailing Address: (if different) Phone:

HOUSEHOLD INCOME:
INSTRUCTIONS FOR COMPLETING THE FOLLOWING INCOME TABLE:

- List ALL sources of income as requested below for ALL household members over 18 years old.
- Please attach verifications for each source of income to include Statements and documents that indicate the payment amounts from all other sources of income for all members listed on the application, such as alimony and /or child support, Social Security benefits, all types of pensions, employment, Unemployment Compensation, Workman's Compensation, disability or death benefits and any other form of income- on organization letterhead.
- Copy of 2021 Federal and State tax returns, as filed, for every current person living in the household over the age of 18.
- TOTAL ALL INCOME

INCOME: List all household members and all sources of income such as Social Security, pensions, SSI annuities, military pay, disability, public assistance, etc. Total all income.

Household Member	Gross Annual Income

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Provincetown Application Excerpt

For Year-round Rental Properties Only --- This tax exemption will only be available to owners of housing units, which are *rented* to low-income households, as defined in the program. Owners of Provincetown dwellings who live out of Town and who do not currently rent out all or part of their property on a year- round basis may want to consider participating in this program. Doing so would create additional year-round affordable housing for income eligible residents and would allow these property owners to receive reasonable rents as well as pay less in property tax.

For Low Income Households only

Renters' household income limits may not exceed 80% of the median household income for the region, as established by the Massachusetts Housing Partnership. Those limits----- based on household size --- are shown in Table 1.

Table 1 -- Annual Income Limits --Household size Low Income (HUD 80%)

1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
\$60,900	\$69,600	\$78,300	\$86,950	\$93,950	\$100,900

If property owners rent at affordable rates to households, which earn above these income limits, then they are not eligible for the tax exemption. **Property owners and tenants should be aware that income verification of tenants requires documentation (i.e. Federal Tax Returns, Bank Statements, etc.).**

Low Income Rent Limits Owners may not charge rents----- *including utilities*----- which exceed the following Massachusetts Housing Partnership rent limits for low-income households, as shown in Table 2.

Table 2 -- Monthly Rent Limits – Number of bedrooms Low Income (MHP 80%)

SRO	Efficiency	1 BDRM	2 BDRM	3 BDRM	4 BDRM
\$1,141	\$1,522	\$1,631	\$1,957	\$2,261	\$2,522

Provincetown Assessor Calculator

KEY HERE => 3033
PROPERTY ADDR HERE => 16 HOWLAND ST 13-2-13

Provincetown AH Calculator

	NON AH SF	AH SF	
====>	2012	360	
====>			
====>			
====>			Total SF
Total	2012	360	2,372

% Non AH	% AH	TOTAL %
84.82%	15.18%	100.00%

NOTES:

1 UNITS

FY 23		
	Tax Rate	\$5.98
Enter FY 23 ==> Assessed Value		
		\$1,709,316.00
Enter ==>(Y/N) Residential Property		
		Y
	RETAX	\$10,221.71
		\$0.00
	CPA	\$288.71
FY 23	**Total Tax	\$10,510.42

FY 23 AH		
	AH Discount	Adjusted Tax
RETAX	\$1,551.36	\$8,670.35
CPA	\$0.00	\$288.71
Totals	\$1,551.36	\$8,959.06

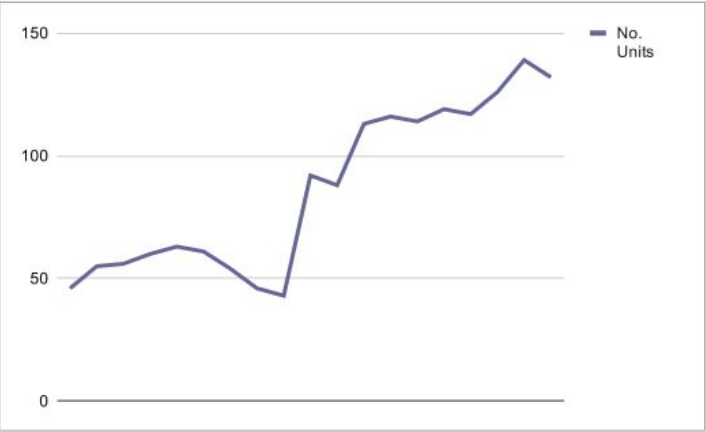
Tax Difference

\$1,551.36

Provincetown Historical Data

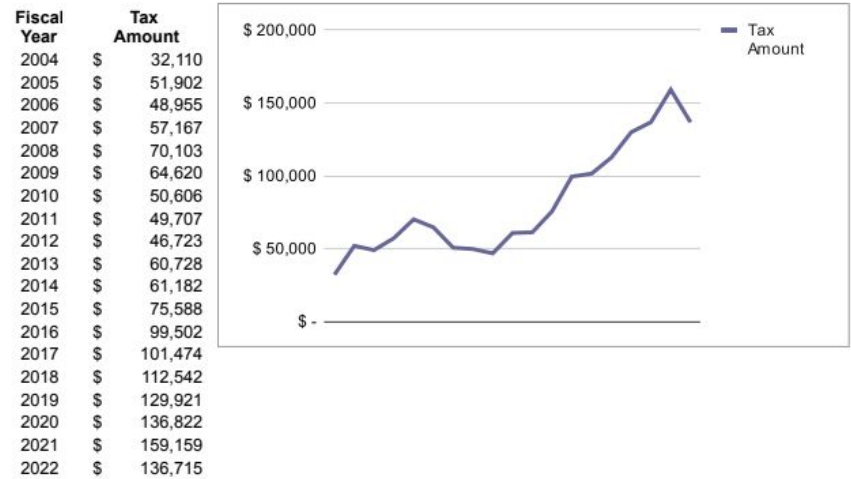
Affordable Housing Tax Exemption

Fiscal Year	No. Properties	No. Units	Tax Amount
2004	21	46	\$ 32,110
2005	31	55	\$ 51,902
2006	25	56	\$ 48,955
2007	30	60	\$ 57,167
2008	33	63	\$ 70,103
2009	31	61	\$ 64,620
2010	25	54	\$ 50,606
2011	24	46	\$ 49,707
2012	23	43	\$ 46,723
2013	24	92	\$ 60,728
2014	23	88	\$ 61,182
2015	28	113	\$ 75,588
2016	28	116	\$ 99,025
2017	29	114	\$ 101,474
2018	29	119	\$ 112,542
2019	34	117	\$ 129,921
2020	37	126	\$ 136,822
2021	36	139	\$ 159,159
2022	32	132	\$ 136,715



Affordable Housing Tax Exemption

Fiscal Year	No. Properties	% Change	No. Units	% Change	Tax Amount	\$ Change
2004	21		46		\$ 32,110	
2005	31	48%	55	20%	\$ 51,902	\$19,792
2006	25	-19%	56	2%	\$ 48,955	(\$2,947)
2007	30	20%	60	7%	\$ 57,167	\$8,212
2008	33	10%	63	5%	\$ 70,103	\$12,936
2009	31	-6%	61	-3%	\$ 64,620	(\$5,483)
2010	25	-19%	54	-11%	\$ 50,606	(\$14,014)
2011	24	-4%	46	-15%	\$ 49,707	(\$899)
2012	23	-4%	43	-7%	\$ 46,723	(\$2,984)
2013	24	4%	92	114%	\$ 60,728	\$14,005
2014	23	-4%	88	-4%	\$ 61,182	\$454
2015	28	22%	113	28%	\$ 75,588	\$14,406
2016	27	-4%	116	3%	\$ 99,502	\$23,914
2017	29	7%	114	-2%	\$ 101,474	\$1,972
2018	29	0%	119	4%	\$ 112,542	\$11,068
2019	34	17%	117	-2%	\$ 129,921	\$17,379
2020	37	9%	126	8%	\$ 136,822	\$6,901
2021	36	-3%	139	10%	\$ 159,159	\$22,336
2022	32	-11%	132	-5%	\$ 136,715	(\$22,444)



Great Barrington Area Median Income

CPA GUIDELINES Area Median Income for Great Barrington, MA				Blue text = inputs.		
Calendar Year	2022					
https://www.communitypreservation.org/sites/g/files/vyhlif4646/f/uploads/cpa_low_and_moderate_income_worksheet_for_2022.pdf						
Annual Income by Household Size and AMI percentage						
	<u>1 person</u>	<u>2 people</u>	<u>3 people</u>	<u>4 people</u>	<u>5 people</u>	<u>6 people</u>
120% of AMI	\$ 77,364	\$ 88,416	\$ 99,468	\$ 110,520	\$ 119,362	\$ 128,206
100% of AMI	\$ 64,470	\$ 73,680	\$ 82,890	\$ 92,100	\$ 99,468	\$ 106,838
80% of AMI	\$ 51,576	\$ 58,944	\$ 66,312	\$ 73,680	\$ 79,574	\$ 85,470
60% of AMI	\$ 38,682	\$ 44,208	\$ 49,734	\$ 55,260	\$ 59,681	\$ 64,103
50% of AMI	\$ 32,235	\$ 36,840	\$ 41,445	\$ 46,050	\$ 49,734	\$ 53,419
30% of AMI	\$ 19,341	\$ 22,104	\$ 24,867	\$ 27,630	\$ 29,840	\$ 32,051
Monthly Incomes by household size and AMI percentage						
	<u>1 person</u>	<u>2 people</u>	<u>3 people</u>	<u>4 people</u>	<u>5 people</u>	<u>6 people</u>
120% of AMI	\$ 6,447	\$ 7,368	\$ 8,289	\$ 9,210	\$ 9,947	\$ 10,684
100% of AMI	\$ 5,373	\$ 6,140	\$ 6,908	\$ 7,675	\$ 8,289	\$ 8,903
80% of AMI	\$ 4,298	\$ 4,912	\$ 5,526	\$ 6,140	\$ 6,631	\$ 7,123
60% of AMI	\$ 3,224	\$ 3,684	\$ 4,145	\$ 4,605	\$ 4,973	\$ 5,342
50% of AMI	\$ 2,686	\$ 3,070	\$ 3,454	\$ 3,838	\$ 4,145	\$ 4,452
30% of AMI	\$ 1,612	\$ 1,842	\$ 2,072	\$ 2,303	\$ 2,487	\$ 2,671

PROS & CONS

PRO

***Allows for small scale,
“scattered sites” approach to housing
vs.***

***Grouping low-income renters
in dense housing developments***

PRO

Offers a significant cost-saving alternative to building new housing

****A new unit of affordable housing
can cost between \$250,000-\$350,000 / per unit***

CON

***This exemption is not reimbursed by the State,
so there will be lost revenue to the Town.***

CON

Requires a multi-step process -

First, Town Meeting approval is needed.

***Then if approved, the Home Rule Petition would be
filed in the state legislature.***

***Exemption can only be adopted if the Legislature
approves it and the Governor signs it.***

***Historically, Home Rule petitions have stalled in the
Legislature.***

PROPOSED NEXT STEPS

Public Input - Questions & Comments

Town Assessor Presents to Selectboard

Invite Provincetown Assessor to Address SB

Draft Home Rule Petition

Town Meeting Vote



Thank you

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