

To: Hinesburg Selectboard
From: Lot 15 Committee
Re: Progress Report on our investigations
Date: Thursday, June 16, 2011

Initially the committee expanded the basic questions from the Selectboard as presented to us by Hank Lambert to the following specific questions and used these to direct our work:

- A. What is the **acquisition process** to obtain Lot 15 ownership if an application to the DRB is denied on the basis of, among other criteria, the Official Map? *Covered below*
- B. What are the potential **viable community uses** of Lot 15? *Covered below*
- C. What is the approximate **cost to purchase** Lot 15? *Covered below*
- D. What are the approximate **costs to plan, develop and maintain** these community uses? *Not covered yet*
- E. What are the potential **funding sources to purchase Lot 15, and to plan, develop and maintain** these community uses? *Covered only generally below*
- F. What are the potential **public benefits and/or incomes** from any of these community uses? *Covered below*
- G. What might be the **effect on individual property taxes and Town revenue** to acquire, plan, develop and maintain Lot 15 for any of these community uses? *Covered only generally below*

The Lot 15 Committee has met six times and as of our latest meeting on June 2nd can make the following comments:

Acquisition Process

The implications of the relationship between the two and a half year purchase option held on Lot 15 and the 120 day period after a DRB rejection of the application for the Town to take action to acquire is a major, if not **the** major issue. There is essentially no legal case history associated with the authority of an Official Map. From what we have found, neither

Bud Allen nor any other Vermont attorney has any experience with this question. Further investigation would require the Town to spend money on legal opinion.

It is apparently possible for a town to use the eminent domain process to override option agreements and proceed with a purchase and there is substantial case history on eminent domain. A critical requirement for effectively using eminent domain is to clearly show the "necessity" of public ownership - e.g. for a road, water or sewer main, town center, police station. The Town will need to prove "necessity." There remains a question as to whether use as a public park would be considered a necessity. Case law has also confirmed the eminent domain process can be used when working with a "willing seller." However, the definition of what constitutes the town taking steps to acquire the property, other than possibly pursuing eminent domain, is undefined in the Official Map legislation or Vermont case law.

Viable Community Uses

A variety of possible public uses for Lot 15 are being explored - a town green with tree planting and integrated "wetland", lawn/play field area, backstop, benches, bandstand, gravel paths, children's play area (e.g. swings, climbing structure, seesaw, slide), path lighting, pond/ice-skating, community greenhouse, multigenerational center, and relocated town library. There may be a possibility of the Town leasing some of Lot 15 for small scale commercial development in combination with some of the public uses listed above. The existing site, because of its wetland, has limitations, which means not all these activities can be included.

A survey of public and private parking options near Lot 15 showed there exist approximately 139 private spaces within Commerce Park, approximately 30 public spaces along one side of Commerce Street that could be developed and 74 private spaces on the south side of Mechanicsville Road (phone company offices and "Blue Mall"). An additional 59 spaces may be developed on Lot 1 on the west side of Route 116 not including the spaces designated for town emergency responders use. Spaces for handicapped parking are included in these numbers. At a minimum, there should be several HC spaces developed within Lot 15 as the closest potential spaces, at the bank and post office, are approximately 300ft from the middle of Lot 15.

Cost to Purchase

The current assessed value of Lot 15 is \$180,000. If that dollar amount is the purchase price, Lot 15 would be valued at \$40,000 per acre. Our informal review of the offering price for 15 commercial properties in towns near Burlington indicates that, at \$180,000, Lot 15 is one of the lowest per acre. Only two 35 acre parcels were lower per acre.

After checking with local commercial appraisers, we conclude that "drive-by" or "windshield" appraisals, particularly for Lot 15 and its rather unique conditions (e.g. some wetland, zoned commercial and designated for public use on the Official Map, long time on the market), could be very misleading. A full appraisal will cost \$3,000 to \$5,000 and may take up to three months to prepare.

(It should be noted that a full appraisal will typically be required if funding from a nonprofit, state or federal government source is sought. The lead-time for such an appraisal may be 60 to 90 days. The long lead time means that if town purchase of Lot 15 were to be considered, contracting for an appraisal should start immediately after any DRB rejection of the Hannaford plan based on the official map)

Costs to Plan, Develop and Maintain

Costs for the planning, development and maintenance will be estimated once the committee has identified potential viable community uses.

Funding Sources to Purchase, Plan, Develop and Maintain

Funding sources are being researched and more definite information will be provided as we continue our work and viable community uses are more completely defined.

Possible sources include Vermont Housing and Conservation Board, Land and Water Conservation Fund, Trust for Public Land, Preservation Trust of Vermont, Vermont Community Foundation, Orton Family Foundation, Vermont Land Trust, the Hinesburg Land Trust, the Hinesburg Land Conservation Fund and a Town budget line item and/or bond vote. The actual funding sources that may be available will to some degree depend on what community uses are ultimately proposed. It is likely that a combination of funding sources (public, private, nonprofit, federal, state and local) can be used. It is also

likely that funding can be obtained over time as each stage - purchase, planning, and development - of the overall project is implemented.

(A number of local citizens have indicated a desire to make private donations to purchase Lot 15 if that opportunity arises.)

Effect on Town Revenue and Individual Property Taxes

(The following numbers do not yet include the town revenue and tax implications of the costs for planning, developing and maintaining Lot 15 for public use.)

Assessed value of all properties as of 6/29/10: \$513,618,100
(\$5,136,181 Grand List)

2010-2011 Residential Tax Rate: \$1.8659 (\$0.4384 Town, \$1.4275 Education). 2010-2011 Non-Residential Tax Rate: \$1.8683
(\$0.4384 Town, \$1.4299 Education)

2010-2011 Hinesburg taxes to be raised: \$2,246,483

2010-2011 Lot 15 Commerce St appraisal is \$180,000; Property Tax Bill \$3,362; \$789 Town Portion (0.035% of taxes to be raised)

COMMERCIAL DEVELOPMENT ON LOT 15

Assume large commercial development on Lot 15 valued at \$3,000,000; net addition to grand list would be \$2,820,000 (\$3,000,000 minus current appraised value of \$180,000); produces a decrease of \$0.0024 on tax rate. Residential Tax Rate would become \$1.8635 and Non-Residential Tax Rate would become \$1.8659. A \$100,000 residential property would see decrease of \$2.40 per year.

For Lot 15 Commerce St with large commercial development the Tax bill would be \$52,618; \$12,295 to Town and \$40,323 to Education. \$12,295 represents 0.55% of all Town taxes to be raised.

TOWN PURCHASES LOT 15 WITHOUT BONDING (ONE YEAR LINE ITEM)

Assume purchase price \$180,000; subtract \$180,000 from grand list and add \$180,000 to Town taxes to be raised; assume everything else remains same as 2010-11 tax year above.

Results in a \$0.0352 tax rate increase. Residential Tax Rate would become \$1.9011 and Non-Residential Tax Rate would become \$1.9035. A \$100,000 residential property would see increase of \$35.20 for one year.

TOWN PURCHASES LOT 15 WITH BOND FOR 20 YEARS AT 4%

Assume purchase price \$180,000; subtract \$180,000 from grand list and add \$13,089 to Town taxes to be raised; assume everything else remains same as 2010-11 Tax year above. Results in \$0.0027 rate increase. Residential Tax Rate would become \$1.8686 and Non-Residential Tax Rate would become \$1.8710. A \$100,000 residential property would see increase of \$2.70 per year.

TOWN PURCHASES LOT 15 WITH 100% GRANT/PRIVATE FUNDING SOURCES

Assume purchase price \$180,000; subtract \$180,000 from grand list; assume everything else remains same as 2010-11 Tax year above-results in \$0.0002 rate increase. Residential Tax Rate would become \$1.8661 and Non-Residential Tax Rate would become \$1.8685. A \$100,000 residential property would see increase of \$0.20 per year.

NOTE: Based on the 2010-11 Grand List, when Town spends additional \$10,000 (i.e. \$10,000 additional taxes to be raised), a \$100,000 residential property would see tax increase of approx. \$1.95 per year.