



City of Malden

Malden City Hall
215 Pleasant Street
Malden, MA 02148

Meeting Minutes - Final Finance Committee

Chairperson Barbara Murphy
Vice Chair David Camell
Councillor Peg Crowe
Councillor Amanda Linehan
Councillor Deborah DeMaria
Councillor Jadeane Sica

Tuesday, April 20, 2021

7:05 PM

Remote Meeting

Roll Call

Present: 5 - Chairperson Barbara Murphy, Vice Chair David Camell, Peg Crowe, Amanda Linehan and Deborah DeMaria
Absent: 1 - Jadeane Sica

*Also Present: Councillors Anderson, Condon, O'Malley, Spadafora and Winslow
Kate Fallon - City Solicitor
Nate Cramer - Assessor*

Councillor Murphy called the meeting to order at 8:28 P.M. Jon Miara and UMA are recording the meeting.

175-21

In accordance with Governor Baker's 3/12/20 Order Suspending Certain Provisions of the Open Meeting Law, G.L.c.30A,ss18, and the Governor's 3/23/20 Revised Guidance on Order by the Governor Prohibiting Assemblage of More than Ten People, this meeting will be conducted via remote participation.

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mluise@cityofmalden.org

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Minutes to be Approved

Minutes of the April 13, 2021 meeting to be approved.

Motion to table the minutes of April 13, 2021 was made by Councillor DeMaria and seconded by Councillor Crowe. Roll Call Vote: Camell-yes Crowe-yes DeMaria-yes Linehan-yes Murphy-yes Sica-absent

Business

84-21

Order the City of Malden increase the Residential Tax Exemption Program to 35%

Sponsors: Craig Spadafora

Councillor Murphy hands the meeting over to Nate Cramer to give his power point presentation. Councillor Spadafora gave the committee a brief overview of Paper #84-21, which he sponsored along with the Council to increase the residential tax rate abatement by 35%. He would as part of the pandemic relief, this would give us a way to help our most vulnerable residents with an immediate tax break owner occupied. He worked with Nate Cramer putting this presentation together. Nate thanked Councillor Spadafora for having him do this it has helped him learn way more about the residential exemption putting this presentation together. Nate gives an overview of the presentation Understanding the Residential Exemption. (see attached)

Councillor Murphy asks if anyone has questions on the presentation she will address them and then engage in all other conversation after the presentation is finished. Nate said the presentation is short but there is a lot of information in it.

Councillor Crowe asked Nate how many buildings we have that are above \$20mill. Nate said there are about 12,500 residential properties total, there are currently 8373 receiving the exemption. Councillor Camell said there are 4,000 properties getting it versus 85 getting it.

Councillor Condon said for years the big apartment houses it got everybody's craw because when the residential tax payers benefited they seemed to benefit commercial properties take it on the chin it doesn't effect the big apartment houses they are as commercial as anybody but because of the way the state is they pay the residential rate. He asks Nate what are the negatives on this regarding our community? Nate said it is not his place to give his opinion on this. He said it is the same amount of work for him as the assessor. Nate said if he was a large apartment owner he wouldn't like it if he were at \$6,040 or less he would be happy. Councillor Condon feels the big apartment buildings will raise the rent regardless. Nate said once Covid hit the suburbs became popular again and who knows where the market will go with rent. Councillor Condon would support going to 35% for owner occupied.

Councillor DeMaria said the benefits of 35% is like a see-saw some go up some go down and she believes that the 30% residential tax was initiated to promote owner occupied residence in Malden. Nate said as you said some go up some go down he refers to the slide (What if We Went to 35%) that the number got smaller but the tax rate went up. Everyone above at that breaking point is paying more. Councillor DeMaria said this program was to promote owner occupied properties do you see if we go to 35% is that gonna continue with the same mission object to keep people who own their property in their property or are we stretching it. Nate said he does not know. Councillor DeMaria said this is a great review but she is concerned with the properties that are not paying taxes at all. She will stay neutral on it she is not sure this is what we should do in Malden. Nate said there are 15 other cities that have a residential exemption and knows of two that he can reach out to that went up to 35% to get feedback if they saw an increased ownership which would take about a year to see. Councillor DeMaria said for the work we will do to change all that is it the best for our buck to go from 30% to 35%.

Councillor Linehan feels similar concerns from Councillors DeMaria and Winslow that she understands the intent of the program and to some extent it works to promotes owner occupancy but she doesn't feel that our homeowners are our most vulnerable residents in the city and she worries that this could lead to rents going up but that our real estate and potential rents are so valuable right now people can make so much money with the non owner occupied properties and it doesn't matter what you do they will still do fine if it goes up 5%. How are we doing with evaluating the compliance with this making sure everyone who gets this is qualified and everyone receiving the exemption is entitled to it and how often are we assessing these properties. Nate answered by saying he changed the way they handle residential exemptions this year any transaction if there is a deep change they have re-apply, this year they have 165 fewer people getting it than last year. The process is not only changed but goes a lot faster and he feels that the trend will keep going up. The assessed value of homes are always 12-18 months behind the market. Commercial Assessments are going up right now due to Covid-19. He said things are starting to open up right now but he would expect businesses most impacted where a lot of these businesses had no rent and feels there will be a dip in the commercial values to what extent is hard to tell, but also feels it will come right back. Councillor Linehan said she is torn on it and would hate to see us unintentionally do something that would harm

renters and our lower income residents but thanks Councillor Spadafora for the information.

Councillor Murphy speaks of the residential shift that takes place about the tax rate and it's important to think about that before we get into the discussion of the 35%

Councillor Camell speaks of the multiplier, the potential change from 30% to 35% is post the 1.75 multiplier. Nate says the 1.75 multiplier puts more of the burden on commercial properties which is unrelated to the residential exemption. If we change from 30-35% it only adds about \$1.00 it's only the residential levy where people live, no businesses are effected by this. Councillor Camell said he respects what has been said in terms of business effect rents and supports this wholeheartedly and said he thinks the folks who charges rent are going to charge as much rent as they can anyway, dictated by the market rate, there may be some minor difference but muted by the fact that the market will drive it more. He worries about the most vulnerable folks in the City but for elderly folks who own a condo and are barely holding on and don't have any variation in their income a few hundred dollars is a huge difference you can still be lower income and still own a home and he supports this wholeheartedly.

Councillor O'Malley asked if some of the main beneficiaries of the current owner occupied tax exemption are condos who get the biggest bang for the buck and said there aren't to many single family homes in Malden for less than \$400,000 they are worth more money and he feels that's one of the unintended consequences we need to consider is that our value is like a runaway train right now and he wonders if it is not hitting who we think it will hit, he knows of some lower income families who are "house poor", he doesn't know if that \$640,000 household value represents and what impact does it have on rents is there a causation? He is not opposed to this and there is a benefit but we need to understand it. The taxes could still be going up even though the benefit is in the green.

Councillor Winslow said he would like to see not only the tax per building especially for the higher end units the more valuable properties, but the cost for unit can we divide that extra tax burden that is caused by the shift not only by the number of buildings but by the unit. He said these figures are great we have the information of the properties that are multi-unit and how many units they are and how much taxes they are paying but we have the challenge of bigger landlords that are in there for the money not the community so he could understand shifting a little of the tax burden there but then there is the other end people in condos that are looking for an affordable way to own a home and low income homes that are seniors and lower end two family homes with extra income from a tenant but he would like to know the tax burden per unit rather than per building and would like to understand that. Nate said he can run a report on that similar to this presentation.

Councillor Spadafora wants to round this up and appreciates all the comments and will work with Nate on the per door costs on the apartments to come up with that number. Often times we want to keep people in their homes elderly and even the younger ones. We can guarantee a few things in life death and taxes and also guarantee if those homeowners would get a tax break. The housing prices in Malden are extremely high well over but based on 2019 and older people will get this benefit. The tax rate for apartments is the same for residential and they are paying the same on the per dollar value. His hope is to give the residents of Malden who pays taxes here to give them something back in their pocket. He said they will come back with more information and come back to the Finance Committee and hopefully pass something this year earlier than later.

Councillor Murphy thanks everyone for a great conversation and Nate and Councillor Spadafora for a great presentation and we all need to review it a little more and coming back to another Finance Meeting and discussing this in more detail in the next few weeks.

This Order was tabled pending further discussion.

170-21

Order: That the appropriation enumerated below, being in the amount of \$100,000 (One Hundred Thousand Dollars), be appropriated from the Community Preservation Act Fund for the following project:

Fellsmere Park Master Plan: \$100,000 from budgeted reserve account

Total Appropriation = \$100,000

Sponsors: Barbara Murphy

Councillor Spadafora spoke on behalf of the paper. He had requested this to be put on the docket to potentially get a grant from the state that has a deadline which gives them the ability to start the Master Plan for Fellsmere Park, this was passed last week unanimously from the CPA it is \$100,000 to start the master plan this would give them the ability to start the master plan to potentially going for a Park Grant, similar to Councillor Condon with Devir Park, Councillor Winslow in Ward Seven and Councillor Camell in Ward Six. Councillor Linehan and Councillor DeMaria along with resident Prisco Tamarro were intrical with this process.

Councillor DeMaria said first of two or three years ago there was a \$75,000 grant from CPA that was approved by the Council for Fellsmere Park under the leadership of former Councillor Matheson and it was stagnant never spent and was never managed, while we are looking at \$100,000 it is basically \$25,000 more. We terminated the former grant so we had that money, it was a great collaboration.

Councillor Linehan echoes what both Councillors have said and Prisco has been a great help and it's great to see the community coming together to formulate this application and the support of the CPC and support from the legislative delegation and cooperation from DCR and she hopes we can soon be leverage CDBG money for the pedestrian connections across the Fellsway we are pulling something together strategic and impactful. This will benefit the whole City which is a jewel in the City which will enable us to respect the historical significance and preservation of the landscaping. This will enable us to do things the right way and hopes they will have everyone's support so much work has gone into it and its been great to work with her colleagues on it.

Councillor Spadafora mentions that Senator Lewis and State Representative Donato and Ultrino have sent letters of support and Senator Lewis and Rep. Ultrino have put in what they refer to as air marks for potentially more money and the Mayor's office put this back on the docket quickly to get the Master Plan phase going. We have also used the Historical Commission to make sure they were aware of it and also the Conservation Commission was brought in early on. This will create a good foundation and strategy for taking that majestic jewel there and modernizing it.

Councillor Murphy said she thinks this is a great plan.

The following motion was made: Motion to approve \$100,000 for CPA funding for the Fellsmere Park Project was made by Councillor DeMaria and seconded by Councillor Linehan. Roll Call: Camell-yes Crowe-yes DeMaria-yes Linehan-yes and Murphy-yes. Sica-absent

A motion was made by Councillor DeMaria, seconded by Councillor Linehan, that the Order be recommended favorably to the Full Council. The motion carried by the following vote:

Yea: 5 - Murphy, Vice Chair Camell, Councillor Crowe, Councillor Linehan and Councillor DeMaria

Other Business

Adjournment

A motion was made by Councillor Peg Crowe, seconded by Councillor Deborah DeMaria, that the meeting be adjourned at 9:49 P.M. The motion carried by the following vote:

Yea: 5 - Murphy, Vice Chair Camell, Councillor Crowe, Councillor Linehan and Councillor DeMaria