



**Town of Concord**  
Finance Committee  
22 Monument Square  
Concord, Massachusetts 01742-0535

**AGENDA**

**Concord Finance Committee**

**April 8, 2019**

**Concord Carlisle Regional High School  
Room 247, Library Large Project  
6:25PM**

1. **Annual Town Meeting Preparation: Review Warrant Articles & Recommendations as needed**

**Reminders**

- **Next Regular Meeting:** April 25, 2019
- **Town Meeting:** Monday, April 8, 2019 and subsequent evenings until adjournment
- ***When Finance Committee members anticipate being absent from a meeting, it would be appreciated if they would notify Chair Tom Tarpey by email at:***  
[tarpey@massgravity.com](mailto:tarpey@massgravity.com)

## ARTICLE 23. APPROPRIATE FUNDS—AFFORDABLE HOUSING DEVELOPMENT

Finance Committee

April 5, 2019

### **The Finance Committee recommends NO ACTION on Article 23 – Appropriate Funds for Affordable Housing Development.**

The FinCom understands that affordable housing is a priority for many residents and recognizes the commitment that many people have to various forms of “affordable” housing. In this context, we mean housing that precludes hostile 40(b) development as well as housing for people who work in town. The FinCom is a strong supporter of affordable housing:

- At the 2017 Town Meeting, FinCom supported the use of \$1.0m in free cash for affordable housing at Junction Village.
- In that same year, we supported \$484k of CPC funds for community housing.
- In 2018 we supported \$492k of CPC funds for community housing, and
- This year we recommend affirmative action on Article 22 that seeks \$319k of CPC funds for community housing.
- In total, during these three years, the FinCom has supported roughly \$2.3m in spending for affordable housing. All of which is funded through property taxes.

This year, based on the outstanding work of the AHFC, we also have three new funding proposals to consider. After careful consideration, the FinCom recommends affirmative action on both Articles 25 & 26. We do, however, have reservations about Article 23 that asks for \$500,000 of free cash. Our concerns are:

1. “Free” cash is not free. It is funded from property tax; depletions from our free cash balance are replenished by property taxes. It seems counterproductive to fund affordable housing by further increasing the property tax burden for those whose property tax is a part of what makes our town unaffordable in the first place.
2. Free cash is the town’s reserves. Some have suggested that our balance in free cash is too high and, while it is at the upper end of our target range, the FinCom believes it is prudent to maintain a healthy balance in our free cash reserves because:
  - High reserves mean lower borrowing costs that will benefit us when we borrow for future capital projects (municipal buildings? middle school?)
  - Free cash balances should be available to establish stabilization funds. These funds smooth out the impact of large capital projects on our property tax bills. The FinCom feels strongly that, given that large capital projects are looming, we should protect our reserves to help mitigate the impact of these projects on our property tax bills. In your household finances, would you spend your reserves if you knew you had major bills looming?

Going forward, the FinCom believes that the best source of money for funding affordable housing is the continued use of CPC funds. Since no additional funds will be allocated from CPC for Junction Village, this frees up money to fund other affordable housing opportunities until funds from Article 25 and/or 26 become a reality.

**In summary, the Finance Committee has concerns about the use of free cash to fund affordable housing. It depletes our reserves and burdens property tax bills. This is especially troublesome for residents in homes below median home values - the very population that we want to encourage to stay in town. We believe that Article 25 & 26 are more reliable, substantial and transparent ways to increase funding for affordable housing.**

The Finance Committee recommends NO ACTION on Article 23.

**Article 25 Amendment**

**Article 25: AUTHORIZE SPECIAL LEGISLATION – REAL ESTATE TRANSFER FEE FOR AFFORDABLE HOUSING**

SECTION 2. The following transfers of real property interests shall be exempt from the fee established in Section 1:

Amendment 1: Remove (i) under Section 2.

Add in its place, "There is hereby imposed a real estate transfer fee, hereafter "the fee", equal to 1 per cent of the **portion of the** purchase price **exceeding \$600,000** upon the transfer of (i) any real property interest in any residential property situated in the Town of Concord...."

Revenue from Single Family only at 1% of value  
over Exemption

2012	\$1,097,221
2013	\$1,409,745
2014	\$1,325,920
2015	\$1,300,093
2016	\$1,568,224
2017	\$1,155,810
<b>Total</b>	<b>\$7,857,014</b>

This calculation assumes that all sales in the "Other" category are not residential.

This calculation assumes no revenue from sales of Condos because we have no info on any Condo sales above the "Exemption".

Multi-family residences and condos are both excluded from this calculation.

The deduction for the "Exemption" is overstated because it was not fully used on sales below the Exemption Threshold.