

Long Beach Property

Financial Issues for Discussion
with the Board of selectmen

Long Beach Facts & Considerations

- The latest draft provides an excellent characterization of the issues involved in leasing or selling the Long Beach property.
- The financials section adequately bounds the extremes of the choices the Board of Selectmen will have to make.

Major Points for Discussion

- Property Values and Lease Rates
- What is a “Fair Market Value”?
- The Seawall
- Proceeding in the Short Term

Property Values and Lease Rates

- Long Beach land represents a Major Town Asset with an assessed value of \$63.02M in 2013*.
- In FY2013, lease revenues were \$304,317*, & property tax paid on land was \$700,767, taken together 1.59% of assessed value, less than a “Fair Market Value” would yield.

The Town should establish a policy goal of achieving a “Fair Market Value” return from future leases and move toward that goal at a judicious pace.

*Long Beach Facts & Considerations

What is a “Fair Market Value”?

- Certified Real Estate Appraisers should establish an official estimate of “Market Value” of the rental value of land at Long Beach, at regular intervals.
- What is “Fair” is more complex.
 - Fair to LB renters, to taxpayers, to beach goers
 - A transparent, broadly justifiable return on the value of the LB land asset
 - A dynamic process for adjustment to incorporate changing market values and impacts.

The Seawall

- Reconstruction & Repair of the Seawall at Long Beach is projected to be between a few million and \$22 million or more, depending upon numerous factors.
- Commitment to such a project is currently beset by numerous major uncertainties, affordability not the least.

Planning for such a project should proceed in earnest to remove uncertainties, but commitment to action should be deferred pending resolution of those uncertainties.

The issues of Leases and Reconstruction & Repair need not and should not be linked.

Proceeding in the Short Term

- Full engagement of Long Beach Homeowners and the Town Taxpayers in the discussion of Leases and of the disposition of the Seawall is just beginning.
- One of the possible outcomes could be that the town decides to sell the land parcels to the Homeowners.
- Long Term commitments to a fair and just resolution of all issues seems highly improbable in the next year or two.

The Town should consider only short term leases that contain the first steps toward the goal of achieving a “Fair Market Value” return on the Long Beach Land.

If it decides to continue leasing the land, it should also use a documented process for establishing and revising the “Fair Market Value” goal on a regular basis.