MINUTES SPECIAL MEETING OF BOARD OF TRUSTEES OF VILLAGE OF BRONXVILLE HELD ON NOVEMBER 20, 2006 AT THE BRONXVILLE LIBRARY, 201 PONDFIELD ROAD, BRONXVILLE, N.Y.

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PRESENT:	Mary C. Marvin	Mayor
	Glenn D. Bellitto Robert S. Underhill Anne W. Poorman William H. Barton, Jr.	Trustees
ALSO PRESENT:	Harold Porr III	Village Administrator
	Gerry Iagallo	Assessing Consultant
	John Wolham	Regional Director, New York State Office of Real Property Services

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Mayor Marvin opened the meeting at 7:00 p.m. She thanked everyone for coming to continue our discussion of the Homestead option.

Mayor Marvin said tonight's meeting is being conducted in the Yeager Room of the Library so we can have a live broadcast on our government channel. The school can only broadcast live on the school channel. To accommodate the expected overflow, the School with the tremendous help of Assistant Superintendent John Kehoe, has graciously helped set up a simulcast in the Elementary Auditorium. John Kehoe has also helped us arrange a phone hook-up, so citizens can offer their opinions/comments from this overflow location. She said we want everyone to have an opportunity to be heard.

Mayor Marvin said that in the spirit of open discussion, mindful how important and nuanced this issue is, the Board of Trustees has decided to cancel the agenda and not vote on the issue tonight, rather this will be a continuation of the public hearing we left open last Monday night to hear and consider comments with regard to a proposed Local Law to adopt the provisions of Real Property Tax Law, Section 1903, concerning homestead base proportions.

Mayor Marvin said we all want to make the best and most informed decision possible so tonight will be devoted entirely to public comment. It will not be a question and answer session nor will there be a public presentation, but rather an opportunity for as many people as possible to make their opinions known. She said we will listen, absorb and digest all information presented to us and weigh it accordingly in our decision making. Board members have each have spoken to many experts in the field, read voluminous material on the subject and reviewed the data with the professionals, as well as talked to as many citizens as possible. The Trustees have received copies of every email sent to Village Hall and have all tried to return as many phone calls as time has permitted. The Mayor said tonight we want to continue the process of offering citizens as much opportunity to have their voices heard, which can only help us make the wisest decision possible.

Mayor Marvin said we all realize many property owners will be upset with our decision and we accept that. What we don't want, regardless of the outcome, is the feeling that you did not have the opportunity to be heard. She said our goal is two hours of public comment but we will extend it so all can be heard. At the end of tonight's meeting we will formally close the public hearing, but of course e-mails or letters received between now and next Monday night will be considered.

Mayor Marvin announced that next Monday, November 27th, the Board of Trustees will reconvene here at the Library to vote at 7:00 p.m. The meeting will consist only of Trustee comments and then a formal vote on the Homestead option.

Mayor Marvin noted that last week at this time we had a highly productive, intelligent and civilized discussion of the issue, which made us all proud to be a part of this Village – let's replicate that tonight. She asked everyone to remember that when all is said and done, what is most important is that we remain a Village united as one community, looking out for the good of the Village as a whole.

Mayor Marvin had one important misunderstanding that she wanted to clarify. Many e-mails have expressed a concern that the Trustees were somehow devaluing or demeaning people's homes in co-ops and condominiums, with the classification as commercial property. She made it clear that this is a state law categorization we are required to follow and have no role in this designation.

Mayor Marvin then invited people to come to the microphone or the phone as location dictates, state their name, address and give their comment. In the interest of letting everyone have a chance to speak, she asked each speaker to limit themselves to 3 minutes.

Jim Kroulas, Parkway Road, asked if the Kensington Road project would be classified as a Homestead property. He said he thought that anything that is built as a condo would automatically go in the Homestead class. John Wolham of the NYS Office of Real Property Services said he believed that was correct. If the municipality adopted Homestead a new condominium would be considered part of the Homestead class.

Mr. Kroulas asked if there was a breakdown regarding class of non-Homestead properties. Mr. Wolham said in the work they did they did not break it down regarding class.

Steve Howard, 23 Homesdale Road, and a member of the Board of Assessment Review, said he was here as a private citizen. Mr. Howard went over a couple of high points of an Overview of the Homestead Option that he had prepared and distributed to members of the audience.

- The Homestead Option temporarily freezes residential and commercial tax shares. Under Homestead, a higher tax rate for commercial properties would offset their lower assessed values.

- Currently residential properties' share of Bronxville property taxes is 77%, with an average tax bill of $25,000. Commercial properties' share is 23%, with an average tax bill of $8,000 per coop/condo/apartment.

- If the Homestead Option is not adopted:
  - The average residential property tax <u>increases</u> 9.6% to $27,400.
  - The average coop/condo/apartment property tax <u>decreases</u> 31.2% to $5,500.

- The Homestead Option can only be implemented now, but can be fully or partially reversed in the future.

Gary Finger, 133 Pondfield Road, commented on the increase in average residential property taxes and decrease in the average coop/condo/apartment property tax if the Homestead Option is not adopted. Mr. Finger said that commercial properties, including retail, offices, condos, coops and apartments, are assessed with the "income capitalization" method and the assessed value is often less than full market value, while residential properties, including single family homes, are assessed at full market value. He said he thought a 6.25% cap rate is a low cap rate.

Tim McGrath, a life long resident of Bronxville and also a commercial property owner, landlord, and President of the Bronxville Chamber of Commerce, thanked Mayor Marvin for addressing the Chamber on this subject and said it was very much appreciated. He said he was hopeful and confident that the Trustees have considered the impact on the merchants of our small Village. He said the fear is that the adoption of Homestead would be a strain on the merchants. He said most of our merchants do not have the ability to use our school or vote on the school budget.

Jim Vasalotti, President of Stoneleigh Cooperative, commented that the commercial property owners pass on the property taxes to the merchants. He said if they can't pass the costs on to the consumer and they go out of business we're going to have an empty downtown in Bronxville. He said it will be impossible for the store owners to run a business with a steep increase in their rent. Mr. Vasalotti said he was opposed to adoption of Homestead.

John Wolham explained how condos and coops were classified as commercial properties and taxed differently from single family residences under New York State law.

Daniel McGill, Rivermere, said that the Homestead option seems like it's a way to shift the tax burden from one classification to another and he would argue that it is unfair.

Megan McKinley, 6 Crampton Road, said that one reason you might not want to reassess is because there would be a division between residents who own single family homes and coops or condos. For the single family home assessments are based on the sales approach. However if you own a cooperative or condominium, based on New York State law the assessment is calculated differently. She said that people who own cooperatives pay less in taxes than a person who owns a single family home. She said on today's tax roll the discount is 50%. She asked what the discount would be with the Homestead option.

A resident from Riverhouse said that the whole cooperative pays $400,000 in taxes on a two acre parcel of land. He said that $8,000 per unit sounds cheap but it is $8,000 for 1,000 sq. ft. of the Village's space.

Peter Rizzo, Midland Gardens, spoke about how adopting the Homestead option would have an impact on condos and cooperatives.

Bruce Sauter, an attorney, discussed how condos and coops are valued under State law.

Betsy Howard, 23 Homesdale Road, said she was concerned about this whole discussion and she thinks what we really need to do is what's best for the Village as a whole. She said its clear that following State law that the tax burden should shift. She said there's also a lot of uncertainty on what affect it will have on the commercial district and the effect on senior citizens. Ms. Howard said she was worried about the people in residential homes who will see an increase in their taxes without Homestead. She said one of the things about Homestead is you have to adopt it now – it really is a "use or lose it" situation. She asked the Trustees to be prudent, to be cautious in their decision on Homestead.

Mayor Marvin said the message is out there that this our only opportunity to adopt the Homestead option. She said we can adopt it next year with new percentages. It isn't now or never.

John Wolham explained how the Village could do another reassessment for 2008. He said if the Village doesn't adopt Homestead for 2007 and seeks to repeat this process in 2008, the Village could seek to adopt Homestead with whatever shares are already built in.

Jay Applebaum, President of Westbourne Apartments, said he had a problem with the valuation of the coops. He said the co-op he owns is just a piece of paper. When he goes to sell his co-op he can't sell it without the approval of the co-op board. He said co-ops and houses are as different as apples and oranges. Mr. Applebaum wondered why co-ops and condos were taxed differently. He said its unfair to single family homes if you just go by the sale price – there must be some reason why they assess co-ops on the income approach.

Cindi Callahan, Sagamore Road, commented that another reason to adopt Homestead is to reduce certioraris. She said she understood Betsy Howard's concerns.. She said she doesn't understand why the Board would make a decision that is not fact based, that is substantiated with numbers. She said we don't know the impact to the business district.

Thomas Wolff, Pondfield Road, asked Mr. Wolham what was the relative density of co-ops to single 210 homes. Mr. Wolham said he didn't have any numbers to answer that question. Gerry Iagallo, assessing consultant, said he didn't have the exact figures but that there are less co-op owners as compared to residential. Mr. Wolff said the density is less in the 210 single family homes. He said that seems to him to offset the amount of taxes that are being generated by the 400 class of property.

Jon Gordon, said he works in the Village and is responsible for leasing about 60 stores in the downtown. He said since the Homestead option has been brought to light his phone has been wringing off the hook with business owners concerned that a vote in favor of the Homestead option will be a vote against them. He said he wanted the Board to know how it would be viewed by the local merchants and how it would affect his ability to bring in new merchants. He said the homeowners have to consider what would happen if the merchants left the downtown. He said 100% of the tax increase is passed on to the merchants.

A resident from Gramatan Gardens said one of the things that drew him to Bronxville was he felt that there was a big sense of community. He said that Homestead would divide the classes and there would be a huge amount of resentment.

Jeff Faville, Park Avenue Terrace, thanked the Board for extending the public hearing. He said this whole process makes him proud to be a citizen of Bronxville and to participate in our Village's democracy. He said that according to the most recent Community Plan prepared by the Planning Board half of the Village's housing stock is one family homes and the other half is condos and co-ops. He asked what's the greatest good for the greatest number. It seems to him that Bronxville is a community of mostly single family residences and he thinks the greatest good would be to help them out. He said he understands that co-op and condo residents don't want to pay more taxes, no one does.

A home owner said there are other towns like Pelham who adopted the Homestead Act and asked how have they been affected. She said it was her understanding that if the Board adopted the Homestead option it would keep everything the same so that the commercial section taxes wouldn't go up. It was also her understanding that if Homestead was not adopted the commercial section taxes would go down.

Mayor Marvin said about 10% of the municipalities who had the option voted for Homestead. As far as Pelham and Rye, she said the evidence is anecdotal. The people who were for it say it's a good thing. People in Pelham would argue they did stall the shift of the property tax burden, and other people would argue that it affected the business district.

John Wolham explained that the Homestead option would preserve the shares of the tax pie for Homestead and Non-Homestead prior to the reassessment. There was some discussion of how the shift in the property tax burden with and without Homestead would affect the commercial properties.

Betsy Harding, 39 Homesdale Road, made the following comments which she asked to be made part of the record:

"Once the big push was over for trying to get the Village to reassess, I started thinking more about the Homestead Option. I concluded that it would be very difficult to get the school budget passed each spring if the School Board had to tell one group of people they were getting a different tax rate increase from another group. Whichever group had the higher rate of increase would feel picked on and might not vote for the budget. I also worried that it would place a huge burden on the School District to have to re-educate everybody every spring about why there were different tax rates for the two different groups. After listening to arguments in favor of Homestead I have still not heard any compelling reason for the Board of Trustees to adopt Homestead.

The purpose of the Homestead Option is to soften the blow to one, two, and three family homeowners who are likely, as a group, to experience tax increases after a reassessment. Although this would make sense to me if our commercial class were composed of large businesses, in Bronxville our commercial class is made up of people, people who live here and people who operate small businesses and are also part of the community. Adopting Homestead would mean telling people who are entitled to a tax reduction that they must continue to subsidize people in houses who have been under taxed, as a group, before the reassessment.

The figures given out by the State on Monday, Nov. 13, show that only 16.21 percent of houses would have their assessments increased by more than 25 percent due to the reassessment. I think it is safe to assume that this group includes many of the houses that were substantially improved but not reassessed for the improvements as well as some of the more valuable houses that are under assessed due to changes in market conditions. It is important to remember that the owners of these houses have been receiving a tax benefit provided by the property owners who have been over assessed. While it is hard to give up a subsidy, I think the time has come.

We are all concerned about older people on fixed incomes who may have trouble paying their taxes no matter where they live. To the extent that there are people in that situation who are living in valuable under assessed houses, the reverse mortgage provides a means of paying the taxes required to continue to live in the same house as long as it is physically possible. I hope everyone can agree that people who own second houses (such as me and my husband) do not need protection from increased taxes in Bronxville, particularly if that protection comes in the form of a subsidy from villagers who live in apartments and small business owners.

The focus on the Homestead Option has refreshed the resentment some house owners feel about New York State's required method of assessing most cooperative and condominium housing. As a means of facilitating the wave of apartment conversions in the 1980's, the legislature required that most co-ops and condos be taxed as though they were still rental buildings. This generally produces a lower assessment than if the buildings were taxed on the value of each individual unit added up to a total. The law may have outlived its purpose but it is still the law. Any discussion about whether or not it is fair is basically irrelevant. Unfortunately, this law stirs up a great deal of animosity from at least a handful of single family homeowners. My feeling is that the dollars involved are small — the cost to other taxpayers from this law is just not all that great — and it's not worth worrying about. Whatever tax advantage there may be to owning an apartment, as opposed to a house, is an advantage that is available on an equal basis to everyone who wants to own an apartment.

Another reason not to adopt the Homestead Option is the possible negative impact on Bronxville's business owners. The State has not done an analysis of the intra-class shift that may occur in the commercial (non-Homestead) group if Homestead is adopted. The Village's impact study on reassessment, which was produced last winter by Joe Eckert, predicted a large shift in the tax burden from the apartment buildings to the store/office buildings after reassessment if Homestead is adopted. The prediction was based on limited data, basically the recent sales in the business district. In Bronxville's most recent tax cert case, a New York State Supreme Court judge reaffirmed that recent fair market sales are the best indicators of value for assessments. There is a link to this case on the website.

According to information given out at the November 13 meeting, the Village seems to be using the income approach to value for the store/office buildings as well as the apartment buildings. The Village is using a capitalization rate of 6.25 percent for the apartment buildings and 7.0 to 7.5 for the office/business buildings. There will almost certainly be litigation over the 6.25 cap rate. If the rate is not upheld, and Homestead has been adopted, there could be a major shift in tax burden from the apartments to the store/office buildings. At a minimum, I don't think the Trustees should adopt Homestead without having projections of what that shift would be under various scenarios. In sum, I am against the Homestead option for Bronxville."

Jason Caldwell, a Sagamore Road coop owner, commented on some of the disadvantages of owning a co-op vs. a single family home, such as the difficulty in getting a mortgage. He said you also have to consider the single men and women who tend to live in co-ops. He said you have to consider everybody's interests and try to find the best possible win for everybody.

Eric Fitzpatrick, 64 Sagamore Road, said it seems to come down to the homeowners are paying their fair share and the co-op owners aren't paying their fair share. He asked if there was some way to ease the burden for homeowners until you bring their new assessments up to the full value so they don't have an overnight hit in increased taxes. Mayor Marvin explained that there was a five year option, but the Board didn't entertain it, because if you were undertaxed, why would someone who was overtaxed want to subsidize you.

Trustee Barton asked if there was anything other than the Homestead option that we could consider.

John Wolham said there's an option in state law to allow assessments to be phased in. However, if you go through the process of trying to correct an inequity, you're still going to ask people to pay in more taxes who were over-assessed than you should and other people who have been under-assessed to pay less than they should. He said he didn't know of another option.

Andrea O'Halloran, a single family home owner, said she feels like there's an over-emphasis on the business owners – the community is about people who live here. She said most people who own buildings in town don't live here. She said she this discussion seems to be very slanted and individual homeowners have been lost in this argument. She said our taxes are going to increase and everyone else's are going to decrease, and it makes no sense.

Tom Fleming commented that when this issue started some homeowners weren't paying their fair share of taxes.

Sheryl Donner, a resident of Bronxville for past 16 years and Executive Director of the Chamber of Commerce, said she wasn't clear about how the tax burden will shift but said that many of the merchants told her they are very concerned. She said it challenging for merchants to stay in business in Bronxville with rents so high.

Robert Groundwater, property owner and business owner, said it seems to him that there will be very significant shifts in the tax burden. He said it seems to him that Homestead allows a period of time to phase them in and that it is revokable. He said it's a way of buying some time while we're evaluating what the shifts are. He encouraged the Board to adopt the Homestead option.

William Seltzer, attorney at 51 Pondfield Road, said he finds it hard to fathom why the Village would spend $600,000 for a reassessment and then freeze taxes on where they were before.

Megan Kau, 5 Orchard Place, said she would favor adopting Homestead because of the big decreases in assessment in the commercial sector.

Stephen Crawford, a resident for 12 years, said everyone has spent a tremendous amount of time talking about what is equity. He asked if the Board could take a little more time before making a decision on Homestead.

Jim Kroulas spoke again about the shift in the tax burden for different classes, with a 25% drop in tax dollars for the commercial sector without the use of Homestead. He said if the Board votes on Homestead initially, they can go back and revoke it – at least there's flexibility there.

There being no further public comments, a motion was offered by Trustee Bellitto, seconded by Trustee Barton, to close the public hearing at 9:37 p.m.

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Harold Porr III

Harold Porr III, Village Clerk