

# City of Somerville FY2018 Classification Hearing

November 9, 2017  
Adoption of Tax Levy percentages for FY 2018

Somerville Board of Assessors

Marc A. Levye, RMA, MAA  
Chief Assessor & Chairman

Michael Flynn, MAA  
Thomas J. Mulhern, MAA



Joseph A. Curtatone  
Mayor

# Recommendations

1. A motion that the Board of Aldermen adopts a minimum residential factor of 87.5435, the legal minimum for the City of Somerville for FY 2018.
2. A motion that the Board of Aldermen accepts the provisions of Chapter 59, section 5C approving a residential exemption of 35% of average assessed value for owner occupied properties for FY 2018.

# Comparison of State Form LA-4

## FY17 & FY18

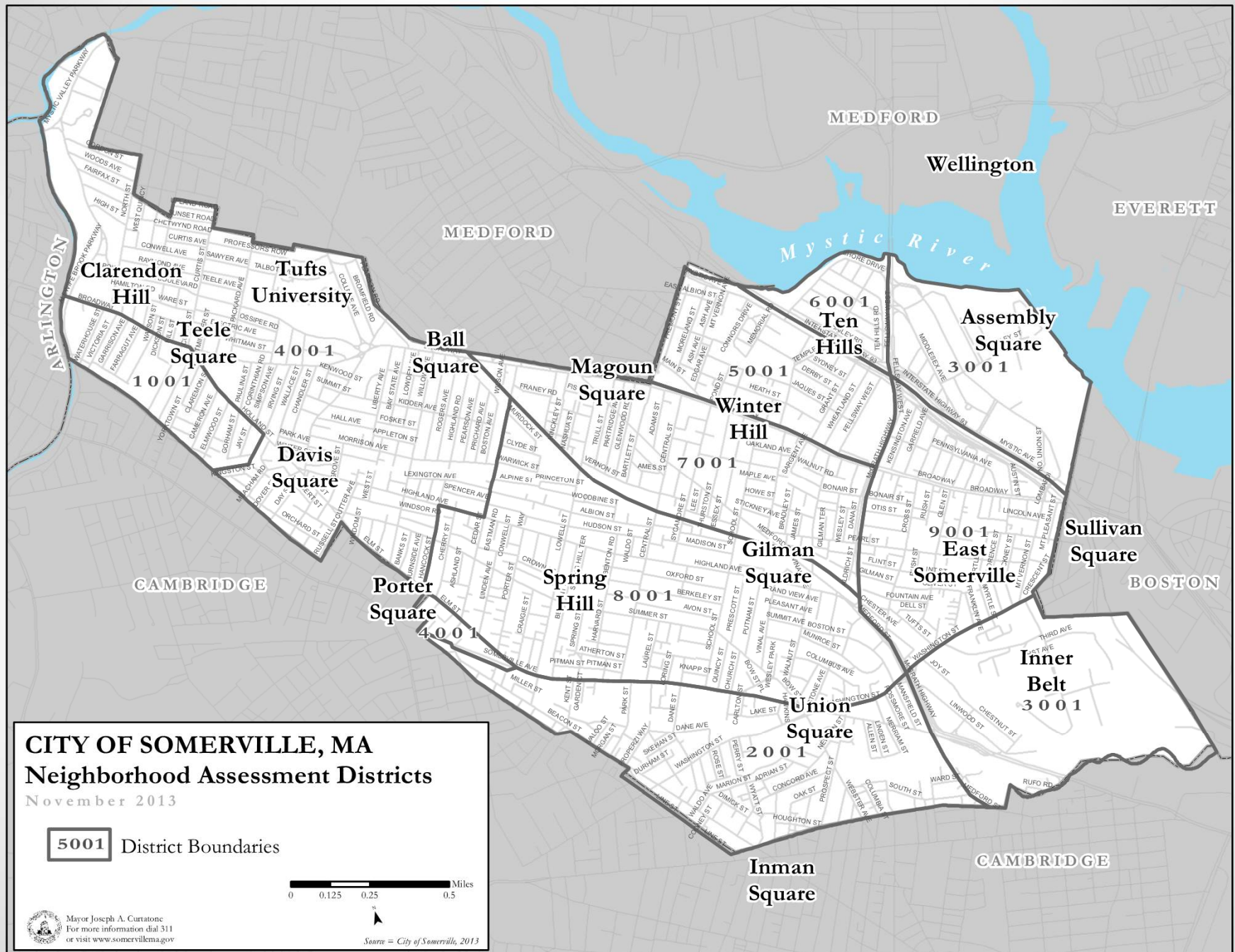
USE CODE	DESCRIPTION	FY 2017 PARCEL COUNT	FY 2018 PARCEL COUNT	FY 2017 ASSESSED VALUE	FY 2018 ASSESSED VALUE
101	SINGLE FAMILY	2,347	2,344	\$1,486,191,900	\$1,629,602,100
102	CONDOMINIUM	5,119	5,359	\$2,482,342,700	\$2,844,293,100
104	TWO FAMILY	5,140	5,097	\$3,509,203,300	\$3,729,338,300
105	THREE FAMILY	2,305	2,280	\$1,849,029,700	\$1,946,204,600
109	2 OR MORE RES. BUILDINGS/1 LOT	72	71	\$74,887,200	\$80,748,900
111-125	APARTMENTS 4+	663	657	\$1,123,456,300	\$1,249,656,800
130-132,106	VACANT RES. LAND	175	176	\$12,637,900	\$15,246,800
300-393	COMMERCIAL	592	595	\$1,139,892,300	\$1,204,347,718
400-452	INDUSTRIAL	104	102	\$339,856,200	\$348,231,400
012-043	MIXED USE RESIDENTIAL	258	257	\$276,464,402	\$331,439,247
	MIXED USE COMMERCIAL			\$115,364,398	\$145,477,135
501-508	PERSONAL PROPERTY	1,296	1,280	\$251,203,200	\$266,170,830
TOTAL REAL & PERSONAL PROPERTY VALUE		18,071	18,218	\$12,660,529,500	\$13,790,756,930
900-990	EXEMPT REAL ESTATE	404	405	\$1,547,392,400	\$1,683,127,200

## Parcel Count Changes FY17-FY18:

- Added 240 residential condo units (173 conversions/67 new)
- 43 fewer two family properties
- 25 fewer three family properties

## Average Valuation Changes FY17-FY18

	Market & Growth	Market Only
Single family	10%	9%
Two family	6%	5%
Three family	5%	4%
Apartments 4+	11%	8%
Condominiums	11%	8%
Commercial	6%	5%
Industrial	5%	5%
Personal Property	6%	n/a



## Average Assessment Changes By Neighborhood: Single Family

	FY17 Value	FY18 Value	% Change 17-18
1001 West Somerville South & Cambridge Line	755,900	826,700	9.37
2001 Ward 2 Union Square South	621,500	694,100	11.68
3001 Ward 2 Cobble Hill	n/a	n/a	n/a
4001 West Somerville	902,000	985,500	9.26
5001 Winter Hill North	436,300	473,900	8.62
6001 Ten Hills	532,700	580,100	8.90
7001 Winter Hill & MaGoun Square	542,800	598,600	10.28
8001 Central, Spring & Prospect Hill	635,900	697,900	9.75
9001 East Somerville	441,200	481,400	9.11
<b>City Average</b>	<b>633,200</b>	<b>695,200</b>	<b>9.79</b>

## Average Assessment Changes By Neighborhood: Two Family

	FY17 Value	FY18 Value	% Change 17-18
1001 West Somerville South & Cambridge Line	758,500	809,200	6.68
2001 Ward 2 Union Square South	662,200	724,900	9.47
3001 Ward 2 Cobble Hill	n/a	n/a	n/a
4001 West Somerville	814,500	867,900	6.56
5001 Winter Hill North	472,300	504,800	6.88
6001 Ten Hills	537,200	581,000	8.15
7001 Winter Hill & Magoun Square	571,900	615,100	7.55
8001 Central, Spring & Prospect Hill	660,000	706,100	6.98
9001 East Somerville	504,800	543,300	7.63
<b>City Average</b>	<b>682,700</b>	<b>731,700</b>	<b>7.17</b>

## Average Assessment Changes By Neighborhood: Three Family

	FY17 Value	FY18 Value	% Change 17-18
1001 West Somerville South & Cambridge Line	938,700	991,700	5.65
2001 Ward 2 Union Square South	850,600	920,200	8.18
3001 Ward 2 Cobble Hill	n/a	n/a	n/a
4001 West Somerville	936,300	988,000	5.52
5001 Winter Hill North	658,100	695,400	5.67
6001 Ten Hills	620,900	695,000	11.93
7001 Winter Hill & Magoun Square	694,800	735,100	5.80
8001 Central, Spring & Prospect Hill	792,400	845,000	6.64
9001 East Somerville	625,800	664,300	6.15
<b>City Average</b>	<b>802,200</b>	<b>853,600</b>	<b>6.41</b>

## Average Assessment Changes By Neighborhood: Condominium

	FY17 Value	FY18 Value	% Change 17-18
1001 West Somerville South & Cambridge Line	578,700	639,100	10.44
2001 Ward 2 Union Square South	503,600	538,700	6.97
3001 Ward 2 Cobble Hill	423,500	449,600	6.16
4001 West Somerville	576,700	631,400	9.49
5001 Winter Hill North	342,700	381,800	11.41
6001 Ten Hills	424,600	460,100	8.36
7001 Winter Hill & Magoun Square	382,900	420,000	9.69
8001 Central, Spring & Prospect Hill	487,300	539,200	10.65
9001 East Somerville	396,400	439,200	10.80
<b>City Average</b>	<b>484,900</b>	<b>530,800</b>	<b>9.47</b>

# FY18 Growth

Use Type	New Growth Valuation	Tax Levy Growth
Single Family	10,721,700	
Condominium	81,810,860	
Two & Three Family	50,002,200	
Four+ Units	55,850,300	
Mixed-Use Residential & Other	52,443,782	
<b>Total Residential</b>	<b>250,828,842</b>	<b>2,940,576</b>
Commercial	40,591,083	763,518
Industrial	2,408,600	45,306
Personal Property	45,139,190	849,436
<b>Total Commercial, Industrial &amp; Personal Property</b>	<b>88,138,873</b>	<b>1,658,260</b>
<b>Total Real &amp; Personal Property</b>	<b>338,967,715</b>	<b>\$4,598,836</b>

# Major Contributors to New Growth Valuation

## Assembly Row

375 Canal St. (Block 5 ASQ, Hotel/Apartments)	\$40.0M
479 Canal St. (Block 6, ASQ, Apartments/Retail)	\$18.2M
	<b>\$58.2M</b>

## Other

25 Highland Ave. (Apartments)	\$15.6M
NSTAR Gas (Personal Property)	\$ 8.2M
NSTAR Electric (Personal Property)	\$ 5.4M
266 Beacon St. (Apartments)	\$ 4.6M
50 Inner Belt Rd. (Pers. Prop., Shutterstock Images)	\$ 3.3M
70 Inner Belt Rd. (Pers. Prop., United Healthcare)	\$ 2.3M



u/vanhoosear on Flickr

# FY18 Tax Levy & Classification

FY18 Levy Limit: \$145,062,349

FY18 Levy: \$143,562,349

FY17 Levy: \$136,071,683

Tax Levy Change: \$ 7,490,666

FY18 Change:  
5.5%

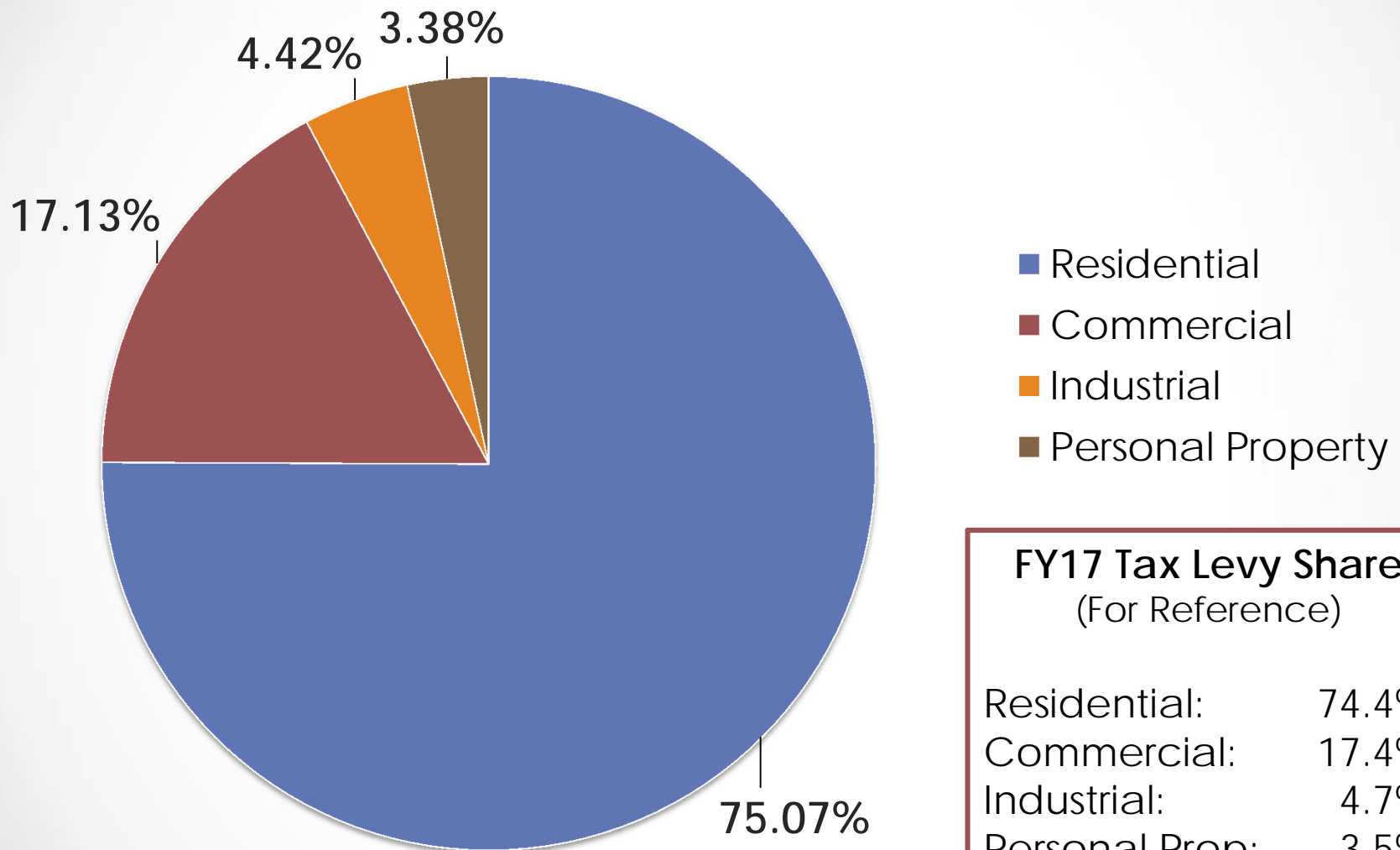
Excess Levy Capacity: \$ 1,500,000

	As Assessed	With 175% Classification
Commercial Value Percentage	14.2431	24.9254
Residential Value Percentage	85.7569	75.0746

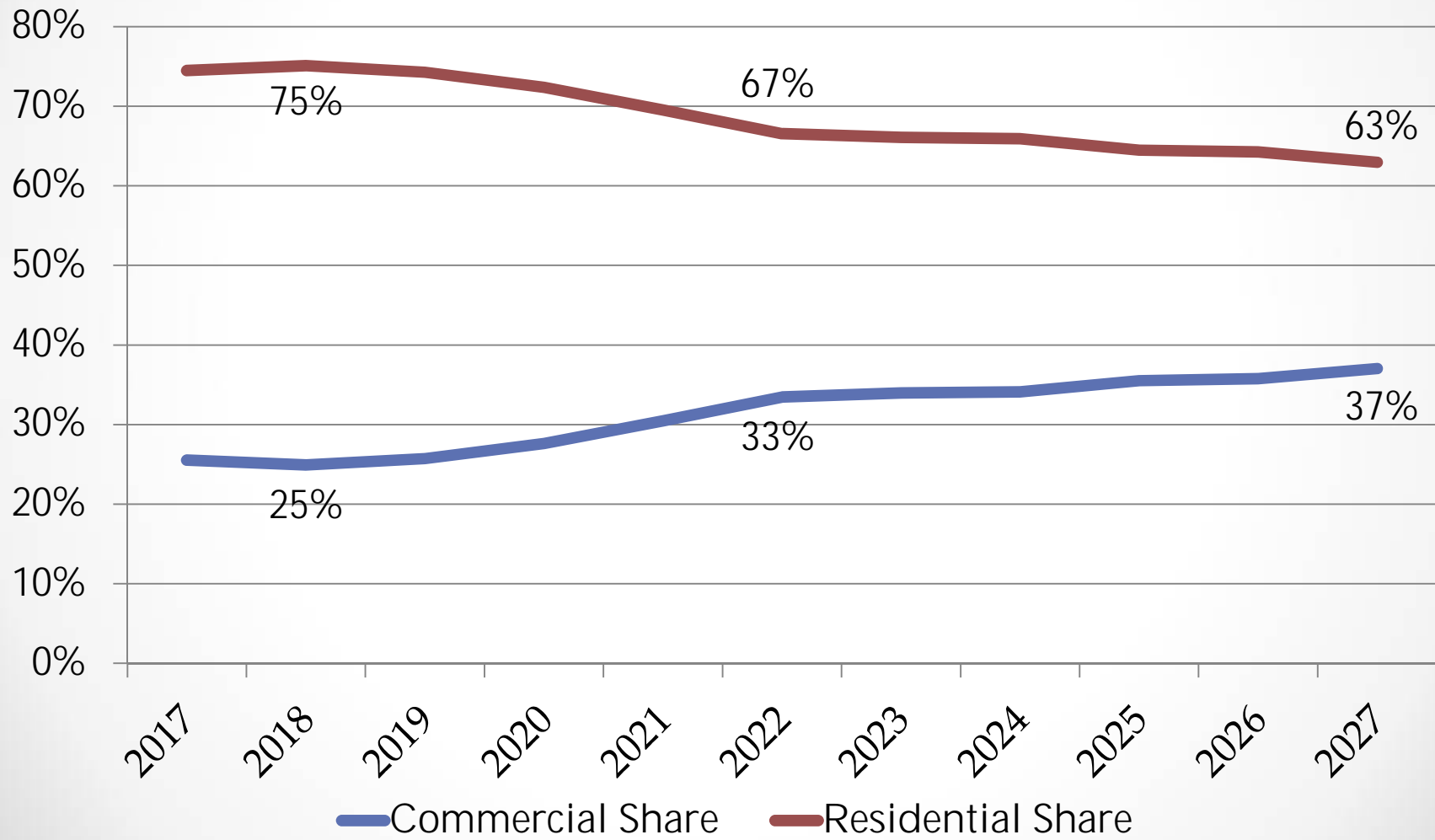
Commercial Levy: \$ 35,783,490

Residential Levy: \$107,778,859

# Tax Levy Share: FY18



# Commercial/Residential Tax Levy Share



# Option 1: No Classification & No ResX

- Single Tax Rate: \$10.41

**NOT RECOMMENDED**

Use Type	FY17 Average Value	FY18 Average Value	FY17 Average Tax	FY18 Average Tax	Tax Change FY17-FY18
CONDO	484,900	530,800	\$2,912	\$5,526	\$2,614
1 FAMILY	633,200	695,200	\$4,642	\$7,237	\$2,595
2 FAMILY	682,700	731,700	\$5,220	\$7,617	\$2,397
3 FAMILY	802,200	853,600	\$6,615	\$8,886	\$2,271
4-8 FAMILY	1,019,000	1,131,900	\$9,145	\$11,783	\$2,638
9+ APTS	4,382,700	4,874,500	\$51,146	\$50,744	-\$402
COM/IND	2,126,100	2,227,500	\$39,992	\$23,188	-\$16,804

## Option 2: With Classification & No ResX

- Residential Rate: \$9.11
- Commercial Rate: \$18.22

**NOT RECOMMENDED**

Use Type	FY17 Average Value	FY18 Average Value	FY17 Average Tax	FY18 Average Tax	Tax Change FY17-FY18
CONDO	484,900	530,800	\$2,912	\$4,836	\$1,924
1 FAMILY	633,200	695,200	\$4,642	\$6,333	\$1,691
2 FAMILY	682,700	731,700	\$5,220	\$6,666	\$1,446
3 FAMILY	802,200	853,600	\$6,615	\$7,776	\$1,161
4-8 FAMILY	1,019,000	1,131,900	\$9,145	\$10,312	\$1,167
9+ APTS	4,382,700	4,874,500	\$51,146	\$44,407	-\$6,739
COM/IND	2,126,100	2,227,500	\$39,992	\$40,585	\$593

## Option 3: With Classification & ResX

- Residential Rate: \$11.32      ResX Value Reduction: \$254,867  
Commercial Rate: \$18.22      Tax Savings of \$2,885.09

**RECOMMENDED**

(ResX included for condo, 1, 2, 3 & 4-8 family) – Excess Levy Capacity = \$1,500,000

Use Type	FY17 Average Value	FY18 Average Value	FY17 Average Tax	FY18 Average Tax	Tax Change FY17-FY18
CONDO	484,900	530,800	\$2,912	\$3,124	\$212
1 FAMILY	633,200	695,200	\$4,642	\$4,985	\$343
2 FAMILY	682,700	731,700	\$5,220	\$5,398	\$178
3 FAMILY	802,200	853,600	\$6,615	\$6,778	\$163
4-8 FAMILY	1,019,000	1,131,900	\$9,145	\$9,928	\$783
9+ APTS	4,382,700	4,874,500	\$51,146	\$55,179	\$4,033
COM/IND	2,126,100	2,227,500	\$39,992	\$40,585	\$593

# Recent City Initiatives to Ease Tax Impact

- Senior work-off income limits increased (FY 16). Base amount allowed increased from \$1,000 to \$1,500 (FY18).
- Interest rate lowered from 4% to 3% for tax deferral FY18.
- Temporary Hardship deferral interest rate decreased from 8% to 3% for FY18.
- Additional real estate statutory exemption up to 100% allowed (annual).
- Water & Sewer discount for 41C & 17D recipients adopted FY17.
- Residential Exemption amount increased to 35% effective FY 16.
- Assessing's expanded fraud detection program eliminated 55 residential exemptions allowing for a lower residential tax rate.

# Future development will build commercial tax base and lower residential tax liability

## New commercial space projected in the next 10 years:

Assembly Square	2,800,000 SF
Union Square	1,400,000 SF
Brickbottom	300,000 SF
Inner Belt	1,200,000 SF
Davis Square	150,000 SF
Gilman Square	22,200 SF
Boynton Yards	1,000,000 SF
North Point	410,000 SF
Other	580,000 SF

**Total** 7,862,200 SF

\*Projections provided by OSPCD

## Current Approximate Square Footage Citywide

Retail:	5,250,000
Office:	1,680,000
Industrial:	3,100,000
<b>Total:</b>	<b>10,030,000</b>



## Other Initiatives to Ease Tax Impact

**The Green Line Extension** will unlock development potential in Station areas, especially Union Square. This will spur new commercial development easing the tax liability on the residential sector.

**The Zoning overhaul** will encourage new commercial development that will also help to ease the tax impact on the residential sector.