



BURLINGTON CITY COUNCIL CHARTER CHANGE COMMITTEE

11/4/2019

Charter Change Committee

Minutes of November 4, 2019

Champlain Room, City Hall

Committee Members: Max Tracy, Chair; Joan Shannon; Franklin Paulino

Staff Member: Eileen Blackwood, City Attorney

Other Attendees: Todd Rawlings, CEDO; Olivia LaVecchia, Mayor's Office; Ericka Redic, Adam Roof, City Councilor

Chair Tracy called meeting to order at 5:04 pm.

1.01 Motion to adopt the agenda by Paulino, second by Shannon—unanimous

2.01 Motion to adopt the minutes of 7/31/19 by Paulino, second by Shannon- unanimous

3.01 Public Forum:

Ericka Redic – She submitted written comments as well. Taxes are too high already. She is going to have to increase rents for her tenants. She thinks the City is on a crazy cycle of continuing cost increases. She illustrated how much she has to pay in taxes with an example on the whiteboard.

4.01 Housing Trust Fund (HTF) — Todd Rawlings handed out sheets showing the impact of increasing the tax rate for the HTF to a full penny, 1½ pennies, and 2 pennies.

Tracy asked whether the tax could be progressive based on income? Rawlings said he had reached out to a national housing group, and they were unaware of any community where a progressive tax is imposed on a dedicated housing fund tax. Some communities do impose a tax on real estate transfers.



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Paulino asked what the written proposal means. CA Blackwood explained that the language was intended to create a dedicated tax for the Housing Trust Fund that would not be affected by the tax ceiling and that could be increased by the voters without a charter change, similar to the library and penny for parks taxes.

Shannon noted there is income sensitivity on the education tax, but not on these local taxes. She noted this tax would be very hard to explain to the public. By removing this tax from Art. 99, it will hit people with both the increase in the HTF amount, plus any reappraised home value, and she is concerned about the timing of this change with the reappraisal.

Shannon noted that the reappraisal is revenue neutral overall, not to any individual. All residential property owners could be paying more and commercial less.

Tracy asked if the Administration could provide the committee examples of how a tax to support affordable housing could be progressive around income. Blackwood pointed out that the City doesn't collect income information, so it would be difficult practically to do, and the City doesn't really have the authority to do that, absent an express authorization from the legislature.

Shannon asked if the Housing Summit explored other options, such as the hotel tax? Rawlings said that the Summit participants clearly expressed a preference for changing the dedicated tax. LaVecchia noted that this is 1 of 4 recommendations coming out of the Summit, and another is to add to "in lieu" payments. Another is additional housing replacement fees from conversion from long-term to short-term rentals.

Rawlings passed out a table of Burlington's current HTF tax in relation to other towns on a per capita basis. The amount the City has collected each year from the HTF tax has stayed about the same since 1990—about \$200,000 a year. So, the City would be investing far less in affordable housing today than it was because \$200K in 1990 is equivalent to about \$370K today. The City has made up for this by adding about \$175K a year out of the general fund to ensure that its investment in affordable housing is about the same as it was.

Shannon is concerned that the per capita per year doesn't take into account that the tax isn't being paid per capita; it's falling on the backs of property owners. Burlington is approaching close to 70% rentals in the City, so the chart is a bit misleading.

Paulino noted that he is hearing universal support for the HTF. Champlain and UVM should contribute. What about using the real estate transfer tax? Blackwood pointed out that it is a state tax, so it would require legislative authorization to impose a new tax. Shannon noted that not everyone makes money when they sell a home, so a real estate transfer tax is not necessarily more equitable.



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Shannon asked for more information about who participated in the Housing Summit and why they did not like increasing the hotel tax?

Rawlings explained that the Summit broke the participants into groups and asked if the HTF was funded at the right level and if not, at what level it should be funded. The group was about evenly split at \$.005 and \$.01. The attendees were housing advocates, developers, city staff, and other interested people, and there were about 60 people in the room for that exercise. There were closer to 250 people over the course of the Summit, and they came from a variety of backgrounds.

Shannon doesn't like the option of increasing the tax even to 1 cent at this time. Moving it to another section of the charter does seem reasonable, perhaps even at \$.0075. She also agrees that the HTF should benefit from the City's overall increase in appraised value because affordable housing is impacted by that increase. However, a hotel tax should be considered. She would like to understand how those taxes would compare with other communities.

Roof asked if there is a goal for the HTF? Rawlings explained that there is not a specific monetary goal, but that the amount the HTF receives each year is about what it was in 1990, but studies show that households are more cost-burdened (~40%) than they were in 1990 (~33%).

Tracy would like to consider the option of a real estate transfer tax? How have these taxes (for support of affordable housing) worked elsewhere? Have they achieved their goals and what are the externalities? Shannon noted that it's a regressive tax.

4.02, 4.03, 5.01 The Committee had to adjourn without completing its agenda so as to attend the City Council meeting.

Next meeting is scheduled for Nov. 21 at 4:45 pm to 6:30 pm

6.01 Motion to adjourn by Shannon, second by Paulino - unanimous.

The meeting was adjourned at 6:06 pm.

