

Arden Board of Assessors Report 2020

This year's Board of Assessors adopted the principle of the Community Standard of Living Method of Arden Assessment in use since 1980 as the basis for determining total land rent.

The "Community Standard of Living Method of Arden Assessment" defines total "Full Rental Value" of the leaseholds as the sum of town expenses (both "non-budget" in the form of county and school taxes, and "budget" as embodied in the town's budget), and the cost of administering the trust, while maintaining a "prudent reserve". The Assessors determine Full Rental Value for each leasehold, using formulas intended to reflect the relative value of leaseholds, based on lot size, zoning privileges and location factors (see rates and factors below.) Based on information obtained from the Budget Committee, the Village Treasurer and the Trustees, the Board of Assessors presents the following report.

The Board of Assessors uses a multi-tier evaluation of each leasehold. The "A Rate" applies to the first 7,116 square feet of a leasehold. This number is based on the smallest leasehold in Arden.

The County Code permits construction of one dwelling unit on each Arden leasehold. It also permits accessory dwelling units on Arden leaseholds existing prior to May 1, 2007 referred to as "grandfathered ADUs". There are a total of 49 of these "grandfathered ADUs." In addition the Trustees and the County, as approved by the Town assembly in 2017, permit every leaseholder to create one additional dwelling unit ("New ADUs"), subject to certain conditions, including: the "New ADU" must be incorporated into or attached to the principal domicile; The property owner shall occupy and reside in either the principal dwelling unit or the ADU as his or her principal legal residence and it must be approved by the Trustees and the County. The Board of Assessors believes that the "B Rate" should not apply to the privilege associated with "New ADUs" not approved by the Trustees and the County because all leaseholders have the same privilege. It has determined that the "B Rate" should apply only to "grandfathered ADUs." "Grandfathered ADUs" differ from "New ADUs" because they are not subject to the conditions applicable to "New ADUs." The B Rate is set at \$800, the same as last year.

The "C Rate" is applied to the amount of land of a leasehold not covered by the "A Rate", i.e., in excess of 7,116 SF. The "C Rate" is assessed at 40% of the "A rate."

The "D Rate," the commercial rate, is currently for one leasehold. The "D Rate" continues at a surcharge of 75% of the "A Rate" with no location factor deduction for frontage on Marsh Road.

The Base Land Rent (BLR) for a leasehold is a total of all applicable "Rates."

The specific location factors are as follows:

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| 1. Leaseholds adjacent to Arden Forest, Ardencroft Forest, or Sherwood Forests | +10% |
| 2. Leaseholds fronting on Arden Forest, Sherwood Forest, or Ardencroft Forest by being across the street | + 5% |
| 3. Leaseholds adjacent to or fronting on a communal green | + 5% |
| 4. Leaseholds adjacent to Harvey Road and/or Marsh Road | - 5% |
| 5. Leaseholds having driveway access only to Harvey Road and/or Marsh Road | - 5% |

Notes:

1. The specific location factor charges (in dollars) to be added to or subtracted from the sum of the Base Land Rent (A Rate + B Rate + C Rate) are obtained by multiplying the Base Land Rent for the leasehold by the appropriate specific location factors as given above.

2. Location factors are additive, if both are applicable.

- 3. If multiple forest factors apply, the higher of the two factors shall be applied.
- 4. No fractional or partial factors apply for leaseholds fronting or adjacent to forests or communal greens.

The Board of Assessors set the "A rate" for March 2021 at \$299.75 per thousand square feet. Applying that rate, and the other rates and factors described above, the total assessment for 2020 is \$757,522, an increase from 2019 of 4.6%. The average increase in the amount of the assessment per leasehold is 4.5%. The increased assessment is necessary to cover a 4.5% increase in forecast School & County Taxes, partially offset by a 5.4% reduction in the Arden Town Budget and Other non-budget items. The assessment results in an expected difference between expenditures and revenues of \$(6,129), reducing the forecast prudent reserve at March 30, 2021 to \$104,281. The Board of Assessors agrees the Prudent Reserve has dwindled in recent years and must be restored to an amount larger than defined in this report; however with year over year consistency in mind, this Board chose to begin the multi-year process of rebuilding the Prudent Reserve to minimize leaseholder impact.

The companion spreadsheet which includes specific leasehold assessments is part of this 2020 Assessors Report.

1) Forecasted Expenditures:

School & County Taxes	\$ 547,253
Trust Administration	\$ 26,787
Arden Town Budget	\$ 88,550
Other non-budget items	\$ 173,608
Total forecast expenditures	\$ 836,198

2) Forecasted Revenue:

Forecasted Revenue from sources other than land rent*	\$ 72,496
Total Revenue from land rent	\$ 757,522
Total expected revenue	\$ 830,069

* (United Water tower, Comcast/Verizon BWVC Rentals, interest, Municipal street aid, Other)

3) Prudent Reserve:

Expected difference between expenditures and revenue	\$(6,129)
Prudent Reserve as of March 24, 2020	\$119,898
Forecast Prudent Reserve for March 30, 2020**	\$100,488
Forecast Prudent Reserve projected for March 30th, 2021	\$104,281

Base Land Rent examples:

Lot size	A Rate	+ C Rate	= Total
8,000 sq. ft.	(7,116*299.75/1000) \$ 2,133.02	+ (884*299.75*.4/1000) \$ 105.99	= \$ 2,239.01
10,000 sq. ft.	(7,116*299.75/1000) \$ 2,133.02	+ (2,884*299.75*.4/1000) \$ 345.79	= \$ 2,478.81

20,000 sq. ft. $(7,116 * 299.75 / 1000) \$ 2,133.02 + (12,884 * 299.75 * .4 / 1000) \$ 1,544.79 = \$ 3,677.81$
 30,000 sq. ft. $(7,116 * 299.75 / 1000) \$ 2,133.02 + (22,884 * 299.75 * .4 / 1000) \$ 2,743.79 = \$ 4,876.81$
 40,000 sq. ft. $(7,116 * 299.75 / 1000) \$ 2,133.02 + (32,884 * 299.75 * .4 / 1000) \$ 3,942.79 = \$ 6,075.81$

Rate and Factor examples using 2020 Rates:

1. A 20,000 sq. ft. lot containing one dwelling unit, on a village green and adjacent to a forest:

A RATE - 7,116 sq. ft. * \$299.75/ M sq. ft.	\$ 2,133.02
C RATE - 12,884 sq. ft. * \$299.75/ M sq. ft. * 40%	\$ 1,544.79
Base Land Rent	\$ 3,677.81
Forest Factor \$3,677.81 / * 10%	\$ 367.78
Greens Factor \$3,677.81 / * 5%	\$ 183.89
Total Land Rent	\$ 4,229.48

2. A 30,000 sq. ft. lot containing three dwelling units and adjacent to Arden Forest:

A RATE - 7,116 sq. ft. * \$299.75/ M sq. ft.	\$ 2,133.02
B RATE - Two ADU charges (2*\$800)	\$ 1,600.00
C RATE - 22,884 sq. ft. * \$299.75/ M sq. ft. * 40%	\$ 2,743.79
Base Land Rent	\$ 6,476.81
Forest Factor \$6,476.81 / * 10%	\$ 647.68
Total Land Rent	\$ 7,124.49

3. A 10,000 sq. ft. lot containing two dwelling units:

A RATE - 7,116 sq. ft. * \$299.75/ M sq. ft.	\$ 2,133.02
B RATE - One ADU charge	\$ 800.00
C RATE - 2,884 sq. ft. * \$299.75/ M sq. ft. * 40%	\$ 345.79
Total Land Rent	\$ 3,278.81

4. A 20,000 sq. ft. lot containing one dwelling unit:

A RATE - 7,116 sq. ft. * \$299.75/ M sq. ft.	\$ 2,133.02
C RATE - 12,884 sq. ft. * \$299.75/ M sq. ft. * 40%	\$ 1,544.79
Base Land Rent	\$ 3,677.81
Total Land Rent	\$ 3,677.81

**THE 2020 BOARD OF ASSESSORS
Vote on Final Report (June 2020)**

<u>2020 Assessor</u>	<u>Assessor's Signature</u>	<u>Assessor's Vote</u>
Brooke Bovard		
Pam Politis		
Deborah Ricard		
John Scheflen		
Elizabeth Varley		
Tom Wheeler		
Mark Wood		