Policy Committee Meeting

Date: Wednesday, Sept 15th

In attendance: Robert Mould, Kenna StormoGipson, James Peters

Summary of Discussion

Clarify Purpose of ORPTAC:

1. "To ensure that the tax burden is shared in an **equitable** and **efficient way** for all the people in the City,"
2. To ensure that the City has the necessary resources to provide essential services. "the cost of providing essential services continues to escalate…"

From the City Charter: "All city powers shall be used to serve and advance the general welfare, safety, and aspirations of it's inhabitants in a sustainable manner and promote stewardship of natural resources for present and future generations."

Committee aims to ensure the above purposes are met.

To further this overall purpose of ORPTAC—we discussed.

1. Further defining and adding detail to high-level goals.
2. Assess if City has resources to meet the goals of the Commission, and if not then make recommendations to sufficiently resource the City to meet Commission goals.

Discussion of Equity and Efficiency related to RPT and meeting County needs:

1. Discussion of the equity of taxing vacant or second homes for the purpose of meeting affordable housing and homelessness needs. If a tax on investment and vacant properties could provide the resources necessary to provide affordable housing and address homelessness would this be equitable and efficient for the City?

2. The equity of taxing investment properties with long-term renters was discussed. Would a tax necessarily be passed onto a renter—to what extent do landlords pass on costs and or savings to tenants? How much is a tenants rent determined by market price instead of a landlord's cost? What tax advantages does a landlord have access to which a renter does not?

   Should there be a new property classification for landlords with long-term tenants, if so how would this property class be verified?

   Would it be better to simply have four proposed classes:
   1. Owner-occupied
   2. Long-term rented

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3. Short-term rented
4. vacant

3. Discussion of equity of Residential A tax. It is equitable and efficient for a second home worth $950,000 to be taxed at a substantially lower rate than a property worth over $1M?

   An owner could have four investment homes worth $900,000 (a total of $3.6M of investment property) and all would be subject to the owner-occupied rate of 0.35% and total taxes would be: $12,600. Meanwhile another owner could have one $2M investment home and their tax would be- $15,000. Is it equitable for the owner of four properties under $1M to pay less in taxes than one owner of a property worth $2M?

Questions Related to Residential A for the Real Property Assessment Division:

1. For the 96,786 properties without a homeowner's exemption that are not listed as Residential A[1], what are the reasons and how many fall into each category?

   Category 1: Property value is less than $1M?

   Category 2: Property is zoned as agriculture or some other non-residential zoning.

   Category 3: Property has 2 or more single family dwelling units per parcel. In this way a parcel with 2 properties each worth $2M would still only pay the homeowner rate of 0.35% on each property.

[1] There are 260,155 residential properties and 148,839 claim a homeowner's exemption, which leaves 111,316 residential homes without a homeowner's exemption. Of these 111,316 homes there are 14,530 classified as Residential A, which leaves 96,786 that are not classified as Residential A even though they do not have a homeowner's exemption.