

## Property Tax Study Committee

Public Forum #1

June 18, 2019

### Town of Lincoln Vision Statement

Lincoln is a town that cherishes its rural, agricultural character, its small town heritage, its open space, and its historical legacy. The town is committed to:

- Achieving a balance between preserving these values while making reasonable provision for citizens' safety and convenience;
- Fostering economic, racial/ethnic, and age diversity among its citizenry through its educational, housing, and other public policy;
- Excellence in its public educational system;
- The Town Meeting form of government and the traditions of civic leadership and volunteer public service.

#### Slide 1: Welcome

- Welcome to the Property Tax Study Committee's first property tax forum. I say "first" deliberately because, like any policy decision, we are on an iterative journey.
- There are a couple of goals for this presentation. First, the Committee wants to share what we have learned over the past few months, and second, we have reached a point where we need to expand the circle and invite the community into our debates and dilemmas.
- The tax policy choices we have are somewhat limited, but each option we have has a different intent and impact. So as a community, our first task is to figure out, "What is the problem we are trying to solve?"
- That big question is why this presentation starts with Lincoln's vision statement. Our choices about tax policy serve a larger set of community goals.
- And as a Town we understand the importance of vision as a touchstone. Over the past couple of years, town committees, organizations and residents built a shared vision for the school project; and we worked through that process knowing there would be tradeoffs and ripple effects from our decisions.
- Our Committee represents one of those ripple effects. When the borrowing for the school project is done, it will add up to 14 ½ percent to the tax bill.
- Thanks to a lot of hard work, the Town, even with this level of borrowing, is on solid financial ground. But we recognize that the Town's financial security is NOT the same as how we feel as individuals.
- So, in keeping with our values, this committee was formed to look at specific tax policies we might use to help taxpayers who are vulnerable.
- Which brings us back to the part about inviting you into the Committee's debates and dilemmas. Here are two of them:
  - Our charge is narrowly focused on tax policy, and many of the available programs specifically target lower-income home-owners over 65. Which is important, but this focus does not fully embrace the idea of community character, a broader definition of diversity that includes support for people all along the age and socio-economic spectrum.
  - During our meetings it has been very easy to stray beyond tax policy and into conversations about housing policy, zoning rules, and the need for social services. The Committee is dedicated to ensuring that those questions and ideas get to the right committees. And then, any of us involved in Town committees need to be cognizant of how our work is interrelated and make sure we keep the lines of communication open.
- So, this presentation first shares what our Committee has learned, and then the feedback form asks you to think about the information and to share your initial reactions.

## Agenda

- Welcome (5 min)
- Presentation: (25 min)
  - Committee Charge
  - Current Lincoln Demographics
  - Determining Need
  - Review of Existing Programs
  - Extended Circuit Breaker vs. Residential Exemption
- Questions (15 min)
- Discussion & Feedback (45 min)

<http://www.lincolntown.org/1084/Property-Tax-Study-Committee>

### **Slide 2: Agenda**

Please note that the Committee has a [dedicated page on the Town website](#). You can always go there to find our agendas, minutes, and presentations. All meetings are open to the public.

## Committee

### Membership

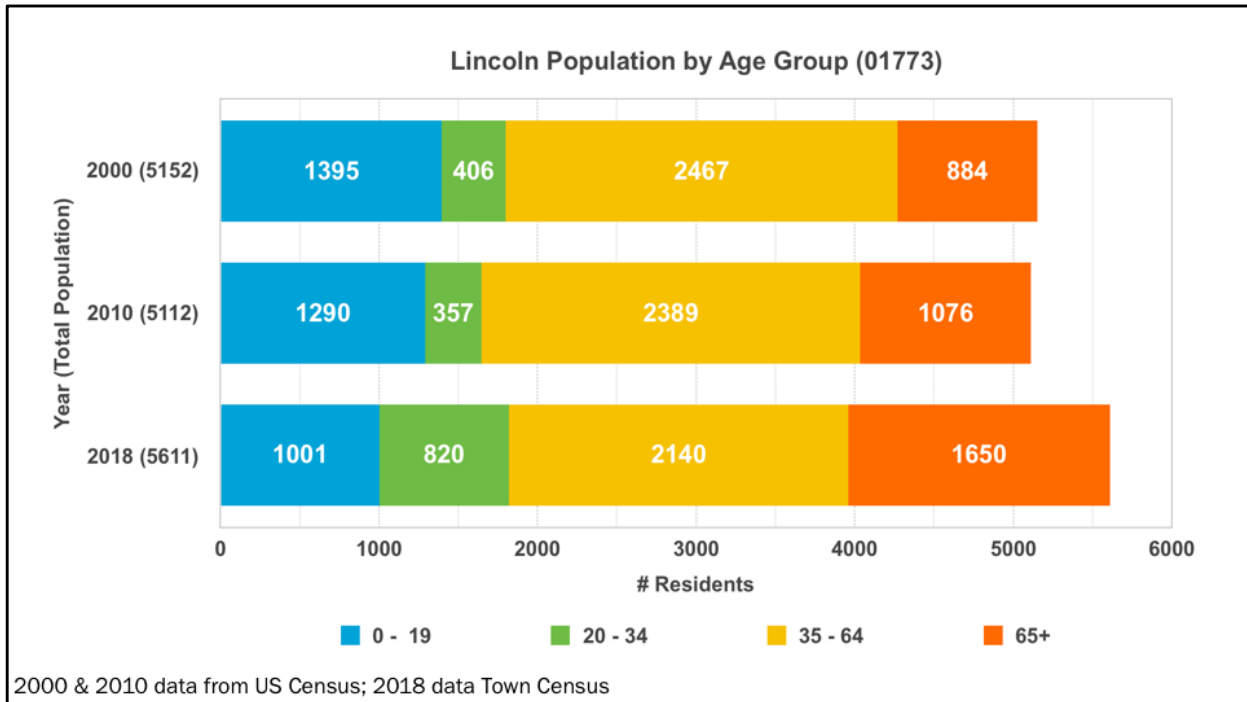
- Carolyn Bottum, ex-officio
- Brendan Coughlin, at-large
- Jennifer Glass, BOS
- Gina Halsted, FinCom
- Tim Higgins, ex-officio
- David Levington, at-large
- Sara Mattes, at-large
- Ellen Meadors, Board of Assessors
- Kenny Mitchell, at-large

### Framework

- What are we currently offering? Utilization?
- How do we define need?
- Are there other programs? Impact?
- What is the role of private funds?

### Slide 3: Members & Charge

- Our committee began working together in March, and it has been a real pleasure to have all of these thoughtful people around the table.
- On the right of the slide are the framing questions we presented at the March Annual Town Meeting, and they are the backdrop to this presentation.

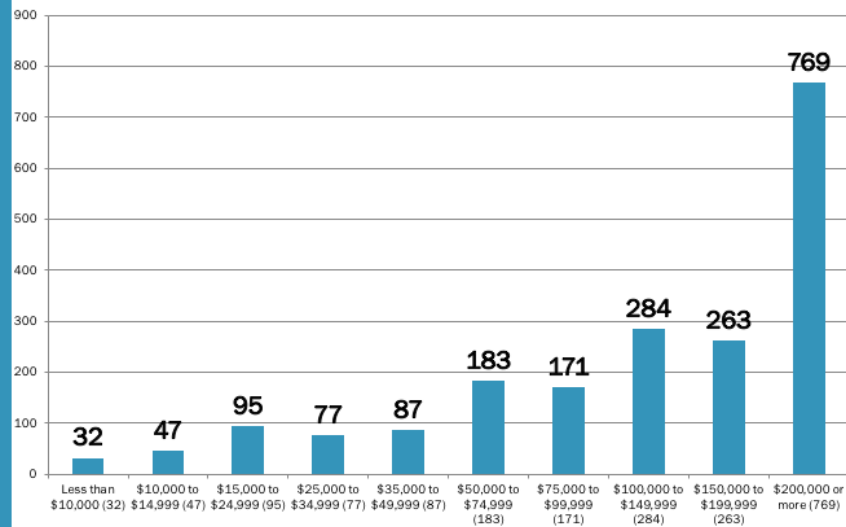


#### Slide 4: Lincoln's Population

- First, we wanted to share a snapshot of Lincoln's population.
- These numbers are for the 01773 zip code, and thus do not include residents of Hanscom Airforce Base.
- Lincoln has skewed older over the past 20 years. In 2000, 17% of the population was over 65, in 2010, 21% was over 65, and currently 29% over 65.
- Partly, this change reflects national demographics for suburbs; but the increase in the over 65 population since 2010 is also explained by the fact The Groves (now The Commons) opening in 2010.
- What we don't know is how to predict the futures. We found a projection for 2030, but it did try to take into account the impact of a major school project on a town that only has one elementary/middle school.

## Demographics: Income by Household (2017)

Source: US Census



### Slide 5: Household Income

- Next, the Committee gathered data about household income.
- In 2017, 338 households in Lincoln had an income under \$50K
- 352 were between \$50,000 - \$100,000
- 547 had an income between \$100K and \$200K
- 769 households had an income over \$200K

## Determining Need: Definitions

Source: MAPC 2012-2016; Assessors data FY2019

- **Cost burdened** = household pays more than 30% of income on housing
- **Severely cost-burdened** = household pays more than 50% of income on housing
- **Area Median Income (AMI)** = area is “greater Boston”
  - AMI for 1 person = \$65,900
  - 80% AMI = \$47,450
  - 50% AMI = \$32,950
  - 30% AMI = \$19,800
- **Property Values in Lincoln**
  - Average single-family home = \$1,149,169
  - Median single-family home = \$999,800
  - Average *valuation* = \$958,358 (single family & condos)

### Slide 6: Definitions

- The demographics begin to open up the very interesting and difficult discussion about how best to determine the level of economic need in the community.
- This slide defines some of the terms that get used in the world of housing and property taxes.
- The last bullet about property values is on this slide because in the course of our work the Committee has discovered that different programs use different benchmarks.
  - Some use the average value of single-family homes (not including condos); some use the median.
  - In Lincoln, when the Finance Committee talks about the annual tax bill, it prefers to use the median single-family home value. However, when making comparisons to other towns, the average single-family home value is used because that is the data available.
  - Some programs use the average valuation which includes both single-family homes and condominiums.
- At this point in the process these different calculations are not that important. However, if the Town chooses to institute a new property tax program and has to create a set of parameters, the language and calculation will need to be precise.

## Determining Need

Sources: <sup>1</sup>MAPC, 2012-2016 data;  
<sup>2</sup>2019 housing data

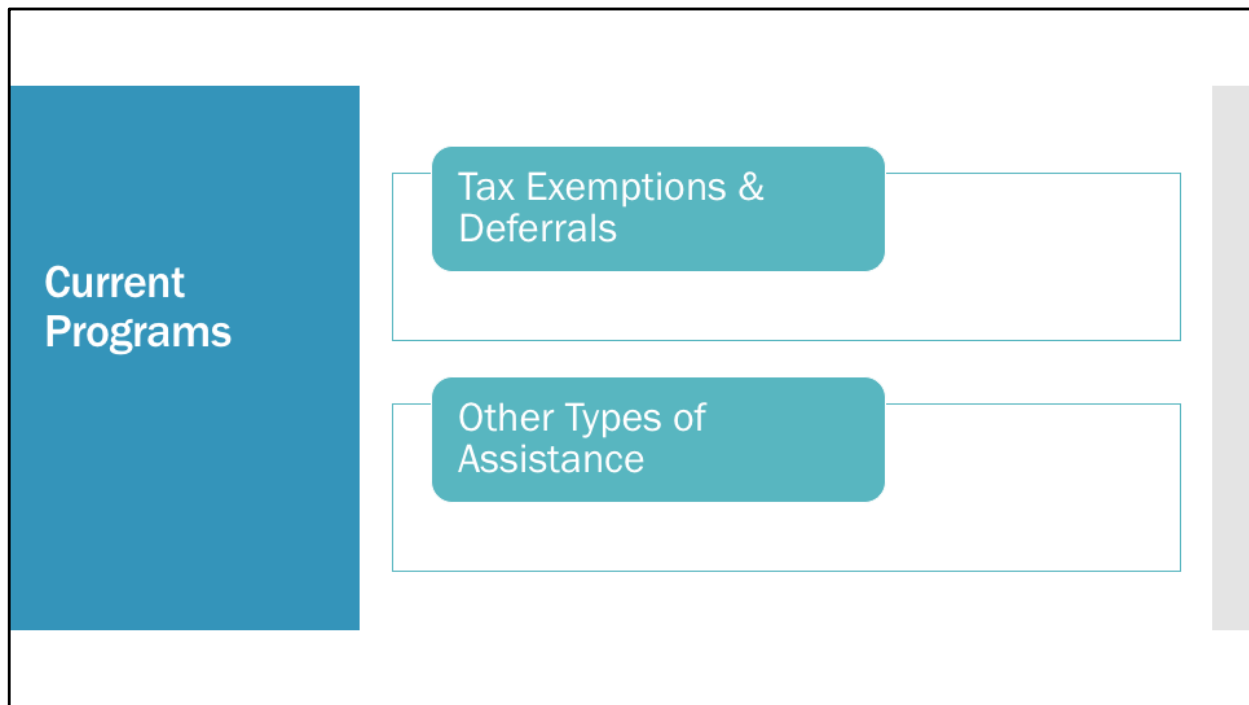
- In Lincoln...<sup>1</sup>
  - About 4% of households are at less than 30% of AMI
  - About 7% of households are between 31-50% of AMI
  - About 8% of households are between 51-80% of AMI
  - About 4% of households are between 81-100% of AMI
  - About 77% of households are at 100% or greater AMI
- Other indications:
- There are 290 affordable units on the Town's inventory; about a 3-year wait list for one of the 75 affordable rental units at Lincoln Woods
  - About 80 clients/month make use of the food pantry @ St. Vincent de Paul/St. Joseph's

### Slide 7: Determining Need

- Beyond demographic information, what tools do we have to understand need?
- The Committee has tried to gather a variety of information in order to paint a picture of our community. The information comes with the caveat that these are broad brush data points. We recognize that some residents use multiple types of assistance and may show up in several statistics; and some residents experiencing financial hardship, may not be accessing any programs at all because they are just above state thresholds, or don't meet age requirements.
- According to data gathered by the Metropolitan Area Planning Committee (MAPC), about a quarter of households in Lincoln have an income below the Area Median Income.
- When Oriole Landing is complete, there will be about 290 affordable units on the Town's inventory. These are both owned and rented units. There is currently a 3-year wait list to get one of the 75 affordable rental units located at Lincoln Woods.
- Anecdotally, we know that while there are a number of condo units in town that are well below the median house value, some current and prospective condo owners are finding that special assessments & condo fees are putting these units out of their reach.
- Lincoln does not have a large formal social services network. But fortunately, we have town departments, faith organizations and non-profits that work together to form a social services network. There are about 20 groups that have come together to create the [Lincoln Community Resource Directory](#). From talking to those groups, we know that over the past decade they have seen increased need for the most vulnerable.
- For example, at the St. Vincent de Paul food pantry, they are serving about 4 times as many clients as in 2011.
- The Parks & Recreation Department has also seen an increase in demand for financial aid.
- Eliot Human Services, which provides mental health services in Lincoln, has a months-long wait list for adults; and a longer list for children. They report an overall increase in demand over the past couple of

years, and more complex needs.





**Slide 8: Current Programs**

- Looking at these different types of needs, what role do property tax programs play? What other types of help are out there? And what more could we do?
- Not surprisingly, our Committee is not the first group to ponder these questions. Over the past several decades, the Town has searched for ways to help residents manage their tax bills and has adopted all of the programs provided by the state. When the programs offer some flexibility, Lincoln has generally maximized the benefits.

Property Tax Exemptions	PROGRAM	Senior & Veterans Work Off	Deferral 41A	CPA Exemption	Temporary Deferral 18A	Elderly 17E	Elderly 41D	Blind 37A	MA Income Tax Circuit Breaker
	Eligible Age	Seniors: 60 Veterans: none	60	None	None	70	65	None	65
	Income Limit	None	Single \$57,000 Married \$86,000	Homeowners: <60: \$60,368 60+: \$74,460 for single person	Financial hardship	None	Single \$21,379. Married \$32,067. excluding some SS	None	Single \$58,000 Married \$88,000
	Asset Limit	None	None	None	Financial hardship	\$42,756. excluding domicile	Single \$42,756. Married \$58,789. excluding domicile	None	Domicile \$778,000 also available to renters
	Assistance	Up to \$1,500	Total Bill (but not CPA tax)	Total CPA surcharge	Total Bill (but not CPA tax)	\$615	\$2,000	\$1,000	For 2018, tax credit of up to \$1,100
	Inflation Adjustment	None	None	None	None	Annual CPI	None	None	Annual Adjustment
	Apply	Annually	Annually	Annually	Annually (for 3 years only)	Annually	Annually	Annually	Annually
	Cost to Town	Budget item: \$72K for Seniors; \$5K for Veterans	About \$300K on the books; \$ gets recouped	\$45; reduces revenue	About \$2400; \$ gets recouped when taxes paid	None	About \$4,500; reduces revenue, state reimburses statutory amount	About \$1,500; reduces revenue, state reimburses statutory amount	None
	# Residents Using Program	48 Seniors 5 Veterans	4	2	1	0	3	3	67 (2017)
	Local Discretion	Yes - Can fund more positions	Yes - Town lowered age threshold, can set interest rate between 0- 8% (currently 4%)	4 exemptions to choose from	Yes - Town can set interest rate between 0- 8%	No	Yes - Town raised income and asset limits, and raised assistance amount	Yes - Town raised assistance amount	No

### Slide 9: Property Tax Exemptions

- This is a chart that is on the [Assessor's page of the Town website](#), and that the FinCom has presented at recent town meetings.
- In addition to showing all the programs currently offered, this version includes 3 new rows at the bottom of the chart that show the utilization of each program, the cost to the town, and whether or not there is local discretion to alter the program.
- One of the most heavily-used programs is the *Senior Tax Work-Off Program*. At the last Town Meeting we approved 10 more slots, bringing the total to 53. While theoretically we could continue to vote to add more slots, given our level of staffing at the Council on Aging, the Town has probably maxed out its capacity to administer the program.
- Together the programs cost the town about \$83K, most of which is attributed to the Work-Off Program.
- The other frequently used program is the Circuit Breaker program, which currently has 67 participants. This is a means-tested, state-funded program that will be revisited later in the presentation.

Veterans Exemptions*	Clause	Type	Amount	Veteran	Spouse	Surviving Spouse	Surviving Parent	Cost to Town	# Residents	Local Discretion
	22	Veterans with minimum 10% war service disability; Purple Heart recipients; Gold Star Parents; Surviving Spouses	\$824	X	X	Until remarriage	x	About \$4,100	10	Yes—Town doubled amount
	22A	Veteran who lost one hand, foot or eye; or received a Congressional Medal of Honor, Distinguished Service Cross, Navy Cross, or Air Force Cross	\$1,500	X	X	X		\$0 currently	0	No
	22B	Veterans who lost two hands or feet, or both eyes	\$2,500	X	X	X		\$0 currently	0	No
	22C	Veteran with 100% disability and specially adapted housing	\$3,000	X	X	X		\$0 currently	0	No
	22D	Surviving spouses of veterans killed in a combat zone	Total for 5 years, then \$2,500			X		\$0 currently	0	No
	22E	Veterans with 100% disability	\$2,000	X		X		About 3,100	3	Yes—Town doubled amount
	8A	Paraplegic veterans	Total	X		X		\$0 currently	0	No

\* These programs are only for homeowners

### Slide 10: Veteran’s Exemptions

- This chart shows the programs that are available to veterans who are homeowners. Again, local discretion has been maximized for these programs.
- Additional columns have been added to the right of the chart to show program utilization, cost to the Town, and whether or not there is local discretion.
- The current cost to the Town of these programs is \$7,200, serving 13 people.

## Other Types of Assistance

### Financial Assistance

- Lincoln Emergency Fund
  - Up to \$ 2400 per household per lifetime. LY \$16K
- St. Vincent de Paul/St. Joseph's provides about \$30 to \$40K/year in financial assistance
- Emergency Housing Funds
  - \$15K grant from The Commons
- Rental Assistance Program
  - \$30K funded by CPA for 1 year.
  - Monthly subsidies to those eligible for affordable housing for whom housing is unavailable due to lack of capacity.
- Parks & Recreation financial aid
- LPS Financial Assistance
  - Federal Free & Reduced Meal Program
  - Assistance for bus, athletic, instrument lesson fees

### Social Services

- Public Health Nurse
  - 6 hours/week
  - town-funded
  - 9-11 hours/week would be on par w/area towns
- Town Social Worker
  - 12 hours/week
  - grant-funded
  - 20 hours/week would be on par w/area towns
  - All ages
- Mental Health Clinics
  - 1/month
  - Board of Health grant & funds from First Parish and St. Anne's

### Slide 11: Other Types of Assistance

- This slide shows some of the other places people go for help.
- As mentioned before, our network of Town departments and non-profits regularly communicates and collaborates, and each group has a “no wrong door” policy. This means that if someone goes to one of those groups with a need, the organization will help that person get to the agency that best meets their needs.
- Overall, the numbers of users and the dollars spent are relatively low in the broader context of the town, but the groups that administer the programs are seeing indications that this aid is increasingly vital to a stressed portion of Lincoln’s population.
- At this point, it becomes apparent that our Committee’s discussions can easily stray into social services and housing development and policy. The fact that Lincoln already has so many groups working together is to our advantage, and they provide a model for holistic problem solving.
- Please note that a number of the programs on this page benefit from private funding, and donations are always welcome!

## Observations

- Next tax bill will increase by about 12%, putting additional pressure on residents
- Most of the current property tax programs are aimed at those 65+
- Most programs only for home owners
- Utilization of means-tested programs is fairly low; perhaps due to asset limits & resistance to accessing programs
- Lincoln expends relatively small \$ on programs, including social services
- Over time, programs have been maximized
  - Limited additional flexibility
  - Programs are governed by State statute – easier to be more restrictive than more generous
- ***There are 2 additional programs Lincoln could adopt:***
  - ***A means-tested Circuit Breaker extension program***
  - ***Residential Exemption***

### Slide 12: Observations

- Out of all this information, what have we learned?
- We know that a 12 to a 14½% tax increase will put additional pressure on residents.
- With the increase, we expect there will be additional residents who need assistance.
- Most of the current programs, which are governed and limited by state statute and the Department of Revenue, are targeted to home-owners over 65.
- The Town has generally maximized the benefits offered by the available programs, although there are a few additional adjustments that could be made.
- The Committee has looked hard to see if there are other programs we could implement and have come up with two specific possibilities: a Circuit Breaker extension program, and the Residential Exemption.

## Means-Tested Circuit Breaker Programs

### State Program

- Age 65+
- Homeowners & renters are eligible
- Income & asset limits
- Aims to keep real estate tax to no more than 10% of income
- Current benefit up to \$1100

### Circuit Breaker Extension Programs

- Age 65+
- Homeowners ONLY; resident of town 10+ years
- Same income limit as State program
- Varied property assessment limits
- Varied asset limits
- 3 models: Sudbury, Wayland, and Concord
- Each program approved by special legislation; multi-year process

### Pending State Legislation

- HR 2477; currently in Senate
- Based on Sudbury, but keeps state income & property assessment limits
- Special legislation still needed if we want to adopt Sudbury, Wayland, or Concord model

### Slide 13: Circuit Breaker Programs

- The Circuit Breaker (CB) program, which is funded by the state, was mentioned earlier as one of the programs residents utilize.
- The goal of the CB program is to ensure that residents over 65 do not pay more than 10% of their income on property taxes.
- The maximum benefit is currently set at \$1100.
- One unique aspect of the program is that it is available to renters and homeowners.
- Residents must meet income, asset and property value limits.
- While the goal of CB is to reduce property taxes to no more than 10% of income, in towns such as ours with higher property values and taxes, the state benefit is often not enough to bring the tax bill down to 10% of income.
- A number of years ago Sudbury set out to create a CB extension program that would bridge that gap. *NOTE:* When Sudbury created the program, they did not extend the benefit to renters, even though the state program does allow renters to apply. We learned that this was because, at the time, there were no market-rate rental units in Sudbury; the cost of affordable rental units is already controlled.
- After Sudbury successfully petitioned the state legislature to create a new program, Concord and Wayland followed suit with their own versions of a CB extension program.
- In the past couple of years, several state bills have been filed that are modeled, to some extent, on the Sudbury program.

- The bills have been approved by the House and are now in limbo in the Senate.

	Current State Circuit Breaker	Sudbury	Concord	Wayland	Proposed HR2477
<b>Housing Status</b>	Own or Rent	Own	Own	Own	Own
<b>Age Requirement</b>	65+	Owner 65+ Co-owner 60+; Homeowner 10+ years in Sudbury	Owner 65+ Co-owner 60+ Homeowner 10+ years in Concord	65+ Homeowner 10+ years in Wayland	Owner 65+ Co-owner 60+; Homeowner 10+ years in town
<b>Income Criteria</b>	Single \$58,000 Married \$88,000	Meet state Circuit Breaker limits	Meet state Circuit Breaker limits	Meet state Circuit Breaker limits	Meet state Circuit Breaker limits
<b>Property Value</b>	<b>\$778,000 (2018)</b>	<b>&lt; 10% above town average</b>	<b>&lt; town median house value</b>	<b>Same as State</b>	<b>Same as State</b>
<b>Application Requirements</b>	File MA form CB	File MA form CB Additional verification of income/assets	File MA form CB Assets (excluding residence) < \$250K	File MA form CB Must receive State CB	File MA form CB
<b>Benefit</b>	Up to \$1,100 (2018)	Pays up to difference between tax + water bill and 10% of income	Goal: pay no more than 10% of income; capped at 50% of property tax bill	Matches state Circuit Breaker credit received	Pays up to difference between tax + water bill and 10% of income
<b>Funding Source</b>	State	Funded up to 1% of residential tax levy	.5% tax rate increase	Overlay Reserve (town funded)	Funded up to 1% of residential tax levy
<b>Other</b>	Criteria and benefit change every year	Reauthorization @ TM every 3 years	Reauthorization @ TM every 3 years	No sunset clause	Reauthorization @ TM every 3 years

#### Slide 14: Comparison of CB Programs

- The Committee took a look at how the CB programs compare to each other.
  - First, it is important to note that, unlike the state program, the CB extension programs all cost the towns money.
  - The town programs are only for homeowners, and the homeowner needs to have lived in the town for at least 10 years.
  - All the programs require that applicants meet the state CB income limit.
- Sudbury and Concord wanted to acknowledge that they have higher property values than other places in the state, so they created programs that allow higher property value limits, expanding the group of eligible residents.
- Sudbury and Concord pay for their programs by increasing the tax levy by UP TO 1%. This is an additional cost to taxpayers, and it was a community decision to agree that most taxpayers will pay a bit more in order to help a few residents a lot.
- Wayland’s program does not make any adjustments for property value. The town simply doubles the benefit of anyone who qualifies for the state program. The program is town-funded out of a budget line item known as the Overlay Reserve.
- At first the Committee was excited because the state legislation looks, at first glance, like the Sudbury program. However, as it has gone through the legislative process, the flexibility around property value is gone; the current bills would only provide further help for those who already qualify for the state program.
- If we want a Lincoln program that is more flexible, we will need to take a vote at Town Meeting to file special legislation with the state.



## Estimated Qualifying Properties from Town Census and Assessors Data

Classification	All	Resident Owner 65+	and Bought 10+ Years Ago	
Condos	401	170	102	
Single-Family Residential	1,539	561	475	
TOTAL	1,940	731	577	

Assessment Threshold	Lincoln Value	Year	Estimated # Qualifying Properties*	Comment
Single-family mean + 10%	\$1,264,086	FY2019	466	like Sudbury
Single-family median	\$999,800	FY2019	360	like Concord
MA Circuit-Breaker	\$778,000	CY2018	224	like HB 2477

\*Total eligible likely to be reduced by limits on income.

### Slide 15: What Extended CB Programs Might Look Like in Lincoln.

- The Committee wanted to understand what the Sudbury, Concord, and Wayland programs might look like if we petitioned to adopt them in Lincoln.
- Based on analysis of the Assessors' data base, there are 577 properties in town where the owner is over 65 and has been in town at least 10 years.
- Mapping the different home value rules onto Lincoln, these are the estimated number of qualifying properties.
- We have no way of knowing how many of these homeowners would meet the state income and asset limits, but this analysis provides the maximum number of homeowners who could be helped with the Sudbury, Concord, or Wayland models.

## Residential Exemption

### What is it?

- Local option property tax exemption
  - Set at 0% to 35% of the Town's average Class 1 property
  - Fixed \$ amount deducted from every eligible residential assessment before the tax rate is applied
- Applies only to *owner-occupied* properties
- Tax rate is increased to make it *revenue-neutral*
- All residential taxpayers (including owners of rental properties) pay the increased tax rate to keep total levy the same
- Commercial properties are excluded

### Effect

- Reduces taxes on eligible properties with valuations below a break-even point; raises taxes on those above the break-even point

### No age or income requirements

### Implemented by a vote of the Selectmen

### Slide 16: Residential Exemption

- The second program the Committee has investigated is the Residential Exemption (RE).
- This is a tool that is already available and can be implemented by a vote of the Board of Selectmen. It does not need Town Meeting approval or special legislation.
- The goal of the RE is to make property taxes more progressive, and to try to preserve moderate-income housing.
- It provides property tax relief regardless of age or income, and benefits a larger number of homeowners.
- Here's how it works:
  - The Selectmen sets an exemption percent between 0 and 35% of the town's average property value.
  - The percentage is translated into a dollar amount and becomes a fixed deduction from the assessment of every owner-occupied residential property. It does not apply to commercial properties or to developments, such as Lincoln Woods, that are not owner-occupied.
  - Because the deduction reduces the the amount that can be taxed, the tax rate/\$1000 must increase on the remaining property value in order to raise the total levy amount needed to fund the Town budget.
- Unlike the CB extension programs, the RE does not require new revenue, but it does shift the tax burden to more expensive properties.
- The effect is to reduce taxes on eligible properties with valuations below a calculated "break even" point.
- Those above the break-even point pay more.

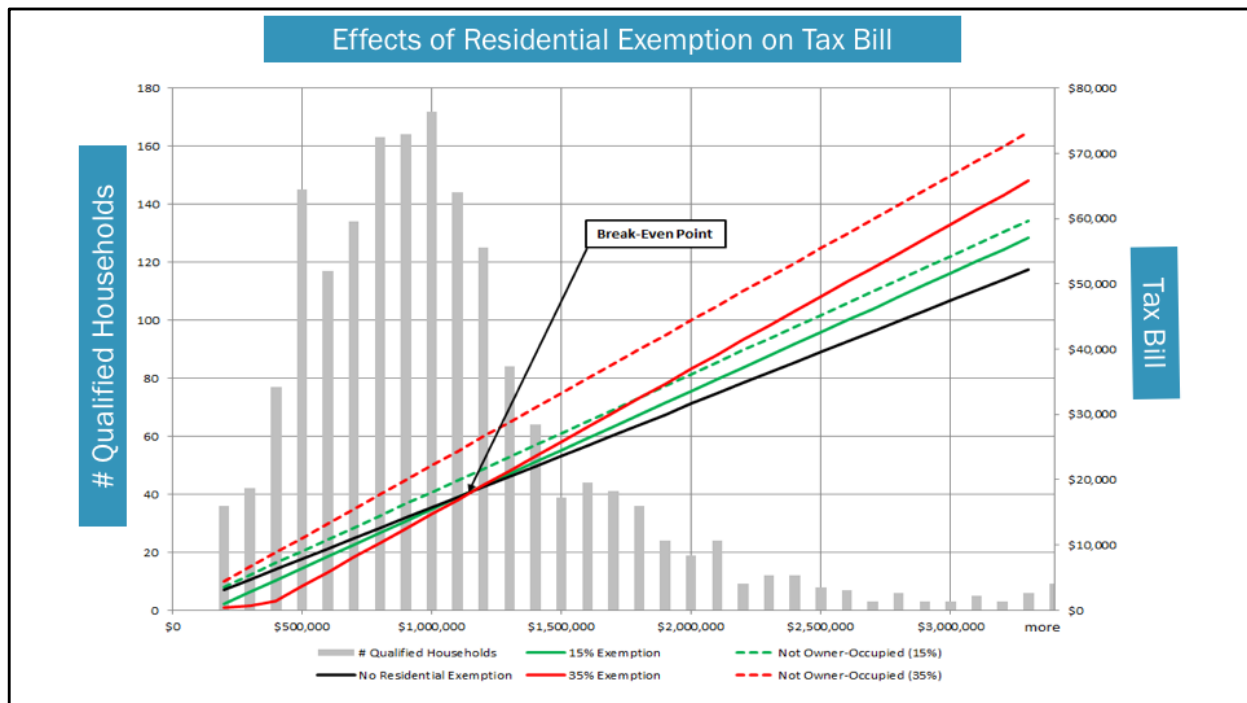
## Residential Exemption Preliminary Analysis

Exemption %	Exemption Amount	Adjusted Tax Rate/\$1000 with Exemption	Taxpayers Paying More #/%	Largest Tax Bill Increase \$/% of bill	Taxpayers Paying Less #/%	Largest Tax Bill Decrease \$/% of bill
5%	\$47,900	\$16.50	863/41%	\$3,153/3.5%	1253/59%	\$652/21%
10%	\$95,800	\$17.26	869/41%	\$6,633/7.3%	1,247/59%	\$1,364/43%
15%	\$143,800	\$18.09	869/41%	\$10,428/12%	1,247/59%	\$2,145/68%
35%	\$335,400	\$22.20	835/40%	\$29,070/32%	1,281/60%	\$2,718/86%

Number of residential properties = 2,116  
 Number of resident-owned properties = 1,780  
 FY2019 average valuation = \$958,359  
 FY2019 tax rate = \$14.03  
 Projected FY2020 tax rate = \$15.81  
 Break-even value for residential exemption = \$1,140,000

### Slide 17: Residential Exemption Preliminary Analysis

- This chart shows the impact of 4 exemption scenarios. The bottom two are in green and red because they are charted in those colors on the next slide.
- The break-even point is calculated by taking the total assessed value of all residential property in Lincoln and dividing it by the number of owner-occupied homes. For 2019 that's about \$1.14M. Anyone with a home below that value would pay less, anyone above would pay more.
- Note that the new tax rate goes up as the exemption percentage rises.



### Slide 18: Residential Exemption Graph

- This is the same information in visual form.
- The gray bars show the distribution of home assessments.
- The **black** line shows the tax bill without a residential exemption and illustrates how bills rise with increased home value.
- The **green solid line** shows the tax impact of a 15% exemption on owner-occupied properties. The **green dashed line** shows the impact of a 15% exemption on non-owner-occupied properties. The **red lines** show the 35% exemption scenario.
- In each case, about 60% of households are below the break-even point, and would be *helped* by the exemption; and about 40% would pay more.

## Mass Cities and Towns using Residential Exemption

City or Town	Residential Exemption %
Boston	35%
Somerville	35%
Waltham	35%
Cambridge	30%
Chelsea	30%
Malden	30%
Everett	25%
Nantucket	25%
Provincetown	25%
Watertown	23%
Brookline	21%
Barnstable	20%
Truro	20%
Wellfleet	20%
Tisbury	18%
Somerset	10%

### Slide 19: Cities and Towns that use Residential Exemption

- As noted, this is a tool that any city or town can use with a vote of the city council or Selectmen, so the Committee was curious about which ones use it.
- It turns out that the RE is generally used in places with a large commercial tax base or in towns where there is a high percentage of vacation homes.
- Lexington recently studied the RE extensively, and ultimately decided to shelve the idea. There is often resistance to the fact that it is not means-tested, and that there can be significant additional tax burden on higher value properties.

## Comparing Extended Circuit Breaker to Residential Exemption

### Circuit Breaker

- Must be 65+
- Benefits homeowners
- Income, asset, property value, and residency limits
- Estimated to assist 67 to 100 residents in Lincoln
- Cost = up to 1% of total town levy is added to the total town tax bill (about \$320K)
- Increases taxes by same % for all
- Additional administrative time to process applications

### Residential Exemption

- No age requirement
- Benefits homeowners
- No income limits
- Could penalize renters
- Estimated to assist about 60% of homeowners
- Cost = revenue neutral, but shifts tax bill on a sliding scale for properties above break-even point (about 40% of homeowners)
- Additional administrative time to confirm residency/ownership
- Considered a progressive tax program

### Slide 20: Comparing CB and RE

- To recap the two programs, here is a comparison of the extended Circuit Breaker programs and the Residential Exemption.
- CB focuses on helping those over 65; and it has income and asset limits.
- RE helps all ages and a wider range of property owners.
- CB requires additional revenue; RE is revenue-neutral, but shifts the tax burden.
- CB neither helps nor hurts renters; RE has the potential to hurt market rate renters.
  - NOTE: There are quite a few market rate rental properties in Lincoln, so this is a consideration.



## Other Possibilities

- Try to increase utilization of existing Tax Deferral program?
  - Lower the interest rate
  - Work with banks to get clarity around liens
  - Additional outreach & education
- Prioritize & fund other supports?
  - social services,
  - rental assistance
- Explore public – private partnerships?

### **Slide 21: Other Possibilities**

Finally, here are some other questions that have come up during the Committee's discussions. We are still exploring them, so stay tuned.

## Next Steps

### State of the Town: November 2, 2019

- Property Tax Study Committee report to Town
- Gather feedback re: Town priorities

### Community Survey?

- Just about property tax options?
- About Town priorities?

### 2020 Town Meeting

- Recommendations to Town?
- Vote to adopt a new program/policy?

### Slide 22: Next Steps

- After this forum, here are some major milestones:
  - State of the Town is on November 2<sup>nd</sup>. Please mark your calendar!
- Any decisions about adopting a new program would be on the agenda at the March 2020 Town Meeting.
- There will be more forums along the way.



## Discussion & Feedback

- General Q&A
- Small Group Discussions/Report Out
  - The next 4 slides capture the conversation/feedback gathered during the forum.
- Feedback Form: <https://www.surveymonkey.com/r/PropertyTaxForum1>

### Slide 23: Discussion and Feedback

- At the end of the presentation, some time was spent on clarifying questions.
- Attendees were then broken into 4 small groups that were led by members of the Committee. Each group considered a “pathway” that the Town could consider pursuing:
  - Group 1: Should the Town focus on augmenting current property tax programs and maximizing their utilization?
  - Group 2: Should the Town adopt a Circuit Breaker extension program?
  - Group 3: Should the Town adopt the Residential Exemption?
  - Group 4: Instead of (or in addition to?) property tax programs, are there other support services the Town should offer?
- All the groups used the following questions as a starting point for discussion:
  - How does this pathway relate to our Town vision?
  - What “problem” does it solve?
  - What do you like about this pathway?
  - What are its limitations?
  - What do we need to think about?
  - Discuss, record ideas on sticky notes and place on the chart paper.
- After each table reported out key points from their discussion, they were asked to fill out a **Feedback Form**.
- **Now that you have read through the presentation, please join the discussion and fill out the electronic feedback form.**

**June 18<sup>th</sup> Forum:  
Small Group Discussion  
@ Table 1**

**Question:** Consider the current tax exemption programs offered by the State/Town. How could we increase/maximize their utilization? Are there tweaks that make sense?

**Comments/Themes Discussed:**

- Deferred capital expenses gave us a tax break for 20 years, now sudden 14% increase is a shock, but reality.
- Issue of increasing real estate taxes eating into fixed retirement income. Vermont has been addressing this issue with farms being bought by flatlanders.
- Protect long timers in empty houses? Protect options for younger families?
- Is Lincoln's open space so important that we drive up property values on long term owners?
- Current programs address a certain population of town. Is that what we want?
- Good to reach out and make sure needy are given the opportunity for help.
- To help people in the middle will cost more.
- How to ensure diversity? There are households that are property "rich." Low income but own property.

**June 18<sup>th</sup> Forum:  
Small Group  
Discussion @ Table 2**

**Question:** Should we petition the State to implement an extended Circuit Breaker program in Lincoln?

**Comments/Themes Discussed:**

- [This program would require a] modest tax increase for all.
- Like that [Circuit Breaker] is means tested.
- Seems unlikely that we would hit [the maximum cost of] 1% levy limit. [Would probably cost the Town less than this.]
- Makes a big difference for some families.
- Current extension programs [in other towns] do not help renters. But they can...
- What about those under 65?
- How hard is it to apply?
- How hard is it to administer? Cost to administer?

**June 18<sup>th</sup> Forum:  
Small Group  
Discussion @ Table 3**

**Question:** Should the  
Selectmen implement  
the Residential  
Exemption?

**Comments/Themes Discussed:**

- Pro: Ease of [program] application.
- Pro: No age restriction; progressive.
- Con: The [break even] point is too high. Why give a break to a \$1M home?
- Con: It doesn't include renters.
- Decrease of real estate values at high end?
- Think about renters, e.g. Lincoln Woods
- We don't have enough of a commercial tax base like other municipalities that use the Residential Exemption.
- No age restriction.
- Supports preservation of less expensive homes.
- What about a transfer tax [on the sale of a home]?

**June 18<sup>th</sup> Forum:  
Small Group  
Discussion @ Table 4**

**Question:** Instead of a new property tax program, should the Town consider augmenting other support services?

**Comments/Themes Discussed:**

- Expanding housing stock could be another possibility.
- [Programs] indirectly help people stay in town.
- Could expand rental assistance program to offset increases if instituting Residential Exemption.
- Like that this approach looks at bigger picture; offers more possibilities.
- What new programs might there be for middle class? Chunk in the middle is a gaping hole.
- Could expand benefit programs with
  - Town funds; not necessarily age restricted.
  - Can we hold the line? How/what tools?
  - Zoning to allow renting out rooms?
  - Regional planning for services.
  - Are privately funded programs sustainable?
- Increase social services staff to help people through general crises? Do we [currently] have the capacity to expand services?
- Liberalize accessory apartment regulations.
- Problem: Maintaining stability of population.