

City of Somerville FY2023 Classification Hearing

November 22, 2022

Adoption of Tax Levy percentages for FY 2023

Somerville Board of Assessors

Francis J. Golden, MAA
Chief Assessor
& Chairman

Michael Flynn, MAA
Richard Scanlon, MAA

Katjana Ballantyne
Mayor



Recommendations

1. A motion that the City Council adopts a minimum residential factor of 85.0125, the legal minimum for the City of Somerville for FY 2023.
2. A motion that the City Council accepts the provisions of Chapter 59, section 5C approving a residential exemption of 35% of average assessed value for owner occupied properties for FY 2023.

Comparison of State Form LA-4

FY22 & FY23

USE CODE	DESCRIPTION	FY 2022 PARCEL COUNT	FY 2023 PARCEL COUNT	FY 2022 ASSESSED VALUE	FY 2023 ASSESSED VALUE
101	SINGLE FAMILY	2,308	2303	\$2,216,809,500	\$2,357,203,800
102	CONDOMINIUM	6,514	6667	\$4,420,923,419	\$4,751,278,705
104	TWO FAMILY	4,900	4858	\$5,045,722,200	\$5,268,290,720
105	THREE FAMILY	2,228	2214	\$2,876,422,000	\$2,944,176,080
109	2 OR MORE RES. BUILDINGS/1 LOT	74	68	\$127,415,900	\$117,852,900
111-125	APARTMENTS 4+	664	668	\$2,148,673,635	\$2,360,846,005
130-132,106	VACANT RES. LAND	171	171	\$19,271,500	\$20,573,200
300-393	COMMERCIAL	596	596	\$2,197,734,149	\$2,653,965,569
400-452	INDUSTRIAL	95	91	\$452,559,300	\$433,342,800
012-043	MIXED USE RESIDENTIAL	257	253	\$724,991,255	\$767,941,288
	MIXED USE COMMERCIAL			\$175,885,487	\$176,402,406
501-508	PERSONAL PROPERTY	574	584	\$446,617,260	\$450,822,700
TOTAL REAL & PERSONAL PROPERTY VALUE		19,214	18473	\$20,853,025,605	\$22,302,696,173
900-990	EXEMPT REAL ESTATE	390	388	\$2,297,225,407	\$2,361,468,525

Parcel Count Changes FY22-FY23:

- Added 153 residential condo units (73 conversions)
- 35 fewer two-family properties
- 21 fewer three-family properties

Average Valuation Changes FY22-FY23

	Market & Growth	Growth Only
Single family	6%	1%
Two & Three family	6.8%	-35%
Condominiums	7.5%	-29%
Multi – Family 4+ Units	9.8%	0.30%
Commercial	20.8%	64%
Industrial	-4.2%	-78%



Average Assessment Changes By Neighborhood: Single Family

	FY22 Value	FY23 Value	% Change 21-22
1001 West Somerville South & Cambridge Line	1,091,200	1,153,476	5.71
2001 Ward 2 Union Square South	987,973	1,049,622	6.24
3001 Ward 2 Cobble Hill	n/a		n/a
4001 West Somerville	1,269,290	1,359,134	7.08
5001 Winter Hill North	714,503	759,714	6.33
6001 Ten Hills	802,469	845,262	5.33
7001 Winter Hill & Magoun Square	820,467	874,828	6.63
8001 Central, Spring & Prospect Hill	983,244	1,045,211	6.30
9001 East Somerville	722,234	768,621	6.42
City Average	960,489	1,023,536	6.56

Average Assessment Changes By Neighborhood: Two Family

	FY22 Value	FY23 Value	% Change 22-23
1001 West Somerville South & Cambridge Line	1,083,064	1,144,109	5.64
2001 Ward 2 Union Square South	1,054,526	1,107,894	5.06
3001 Ward 2 Cobble Hill	n/a	n/a	n/a
4001 West Somerville	1,163,987	1,226,546	5.37
5001 Winter Hill North	761,794	809,339	6.24
6001 Ten Hills	824,344	884,552	7.30
7001 Winter Hill & Magoun Square	886,212	930,530	5.00
8001 Central, Spring & Prospect Hill	1,027,245	1,080,090	5.14
9001 East Somerville	843,294	888,616	5.37
City Average	1,029,739	1,084,457	5.32

Average Assessment Changes By Neighborhood: Three Family

	FY22 Value	FY23 Value	% Change 22-23
1001 West Somerville South & Cambridge Line	1,437,229	1,479,081	2.91
2001 Ward 2 Union Square South	1,401,583	1,443,945	3.02
3001 Ward 2 Cobble Hill	n/a	n/a	n/a
4001 West Somerville	1,398,323	1,443,109	3.20
5001 Winter Hill North	1,131,446	1,165,438	3.00
6001 Ten Hills	992,680	1,004,940	1.24
7001 Winter Hill & Magoun Square	1,133,403	1,169,744	3.21
8001 Central, Spring & Prospect Hill	1,303,580	1,341,886	2.86
9001 East Somerville	1,097,091	1,125,195	2.56
City Average	1,291,033	1,329,800	3.00

Average Assessment Changes By Neighborhood: Condominium

	FY22 Value	FY23 Value	% Change 22-23
1001 West Somerville South & Cambridge Line	793,894	826,038	4.05
2001 Ward 2 Union Square South	686,879	727,776	5.95
3001 Ward 2 Cobble Hill	641,314	644,395	0.48
4001 West Somerville	778,605	819,142	5.21
5001 Winter Hill North	534,107	596,932	11.76
6001 Ten Hills	619,435	648,775	4.74
7001 Winter Hill & Magoun Square	562,490	584,709	3.95
8001 Central, Spring & Prospect Hill	694,417	729,163	5.00
9001 East Somerville	589,420	620,366	5.25
City Average	678,680	712,656	5.01

FY23 Growth

Use Type	New Growth Valuation	Tax Levy Growth
Single Family	11,546,000	
Condominium	66,602,527	
Two & Three Family	37,269,800	
Four+ Units	125,068,399	
Mixed-Use Residential & Other	36,881,453	
Total Residential	277,876,279	2,828,781
Commercial	477,178,187	8,040,452
Industrial	9,703,800	163,509
Personal Property	76,076,270	1,281,885
Total Commercial, Industrial & Personal Property	577,791,977	9,735,794
Total Real & Personal Property	840,834,536	12,314,627

Major Contributors to New Growth Valuation

Assembly Row	New Valuation	FY23 Tax (Estimate)
Grand Union Blvd – Corporate Office Under Construction – 61% Complete	\$19.9M	\$334,894
74 Middlesex Ave Assembly Row (Office/Lab) Under Construction – 1% Complete	\$79.6M	\$1,340,552
Cambridge Crossing – Union Sq - BoyntonYards		
250 Water Street – Inner Belt (Office/Lab) Under Construction – 65% Complete	\$52.9M	\$893,038
20 Prospect St - Union Sq Apartment /Retail Under Construction – 33% Complete	\$42.3M	\$430,656
101 South Street – Boynton Yards (Office/Lab) Under Construction – 65% Complete	\$46.2M	\$779,274



FY23 Tax Levy & Classification

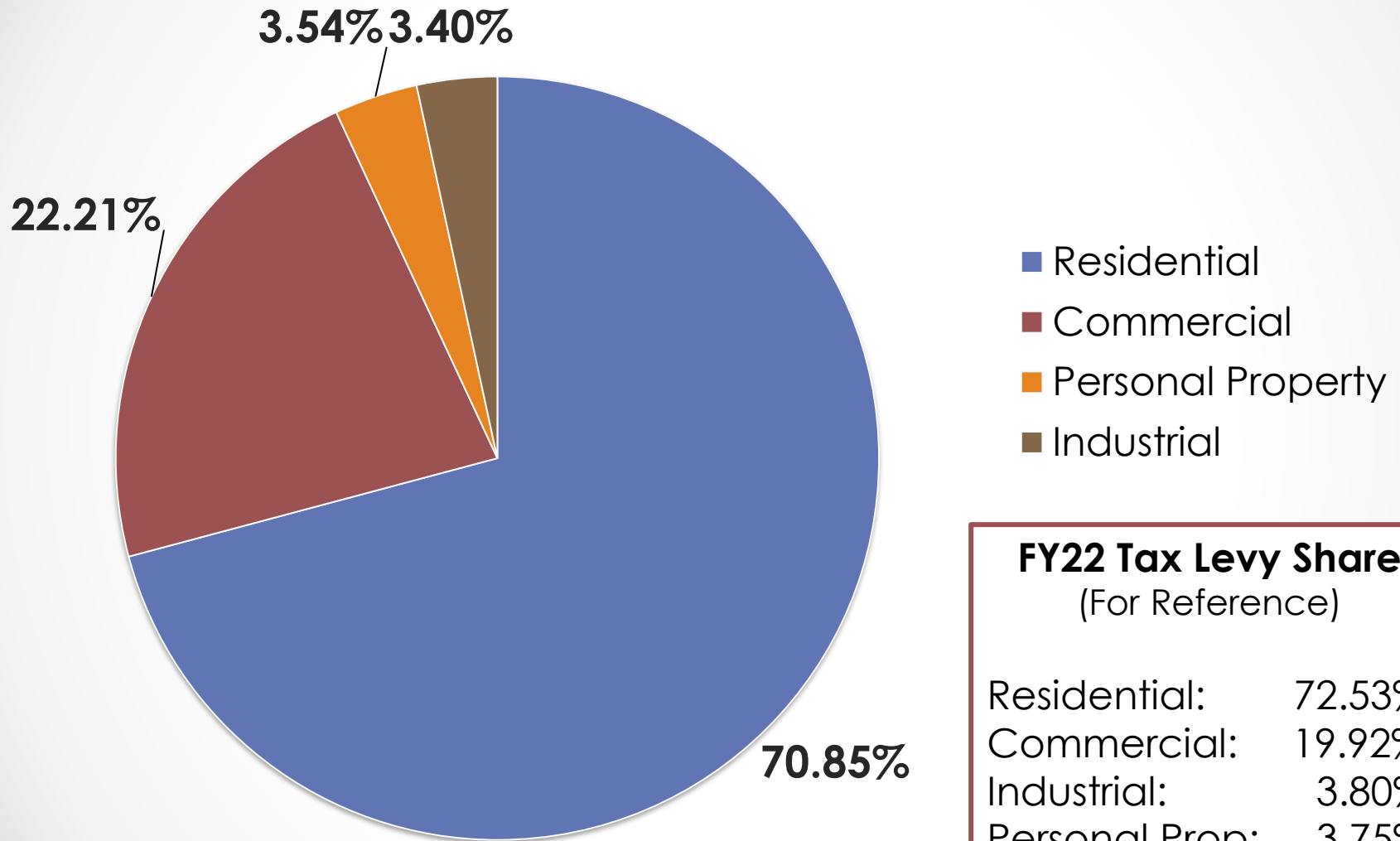
FY23 Levy Limit:	\$ 215,317,042
FY23 Proposed Levy : <small>under levy limit</small>	\$ 214,502,415
FY23 Debt Exclusion	\$ 6,674,013
FY23 Proposed Levy:	\$ 221,176,428
<u>FY22 Levy:</u>	<u>\$ 200,839,916</u>
Tax Levy Change:	\$ 21,151,139
Excess Levy Capacity:	\$ 814,627

FY22 Change:
10.53%

	As Assessed	With 175% Classification
Commercial Value Percentage	16.6551	29.1464
Residential Value Percentage	83.3449	70.8536

Commercial Levy:	\$ 64,464,966.41
Residential Levy:	\$156,711,461.59

Tax Levy Share: FY23



FY22 Tax Levy Share (For Reference)

Residential:	72.53%
Commercial:	19.92%
Industrial:	3.80%
Personal Prop:	3.75%

Option 1: No Classification & No ResX

- Single Tax Rate: \$ 9.92

NOT RECOMMENDED

Use Type	FY22 Average Value	FY23 Average Value	FY22 Average Tax	FY23 Average Tax	Tax Change FY22-FY23
CONDO	678,680	712,656	\$6,536	\$7,070	\$534
1 FAMILY	960,489	1,023,536	\$9,250	\$10,154	\$904
2 FAMILY	1,029,739	1,084,457	\$9,916	\$10,758	\$842
3 FAMILY	1,291,033	1,329,800	\$12,433	\$13,232	\$799
4-8 FAMILY	1,776,072	1,854,005	\$17,103	\$18,392	\$1,289
COM/IND	2,981,201	3,011,030	\$28,709	\$29,869	\$1,160

Option 2: With Classification & No ResX

- Residential Rate: \$ 8.43
- Commercial Rate: \$17.35

NOT RECOMMENDED

Use Type	FY22 Average Value	FY23 Average Value	FY22 Average Tax	FY23 Average Tax	Tax Change FY22-FY23
CONDO	678,680	712,656	\$5,626	\$6,008	\$382
1 FAMILY	960,489	1,023,536	\$7,962	\$8,628	\$666
2 FAMILY	1,029,739	1,084,457	\$8,537	\$9,174	\$637
3 FAMILY	1,291,033	1,329,800	\$10,703	\$11,213	\$510
4-8 FAMILY	1,776,072	1,854,005	\$14,724	\$15,629	\$905
COM/IND	2,981,201	3,011,030	\$50,233	\$52,241	\$2,008

Option 3: With Classification & ResX

- Residential Rate: \$10.34 **ResX Value Reduction: \$378,203**
- Commercial Rate: \$17.35 **Tax Savings of \$3,910.62**

RECOMMENDED

(ResX included for condo, 1, 2, 3 & 4-8 family)

Use Type	FY22 Average Value	FY23 Average Value	FY22 Average Tax	FY23 Average Tax	Tax Change FY22-FY23
CONDO	678,680	712,656	\$3,246	\$3,458	\$212
1 FAMILY	960,489	1,023,536	\$6,112	\$6,673	\$561
2 FAMILY	1,029,739	1,084,457	\$6,816	\$7,303	\$487
3 FAMILY	1,291,033	1,329,800	\$9,474	\$9,840	\$366
4-8 FAMILY	1,776,072	1,854,005	\$14,407	\$15,260	\$853

FY23 TAX IMPACT

DEBT EXCLUSION IS ABOVE & BEYOND THE LEVY LIMIT - THE DEBT EXCL DIVIDED BY THE MAX LEVY = THE RATIO PERCENTAGE APPLIED TO EACH USE

THE AVERAGE TAXES OF EACH USE MINUS THE RESX TIMES THE RATIO = DEBT EXCLUSION IMPACT PER USE

<u>DEBT EXCLUSION</u>						FISCAL YEAR 2023				
<u>WITH RESIDENTIAL EXEMPTION</u>			<u>WITHOUT RESIDENTIAL EXEMPTION</u>			<u>ESTIMATED RATES / FY23 ESTIMATED AVG VALUE</u>				
USE		FY23	USE		FY23	EST RES TAX RATE		\$10.34		
FY22 LEVY		214,502,415	FY22 LEVY		214,502,415					
DEBT EXCLUSION		6,674,013	DEBT EXCLUSION		6,674,013	EST COM TAX RATE		\$17.35		
MAX LEVY		221,991,055	MAX LEVY		221,991,055	EST RES EXEMPTION		\$378,203		
RATIO		0.03006	RATIO		0.03006					
101 - SINGLE FAMILY		\$200.61	101 - SINGLE FAMILY		\$318.18	101 AVG VAL		1,023,536		
102 - CONDOMINIUM		\$103.97	102 - CONDOMINIUM		\$221.54	102 AVG VAL		712,656		
104 - TWO FAMILY		\$219.55	104 - TWO FAMILY		\$337.12	104 AVG VAL		1,084,457		
105 - THREE FAMILY		\$295.82	105 - THREE FAMILY		\$413.39	105 AVG VAL		1,329,799		
111- 4 TO 8 UNIT		\$458.78	111- 4 TO 8 UNIT		\$576.35	111 - 4 TO 8 UNIT		1,854,005		
<u>FY23 ESTIMATED TAX INCREASE</u>			<u>FY22 ESTIMATED TAX INCREASE</u>			<u>FY21 ACTUAL TAX INCREASE</u>				
<u>WITH RESIDENTIAL EXEMPTION</u>			<u>WITH RESIDENTIAL EXEMPTION</u>			<u>WITH RESIDENTIAL EXEMPTION</u>				
USE		FY23	USE		FY22	USE		FY21		
101 - SINGLE FAMILY		\$560.74	101 - SINGLE FAMILY		\$341.00	101 - SINGLE FAMILY		\$413.00		
102 - CONDOMINIUM		\$212.24	102 - CONDOMINIUM		\$39.00	102 - CONDOMINIUM		\$172.00		
104 - TWO FAMILY		\$486.67	104 - TWO FAMILY		\$253.00	104 - TWO FAMILY		\$339.00		
105 - THREE FAMILY		\$365.50	105 - THREE FAMILY		\$515.00	105 - THREE FAMILY		\$382.00		
111- 4 TO 8 UNIT		\$852.79	111- 4 TO 8 UNIT		\$1,010.00	111- 4 TO 8 UNIT		\$650.00		

FY22 Residential Tax Community Comparison

Municipality	Residential Tax Rate	Comm/Ind/PP Levy Share	Average FY22 Res Value	ResX Percentage	ResX Savings	Average Residential Tax Bill
Waltham	\$11.14	58.75%	\$693,240	35%	\$2,703	\$5,020
Boston	\$10.88	58.32%	\$867,964	35%	\$3,305	\$6,138
Cambridge	\$5.92	65.44%	\$1,476,852	30%	\$2,623	\$6,120
Somerville	\$10.18	27.47%	\$1,027,123	35%	\$3,660	\$6,796
Watertown	\$13.25	38.76%	\$757,802	30%	\$3,012	\$7,029

Exemptions & other options to Reduce RE taxes:

- Other than ResX
- Reside at property
- City allows double the allowed amount for exemptions depending how much their tax bill increased from previous year

Exemption	Requirements	Income limits	Asset limits	Exemption amount	Other requirements	#FY22
Elderly 17D	Over 70	--	\$69,691	\$303	--	64
Elderly 41C	Over 65	\$24,385 (S) \$36,576(M)	\$48,768 (S) \$67,067(M)	\$1000	--	37
Blind 37A	Blind certificate	--	--	500	--	19
Veterans 22	VA disability cert over 10%	--	--	\$400 up to 100%	Amount depends on disability	94
Deferral 41A	Over 65 Constitutes lien	\$86,000	--	100%	Consent other lien holders (mortgage)	8
Senior work off	Over 60	--	--	Up to \$1500	Contact council on aging	8