

## 05-12-2021 Town Council Meeting Responses to Council Questions

### **ITEM #1: Discuss the Recommended Budget for FY 2021-22**

**Council Question:**

Can we get an idea of what the manager’s proposed tax increase would mean for a typical business on Franklin Street – in a dollar amount and as a % of their building rent?

**Staff Response:**

*Staff compiled a list of existing Chapel Hill businesses and looked at their assessed valuation and tax bill before and after the revaluation and computed the dollar difference they will see on their 2021 tax bill (assuming a 52.4 cent Town tax rate) and which reflects the % change in assessed valuation as a result of the revaluation.*

<b>Type of Business</b>	<b>Pre-Reval Valuation</b>	<b>Pre-Reval Tax Bill</b>	<b>Post-Reval Valuation</b>	<b>Post-Reval Tax Bill</b>	<b>Annual Change</b>	<b>% Change</b>
Single Tenant Restaurant – W Downtown	\$292,400	\$1,591	\$341,800	\$1,791	\$200	16.89%
Single Tenant Restaurant – E Downtown	\$1,767,900	\$9,617	\$1,505,100	\$7,887	(\$1,731)	(14.87%)
Single Tenant Retail – E Downtown	\$2,877,000	\$15,651	\$2,715,200	\$14,228	(\$1,423)	(5.62%)
Multiple Tenant Office/Retail - Downtown	\$7,350,000	\$39,984	\$6,193,100	\$32,452	(\$7,532)	(15.74%)
Mixed Retail/Service – near Eastgate	\$2,071,000	\$11,266	\$2,473,900	\$12,963	\$1,697	19.45%
Mixed Retail/Service – N Chapel Hill	\$1,220,400	\$6,639	\$1,587,900	\$8,321	\$1,682	30.11%
Multiple Tenant Office Building	\$30,593,700	\$166,430	\$38,938,900	\$204,040	\$37,610	27.28%
Mixed Use Development	\$52,390,200	\$285,003	\$59,154,000	\$309,967	\$24,964	12.91%
Apartment Building – Blue Hill	\$69,227,900	\$376,600	\$82,602,800	\$432,839	\$56,239	19.32%

*The building rent is not publicly available for these businesses. Using the average price per square foot downtown of \$28, a space that is 2,500 square feet would pay \$70,000 annually (\$5,833.33 monthly) in rent. Based on the table above, it’s difficult to predict if and how changes to property tax bills would impact tenant rents downtown.*

**Council Question:**

If the OC Assessor does not come up with a plan to make the valuations in Northside and Pine Knolls more equitable, what options would the Council have for tax relief for long-term low-income residents?

**Staff Response:**

*Statutorily, there is not much that a town can do to provide property tax relief for the community. Here is guidance that has been published by the School of Government:*

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<https://canons.sog.unc.edu/gentrification-and-property-tax-relief/>

*A county has a bit more scope and can provide tax-relief options for the elderly, veterans and a few others that are application based (ex: Homestead Exemption).*

*The Town is exploring options where some of the Town's non-profit partners might be able to provide assistance. For example, Self Help has received funding through a private foundation grant to help provide tax relief payments for the last several years.*

*Specifically related to the valuations in Northside and Pine Knolls, the homeowners have the opportunity to appeal their valuations directly with Orange County.*