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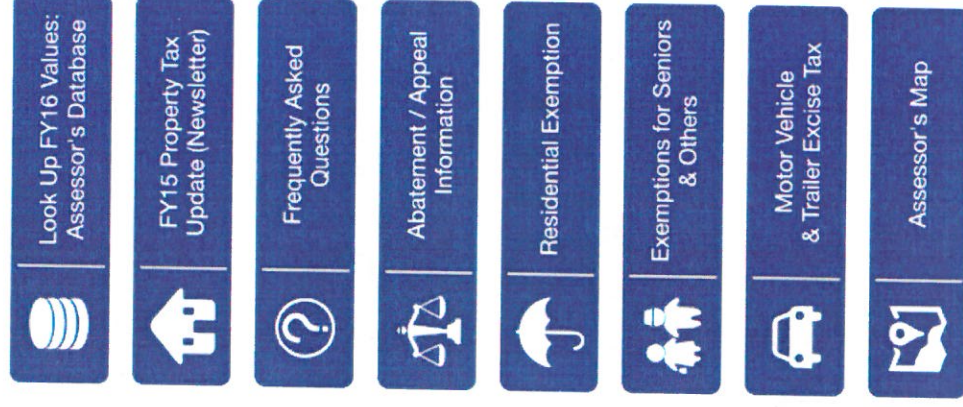
Classification Hearing

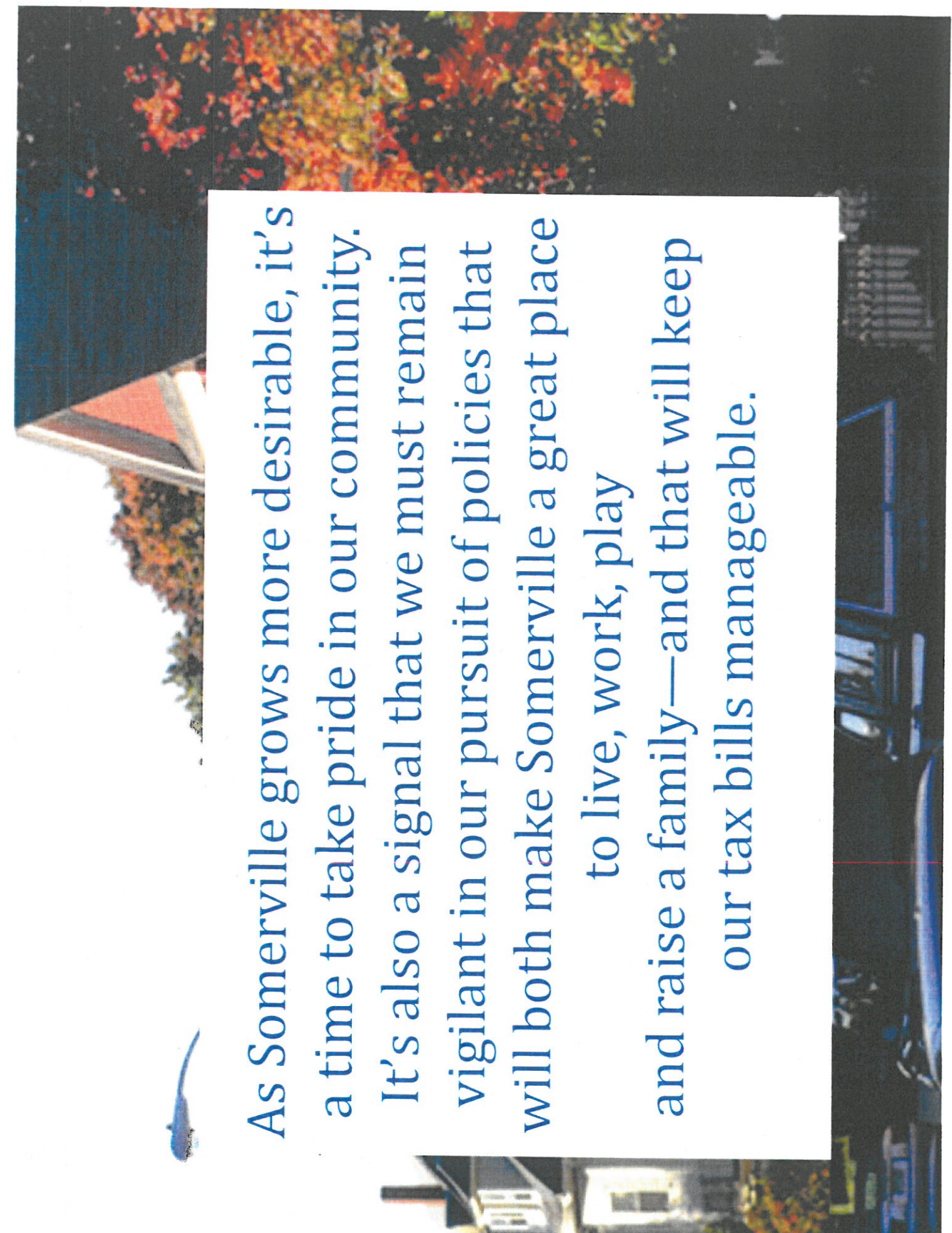


Mayor Joseph A. Curtatone
November 24, 2015

Assessors Continue Expanded Outreach & Services

- Values released six weeks early
- Property tax update to be sent to every owner
- Late Thursday office hours to be advertised
- Revamped webpage offers easy access to information
- Continued promotion of all information throughout the month of December



A photograph of a town street with autumn trees and a building. The image is oriented vertically on the page. The text is centered on a white rectangular background.

As Somerville grows more desirable, it's a time to take pride in our community. It's also a signal that we must remain vigilant in our pursuit of policies that will both make Somerville a great place to live, work, play and raise a family—and that will keep our tax bills manageable.



Assessment Key Updates

Recent Tax Relief Initiatives

- Residential Exemption amount increased to 35%
- Eligibility level & maximum amount increased for seniors (41C recipients)
- Senior work-off income limits increased
- Interest rate lowered & income limit raised for tax deferral program (41A)
- Additional real estate exemption up to 100% allowed
- Tax deferral on property & auto excise for National Guard members & reservists

35% Residential Exemption starting 2015

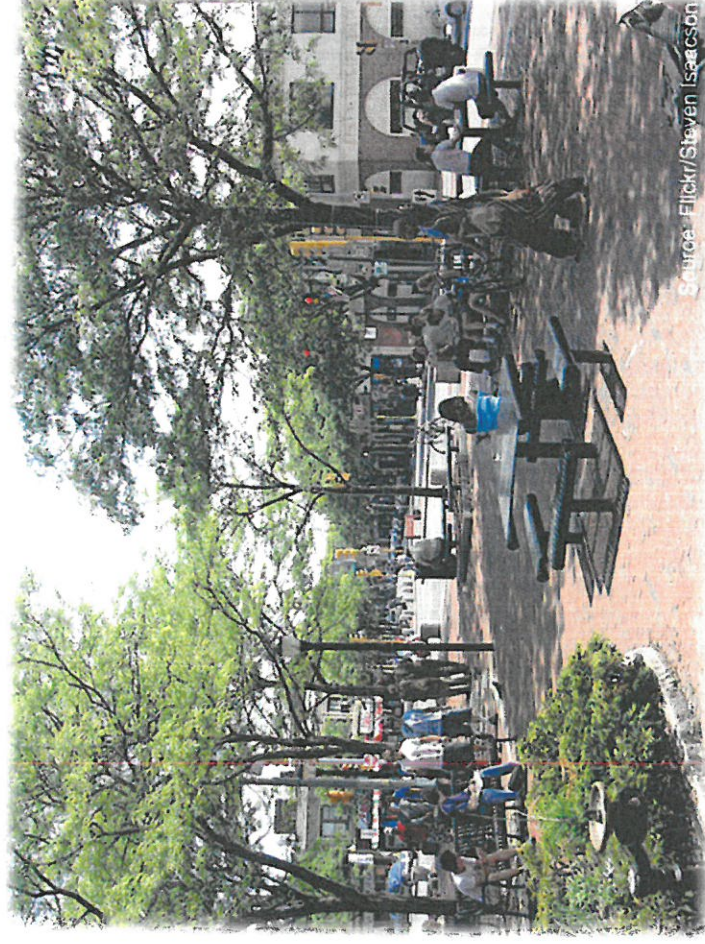
- The largest residential exemption percentage in the state

\$2,624
Residential
Exemption
Tax Savings in
FY16

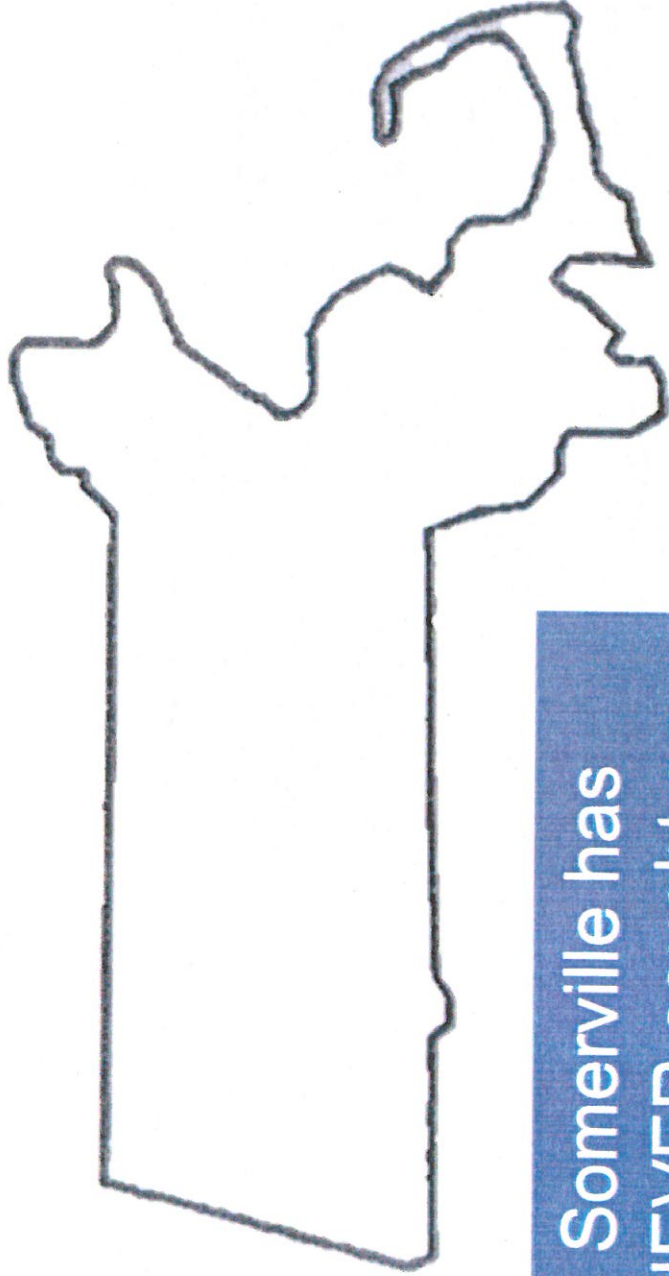
No override in Somerville

Once again, we are not going to the Levy Limit

- **\$304,000** total excess levy capacity



Since 2000,
221 Mass. Communities have requested
1,487 overrides



**Somerville has
NEVER sought an
override**

As of October 2015

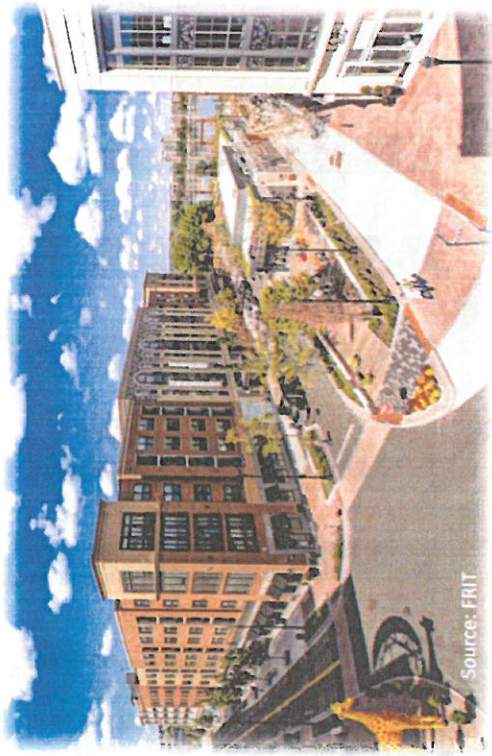
Continued Strong New Growth

Annual New Growth – FY2003 through FY2016



Commercial Growth Producing New Tax Revenues

- **51%** (\$1.7M) of new tax levy growth is from commercial sources
- Assembly Row development is saving residential taxpayers money on their tax bills



Property Type	Annual Taxes Avoided
Condominium	\$100
1-Family	\$144
2-Family	\$167
3-Family	\$199
4-8 Family	\$265

Assembly Square DIF Success

- FY16 Debt Service: \$ 916,693
- FY16 Projected Captured Increment: \$2,305,975
- FY16 Actual Captured Increment: \$2,672,259



Image Source: FRIT

DIF revenue is more than double the debt service and is ahead of projections

Highest Bond Rating Ever

S&P **A+**  **AA+**

2004

2015

Moody's **A2**  **Aa2**

2004

2015

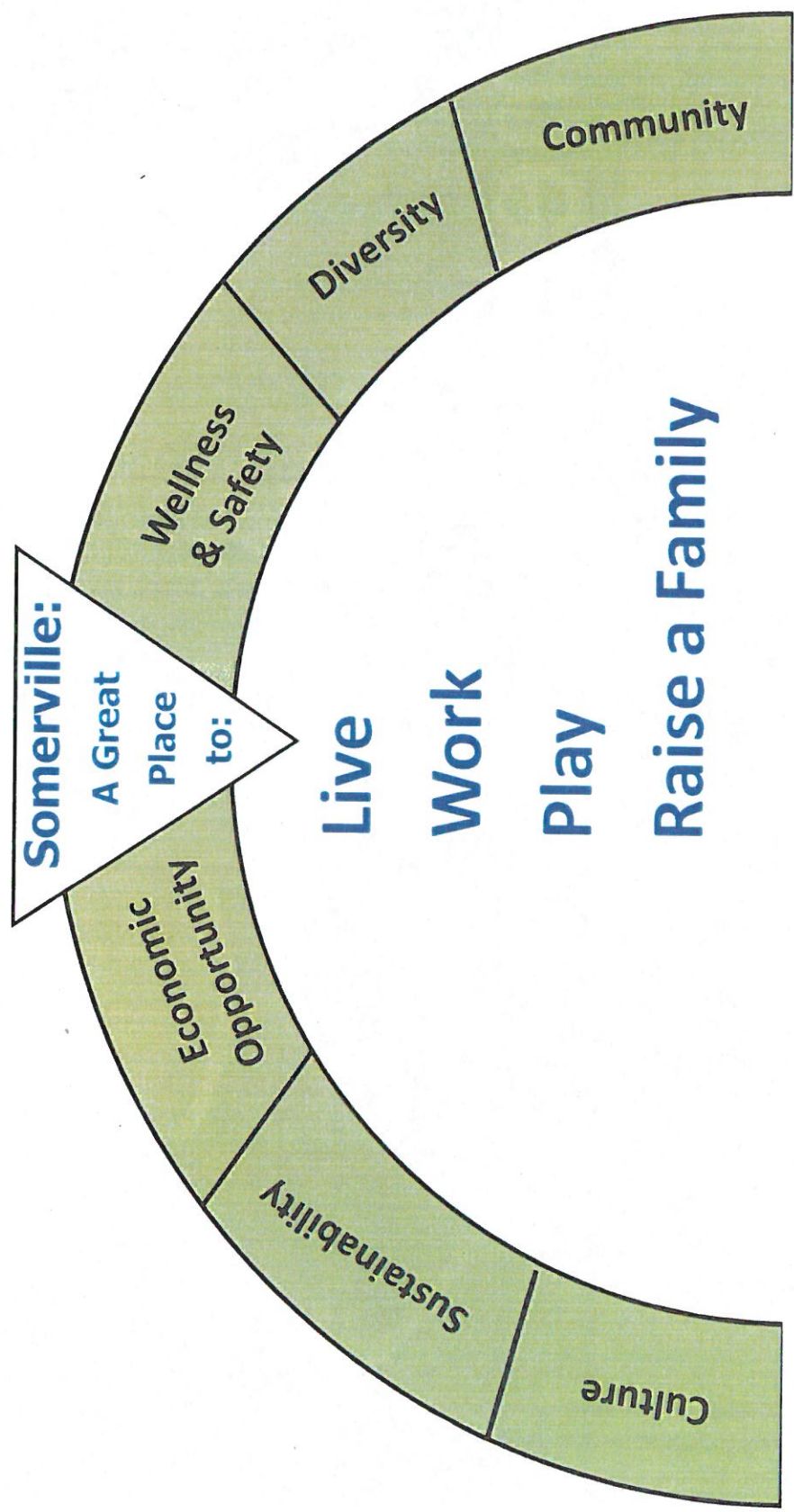
Ratings guarantee savings for Somerville

Investing

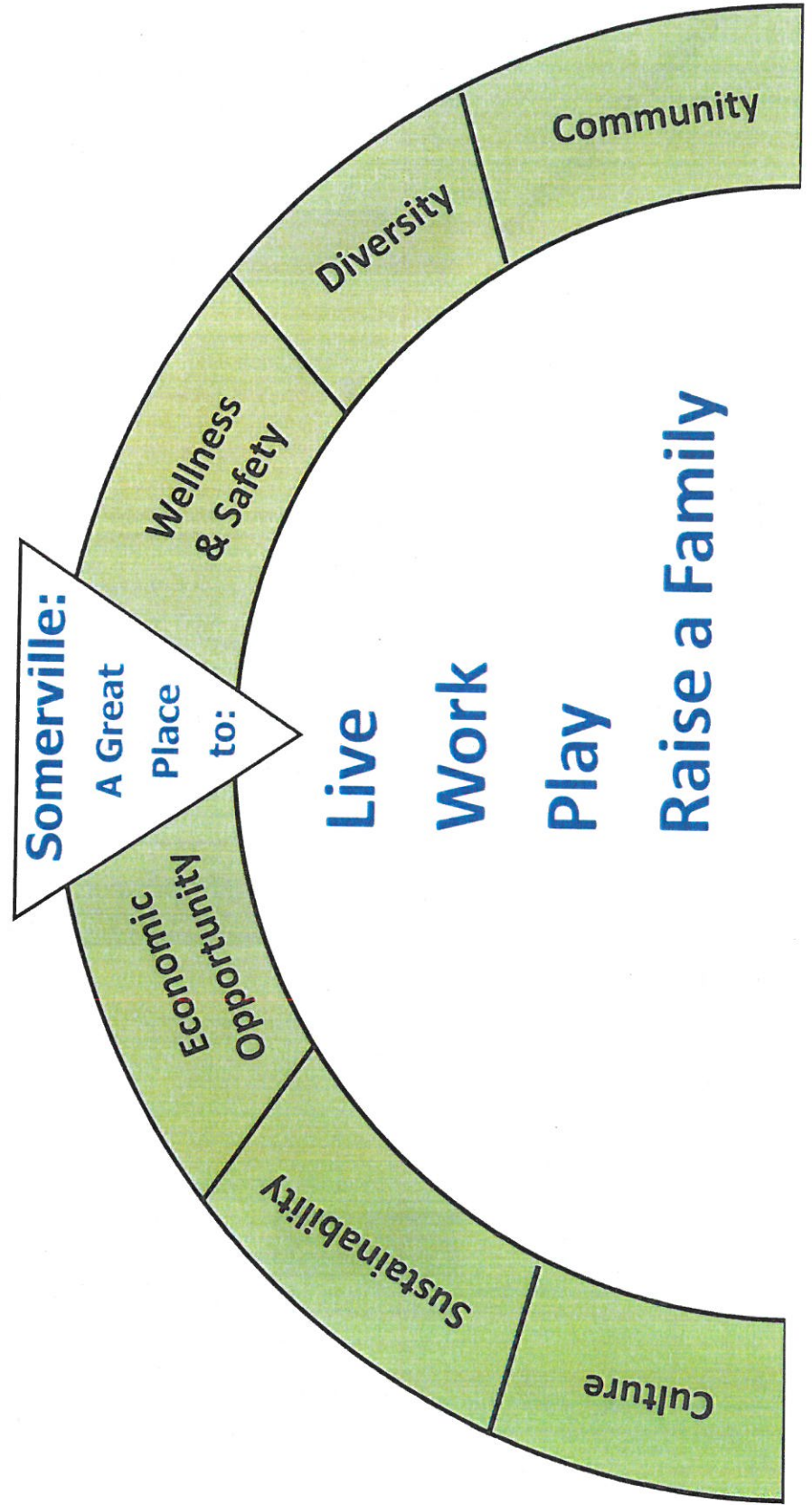
in

Somerville

A Budget Guided by Our Core Principles and the Community's Orienting Values

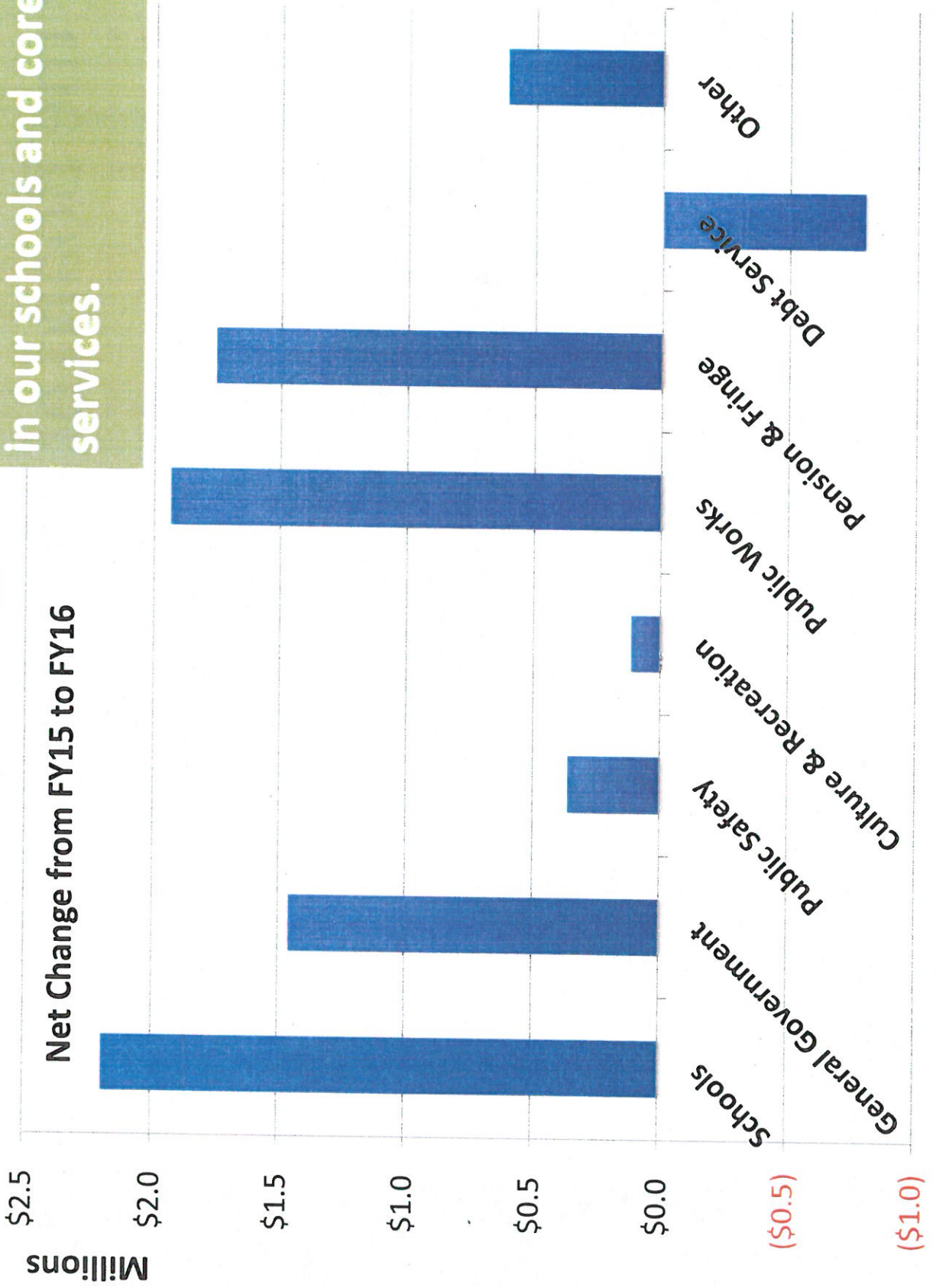


A Budget Unanimously Approved by the Board of Aldermen



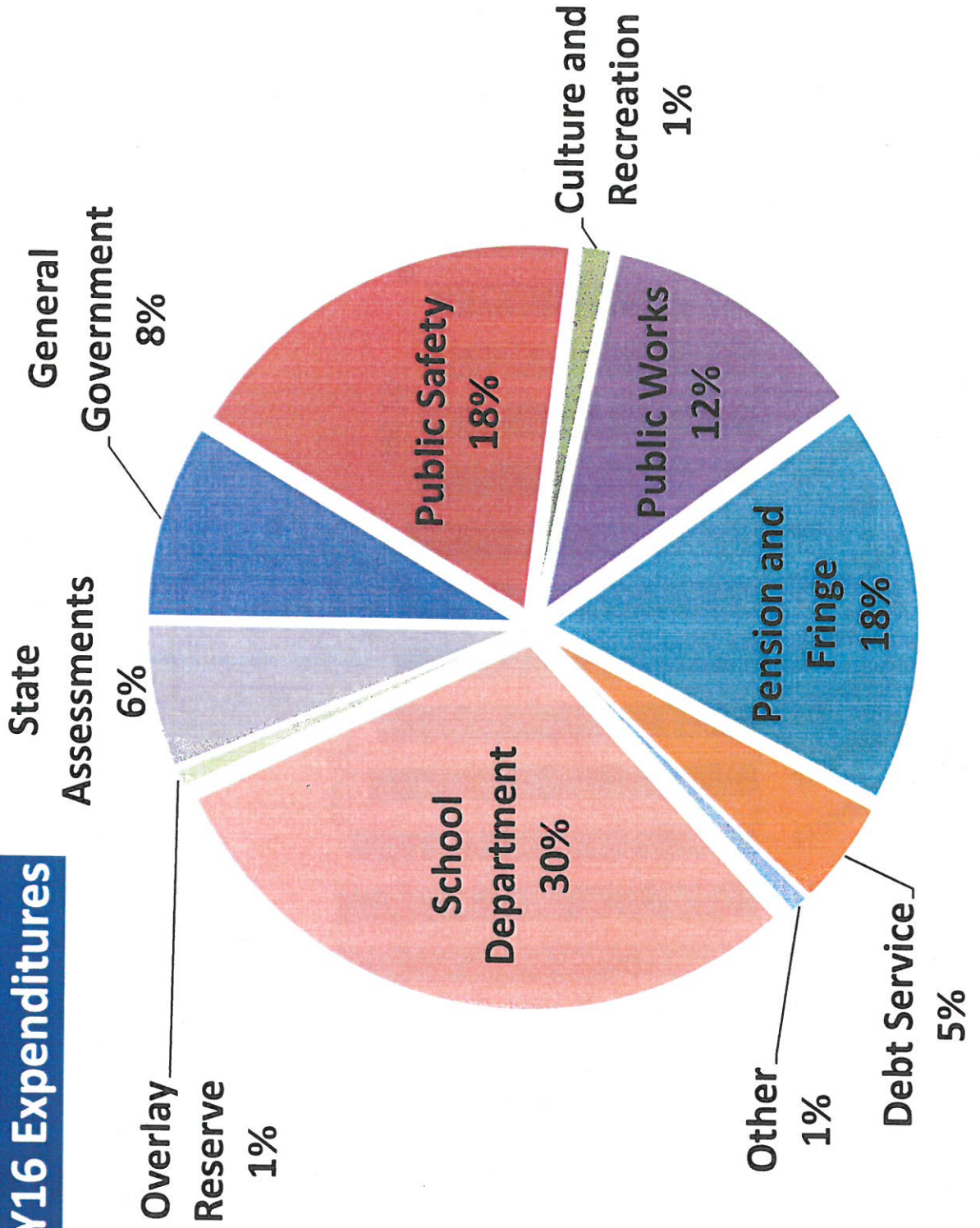
Values Driven Budget

Continued investment in our schools and core services.



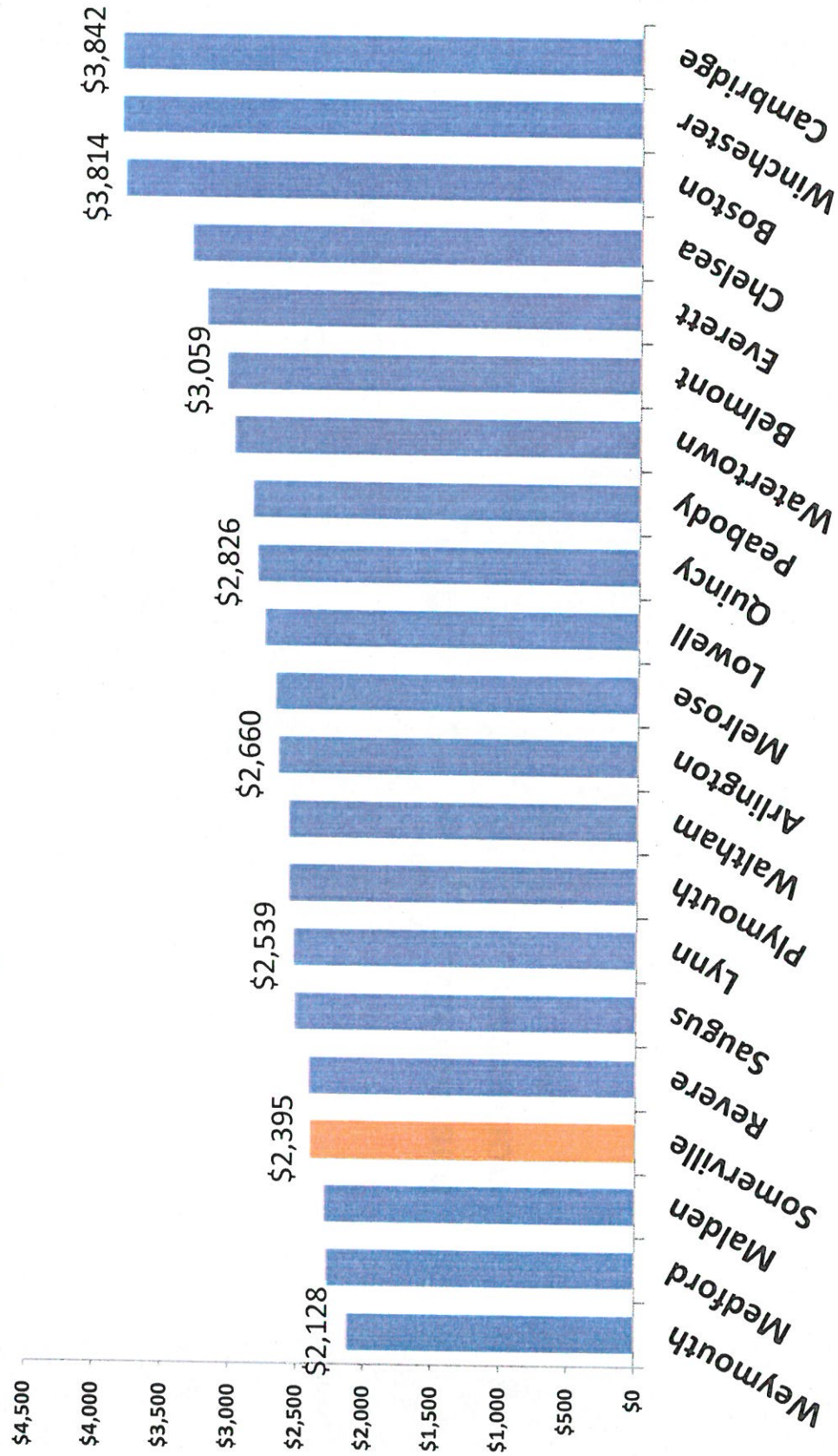
General Fund Expenditures

FY16 Expenditures



Some of the Lowest Spending Per Capita

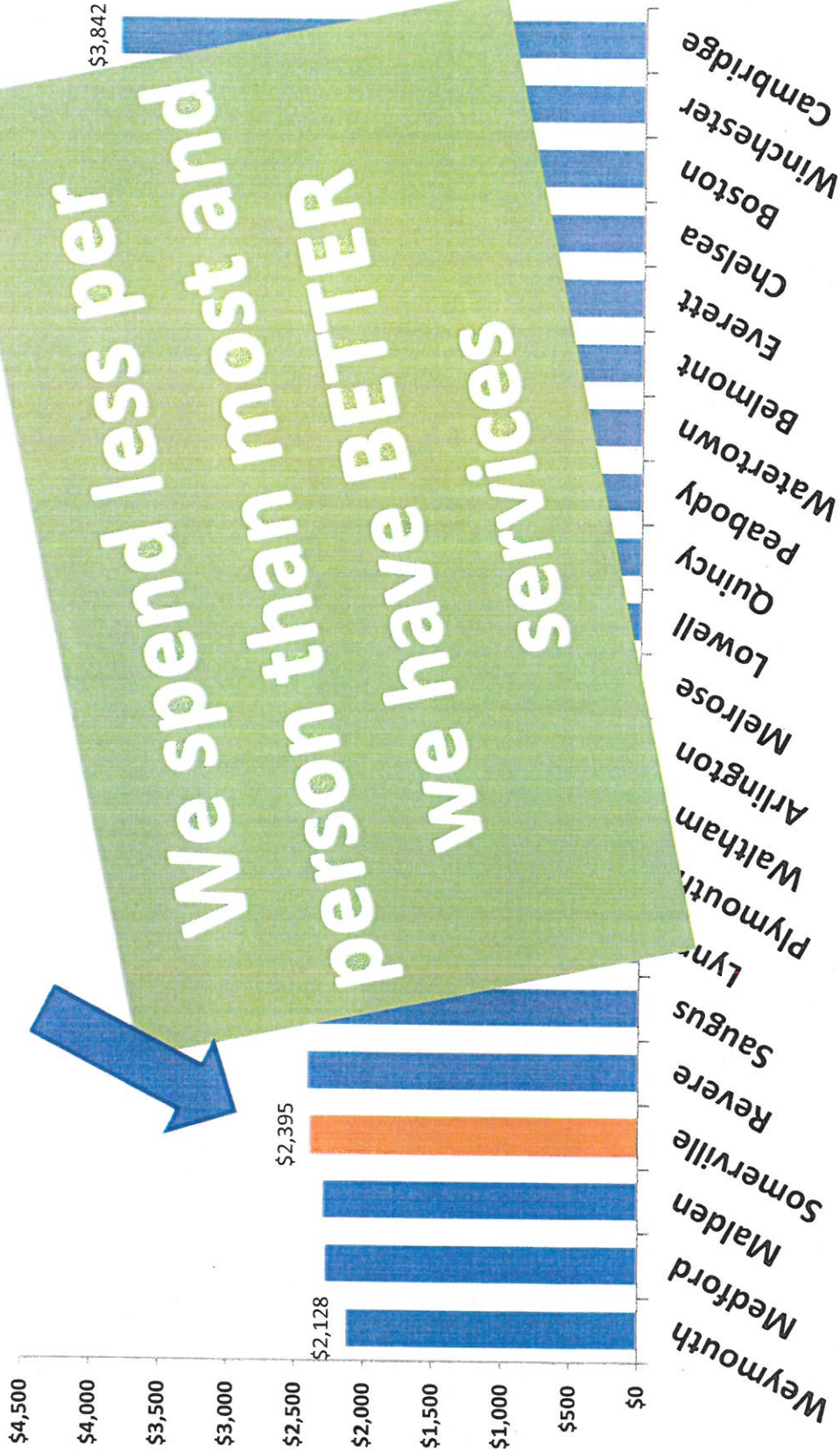
FY15 General Fund Spending Per Capita



Source: Dept of Revenue 2015 Community Comparison Spreadsheet

Some of the Lowest Spending Per Capita

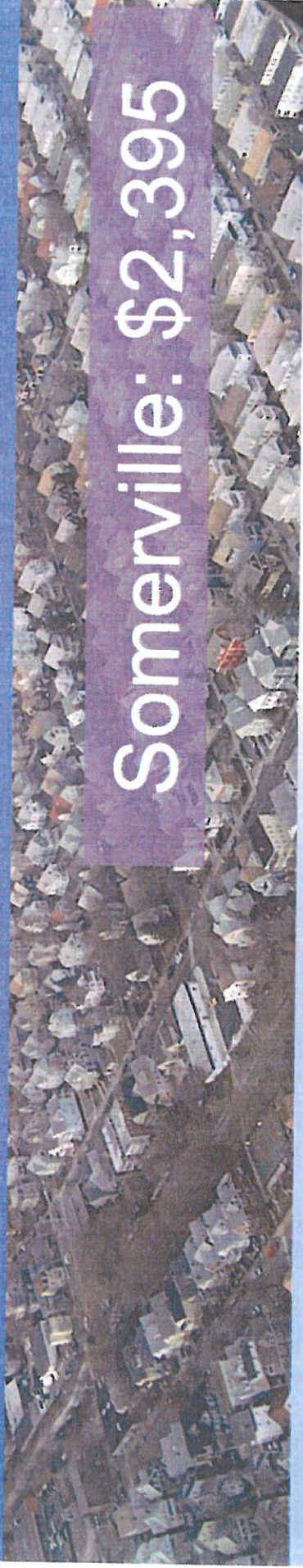
FY15 General Fund Spending Per Capita



Source: Dept of Revenue 2015 Community Comparison Spreadsheet

Spending per Capita

(General Fund FY15)



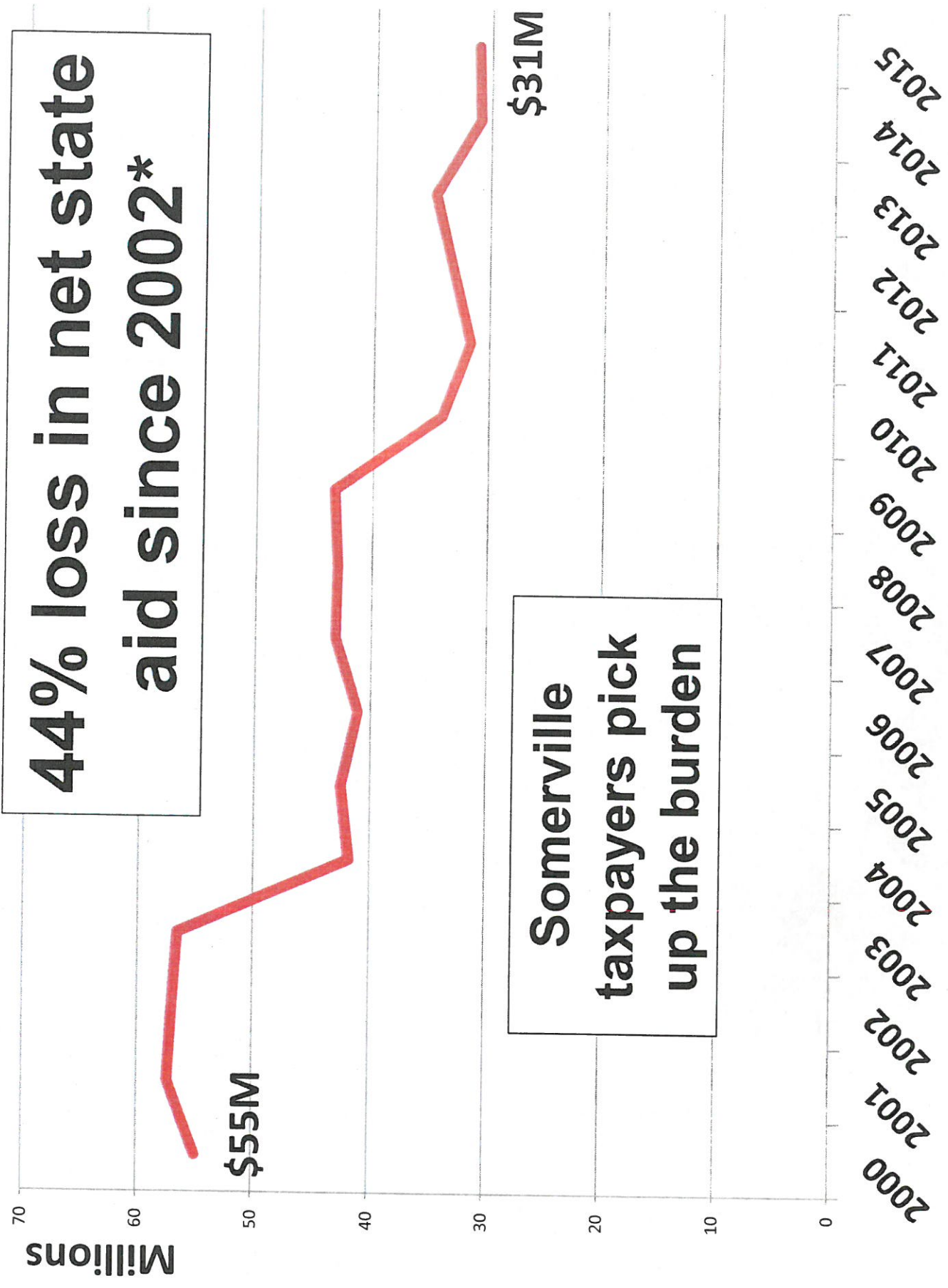
Somerville: \$2,395



Boston: \$3,814



Cambridge: \$3,842

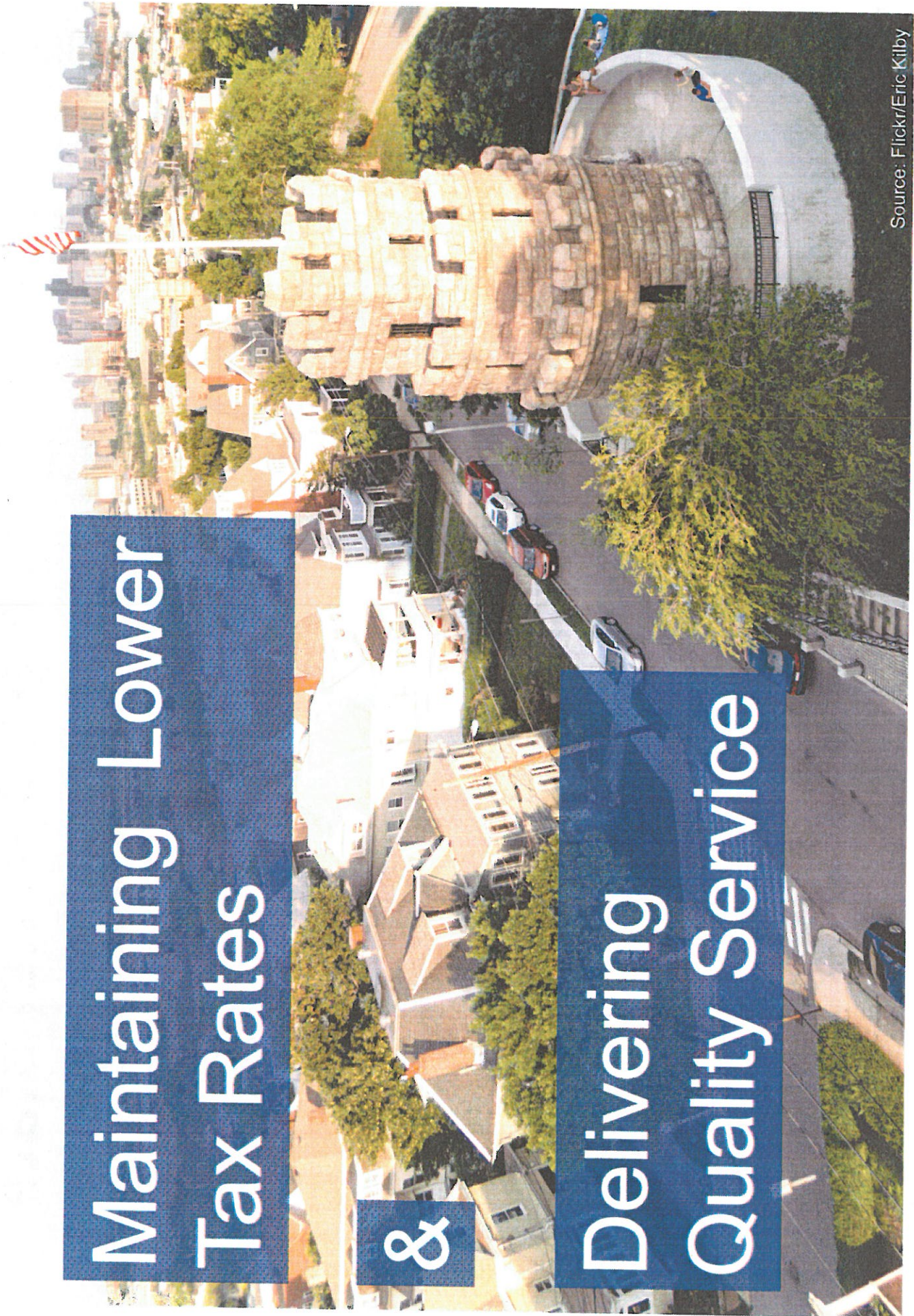


*In real dollars

Maintaining Lower
Tax Rates

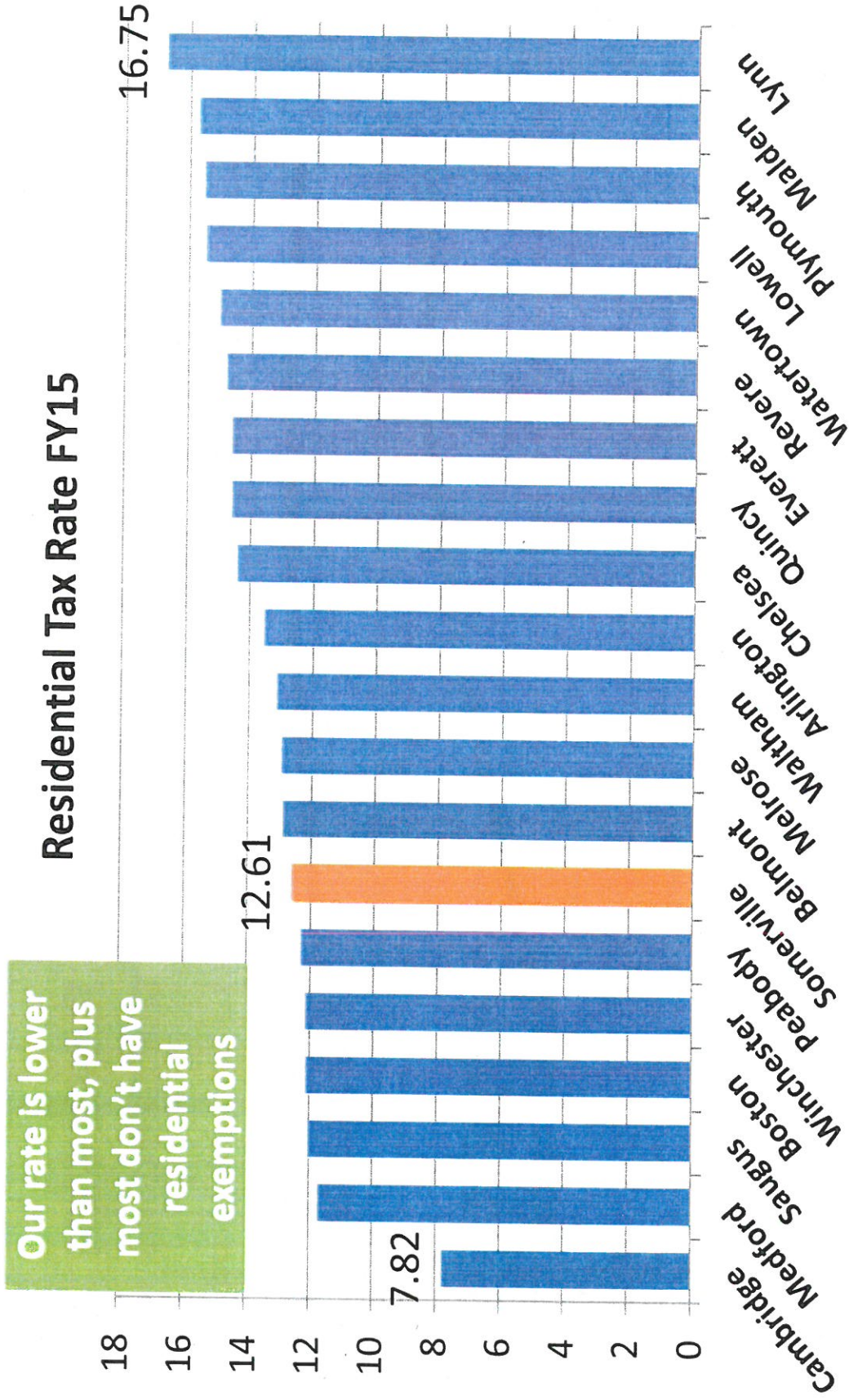
&

Delivering
Quality Service



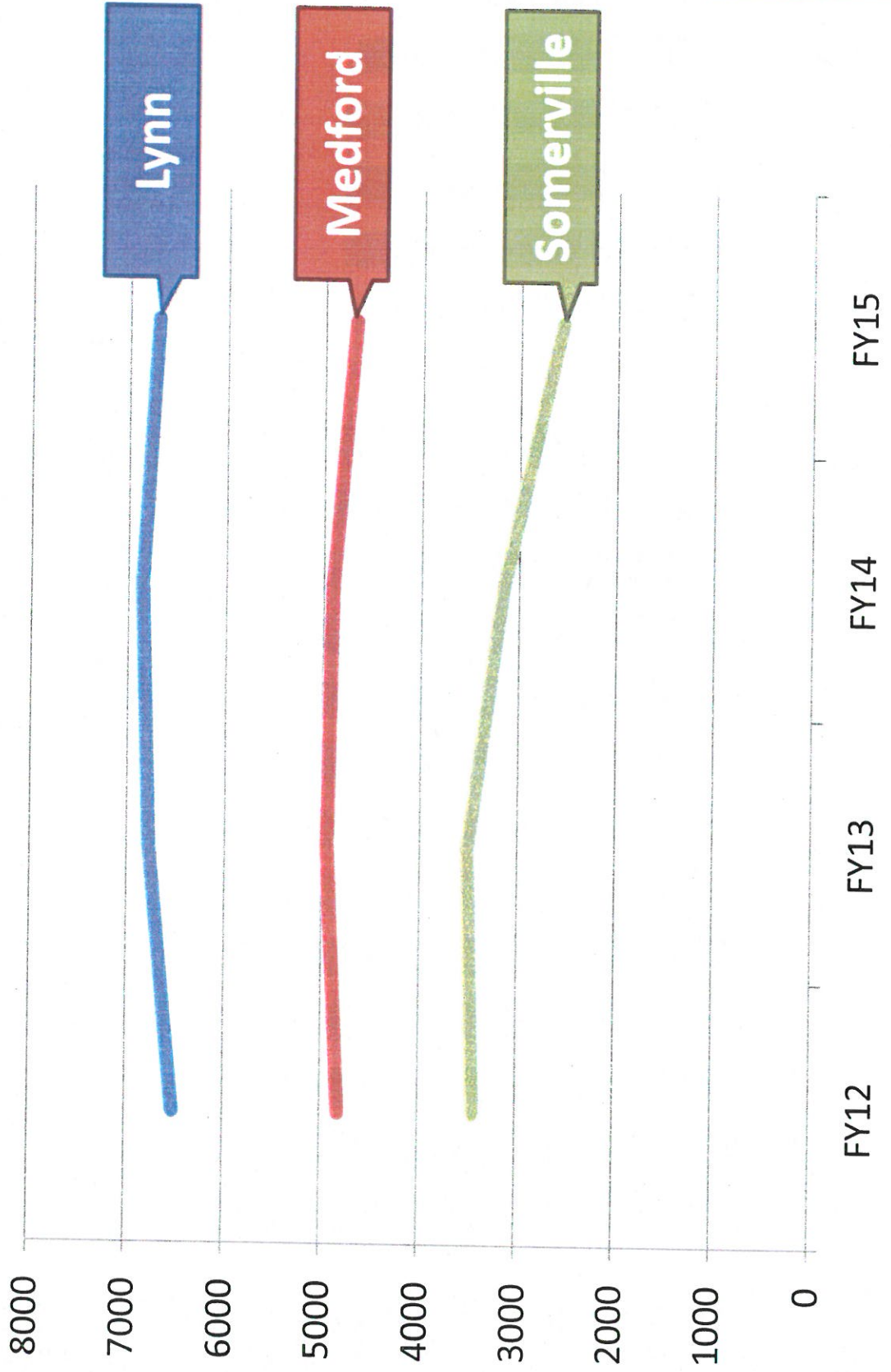
Source: Flickr/Eric Kilby

We're Keeping Our Residential Tax Rate Lower



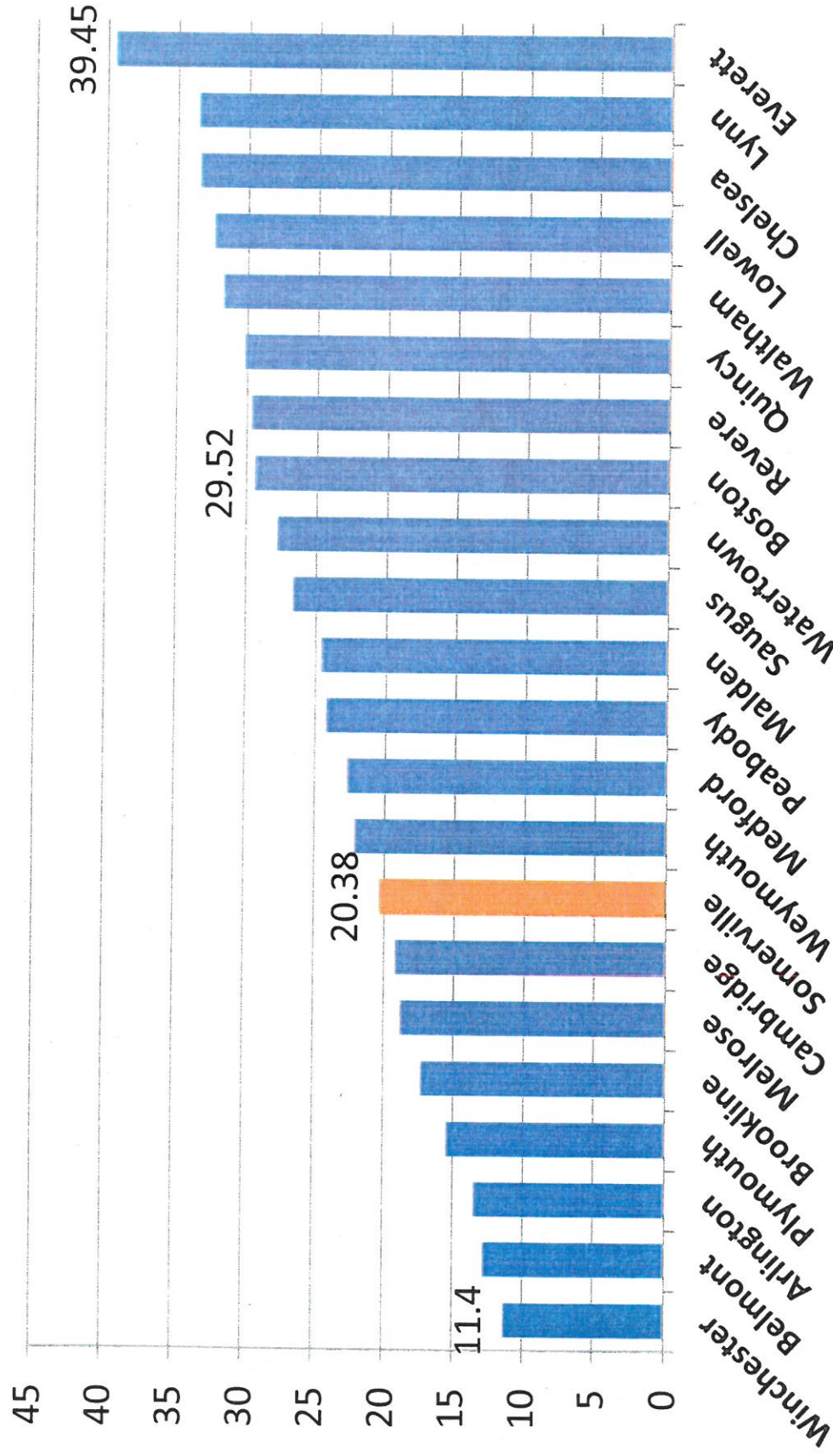
Comparative Tax on a \$400k Property

The Strength of the Residential Exemption



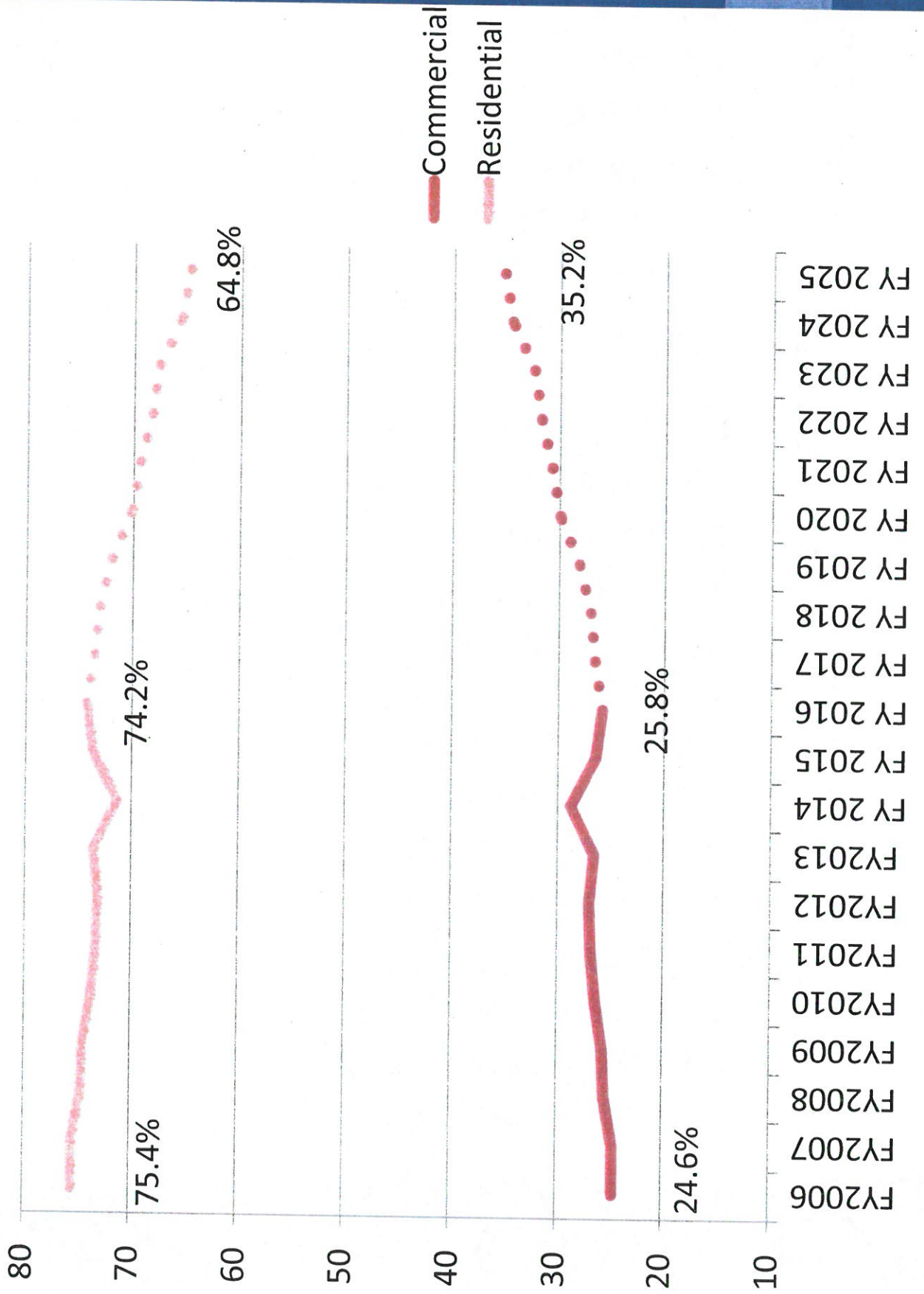
We're Keeping Our Commercial Tax Rate Lower

FY15 Commercial Tax Rate



Source: Dept of Revenue 2015 Community Comparison Spreadsheet

Shifting the Tax Ratio



SomerVision: New Jobs & Commercial Development by 2030

Current Commercial Space	9,700,000 SF
Projected Added in the next 10 Years	7,304,400 SF*
Projected total	17,004,400 SF



*Projections provided by OSPCD



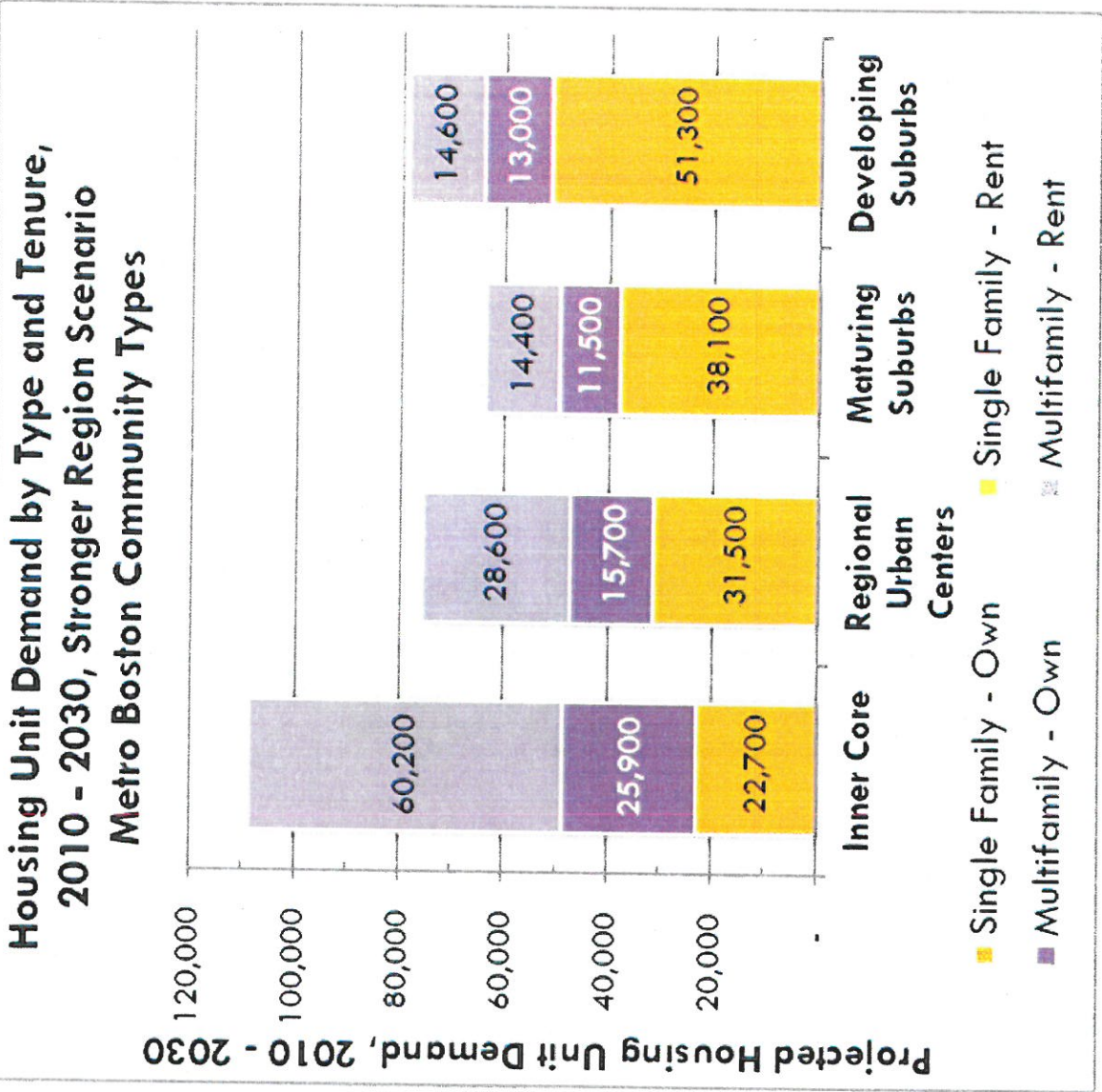
Market Pressures

Supply vs. Demand

435,000 homes needed by 2040

9,000 homes needed in Somerville

MAPC Report: 435,000 Homes by 2040



Greater Boston: One of Most Expensive Housing Markets in the U.S.

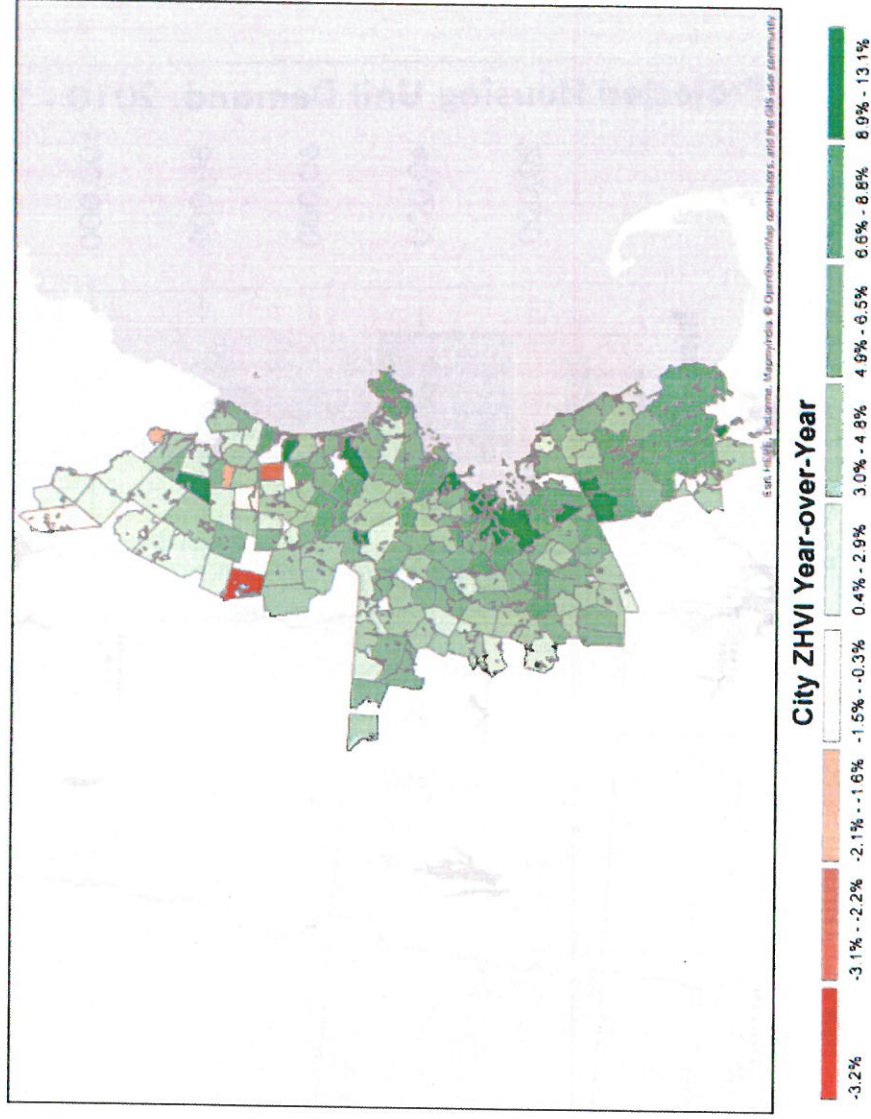
SEPTEMBER 2015

Boston Metro

National Home Values
 Current: \$182,500
 Monthly Change: 0.3%
 Quarterly Change: 0.9%
 Annual Change: 3.7%
 Negative Equity*: 14.4%

Boston Home Values
 Current: \$381,100
 Monthly Change: 0.8%
 Quarterly Change: 2.2%
 Annual Change: 5.7%
 Negative Equity*: 7.9%

Home Values Forecast
 (next 12 months)
 National: 2.4%
 Boston Metro: 2.7%



Source: Zillow Home Value Index Projections

Greater Boston Market: High cost of building housing



Menu Business

Land costs, labor drive Boston-area housing prices out of control

Boston area housing costs hitting extreme levels



Construction underway on One Seaport Square which is opposite the Stables Federal Courthouse. It will be housing and retail.

By Tim Logan

Boston will be stuck in an endless housing crunch, despite adding tens of thousands of new residences in the past few years, unless it finds a way to curb the rapidly increasing cost of building here, a Boston Foundation report to be released Friday finds.

The study found that surging land costs, along with the already-high price of labor and materials, make it nearly impossible for developers to build new housing most Boston-area residents can afford.

“Boston will be stuck in an endless housing crunch, despite adding tens of thousands of new residences in the past few years, unless it finds a way to curb the rapidly increasing cost of building here, a Boston Foundation report finds.”

Sustainable Neighborhoods



Building a Comprehensive Plan
For Affordable Housing in the
City of Somerville

Somerville is thriving
because we invest, for
the long-haul, in our
orienting values



**Make Somerville
a Great Place to
Live,
Work,
Play and
Raise a Family**

