

# City of Somerville FY2017 Classification Hearing

November 22, 2016  
Adoption of Tax Levy percentages for FY 2017

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 87.1953, the legal minimum for the City of Somerville for FY 2017.
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 2017.

# Comparison of State Form LA-4

## FY16 & FY17

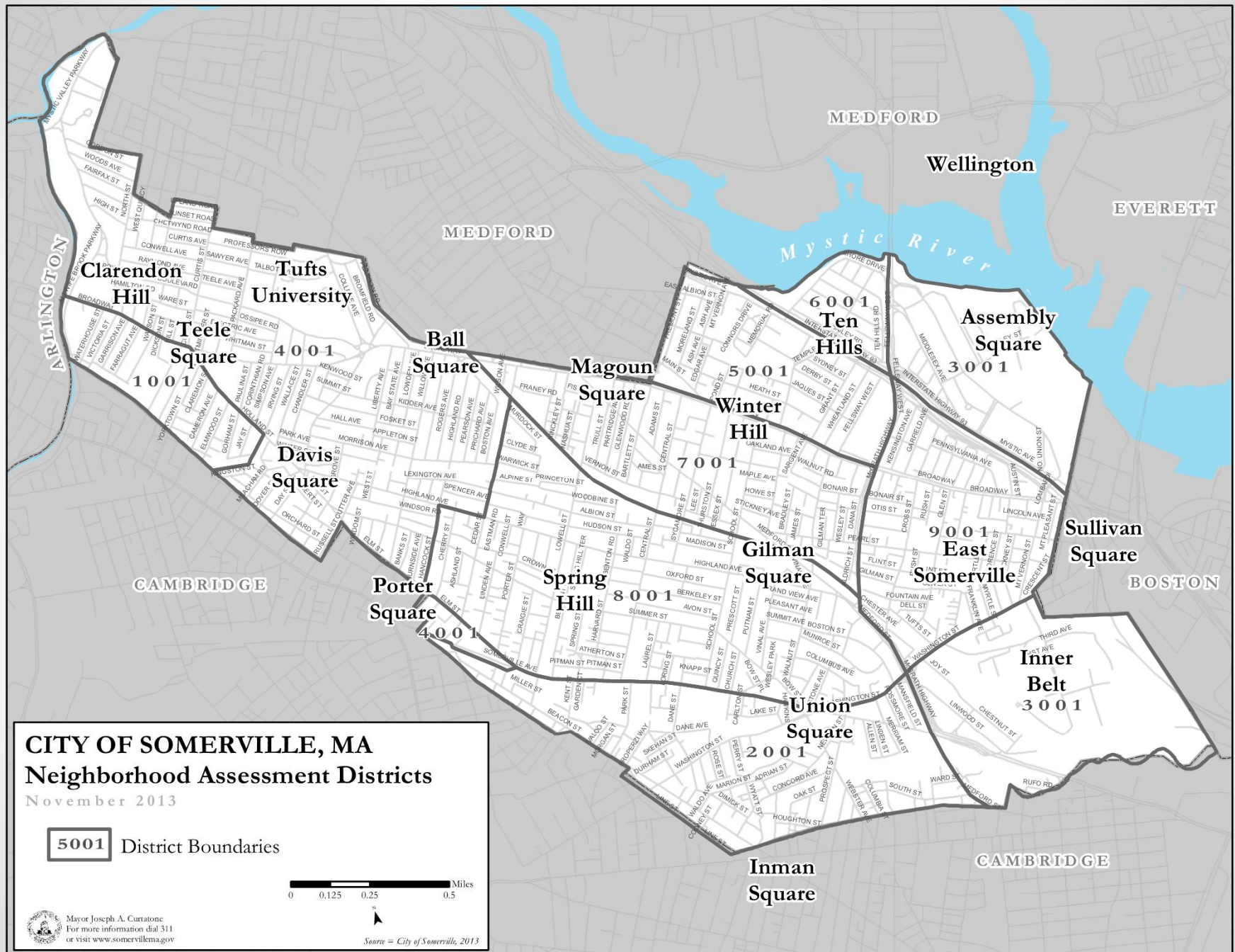
USE CODE	DESCRIPTION	FY 2016 PARCEL COUNT	FY 2017 PARCEL COUNT	FY 2016 ASSESSED VALUE	FY 2017 ASSESSED VALUE
101	SINGLE FAMILY	2,341	2,347	\$1,299,181,600	\$1,486,191,900
102	CONDOMINIUM	4,953	5,119	\$2,174,115,200	\$2,482,342,700
104	TWO FAMILY	5,178	5,140	\$3,210,889,500	\$3,509,203,300
105	THREE FAMILY	2,317	2,305	\$1,651,088,700	\$1,849,029,700
109	2 OR MORE RES. BUILDINGS/1 LOT	72	72	\$65,280,900	\$74,887,200
111-125	APARTMENTS 4+	662	663	\$899,199,500	\$1,123,456,300
130-132,106	VACANT RES. LAND	179	175	\$12,173,400	\$12,637,900
300-393	COMMERCIAL	596	592	\$1,013,105,300	\$1,139,892,300
400-452	INDUSTRIAL	105	104	\$318,967,000	\$339,856,200
012-043	MIXED USE RESIDENTIAL	255	258	\$235,064,286	\$276,464,402
	MIXED USE COMMERCIAL			\$95,727,514	\$115,364,398
501-508	PERSONAL PROPERTY	1,312	1,296	\$223,981,370	\$251,203,200
TOTAL REAL & PERSONAL PROPERTY VALUE		17,970	18,071	\$11,198,774,270	\$12,660,529,500
900-990	EXEMPT REAL ESTATE	411	404	\$1,429,039,000	\$1,547,392,400

## Parcel Count Changes FY16-FY17:

- Added 175 condo units (122 from conversions & 53 new construction)
- 38 fewer two family properties
- 12 fewer three family properties
- 9 condo units revert to two or three family properties

## Average Valuation Changes FY16-FY17

	Market & Growth	Market Only
Single family	14%	13%
Two family	10%	9%
Three family	13%	12%
Apartments 4+	21%	17%
Condominiums	11%	9%
Commercial	14%	10%
Industrial	7%	7%
Personal Property	12%	n/a



## Average Assessment Changes By Neighborhood: Single Family

	FY16 Value	FY17 Value	% Change 16-17
1001 West Somerville South & Cambridge Line	688,700	755,900	9.76
2001 Ward 2 Union Square South	584,600	621,500	6.31
3001 Ward 2 Cobble Hill	n/a	n/a	n/a
4001 West Somerville	793,900	902,000	13.62
5001 Winter Hill North	364,400	436,300	19.73
6001 Ten Hills	466,900	532,700	14.09
7001 Winter Hill & Magoun Square	467,500	542,800	16.11
8001 Central, Spring & Prospect Hill	561,300	635,900	13.29
9001 East Somerville	348,000	441,200	26.78
<b>City Average</b>	<b>555,000</b>	<b>633,200</b>	<b>14.09</b>

## Average Assessment Changes By Neighborhood: Two Family

	FY16 Value	FY17 Value	% Change 16-17
1001 West Somerville South & Cambridge Line	720,200	758,500	5.35
2001 Ward 2 Union Square South	635,900	662,200	4.14
3001 Ward 2 Cobble Hill	n/a	n/a	n/a
4001 West Somerville	739,600	814,500	10.13
5001 Winter Hill North	420,300	472,300	12.37
6001 Ten Hills	514,700	537,200	4.37
7001 Winter Hill & Magoun Square	508,900	571,900	12.38
8001 Central, Spring & Prospect Hill	598,200	660,000	10.33
9001 East Somerville	422,100	504,800	19.59
<b>City Average</b>	<b>620,100</b>	<b>682,700</b>	<b>10.10</b>

## Average Assessment Changes By Neighborhood: Three Family

	FY16 Value	FY17 Value	% Change 16-17
1001 West Somerville South & Cambridge Line	859,700	938,700	9.19
2001 Ward 2 Union Square South	775,800	850,600	9.64
3001 Ward 2 Cobble Hill	n/a	n/a	n/a
4001 West Somerville	839,400	936,300	11.54
5001 Winter Hill North	558,500	658,100	17.83
6001 Ten Hills	571,700	620,900	8.61
7001 Winter Hill & Magoun Square	614,700	694,800	13.03
8001 Central, Spring & Prospect Hill	710,300	792,400	11.56
9001 East Somerville	516,700	625,800	21.11
<b>City Average</b>	<b>712,600</b>	<b>802,200</b>	<b>12.57</b>



## Average Assessment Changes By Neighborhood: Condominium

	FY16 Value	FY17 Value	% Change 16-17
1001 West Somerville South & Cambridge Line	517,900	578,700	11.74
2001 Ward 2 Union Square South	435,200	503,600	15.72
3001 Ward 2 Cobble Hill	353,200	423,500	19.90
4001 West Somerville	516,300	576,700	11.70
5001 Winter Hill North	307,300	342,700	11.52
6001 Ten Hills	396,800	424,600	7.01
7001 Winter Hill & Magoun Square	342,200	382,900	11.89
8001 Central, Spring & Prospect Hill	442,900	487,300	10.02
9001 East Somerville	340,100	396,400	16.55
<b>City Average</b>	<b>431,500</b>	<b>484,900</b>	<b>12.38</b>

# FY17 Growth

Use Type	Market Change %(w/o growth)	New Growth Valuation	Tax Levy Growth
Single Family	13.2	14,720,800	
Condominium	9.2	58,957,600	
Two & Three Family	10.2	41,240,400	
Four+ Units	16.8	30,271,395	
Mixed-Use Residential & Other	19.2	55,345,737	
<b>Total Residential</b>	<b>11.2</b>	<b>200,535,932</b>	<b>2,512,715</b>
Commercial	10.5	34,869,644	703,669
Industrial	6.6	658,700	13,293
Personal Property	n/a	55,839,130	1,126,834
<b>Total Real &amp; Personal Property</b>		<b>291,903,406</b>	<b>\$4,356,511</b>

# Major Contributors to New Valuation Growth

479 Canal Street(Block 6 ASQ, Res./Retail)	\$39.9M
9 Medford Street (Apartments)	\$13.9M
399 Revolution Drive (FRIT at Partners, Retail)	\$12.4M
NSTAR Electric (PP)	\$11.1M
445 Artisan Way (Block 4 ASQ, Res./Retail)	\$10.1M
375 Canal Street (Block 5 ASQ, Res./Hotel/Retail)	\$ 8.4M
NSTAR Gas (PP)	\$ 5.7M
Microsoft Corp. (PP)	\$ 4.9M
197 Washington Street (Res./Retail)	\$ 4.7M



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# FY17 Tax Levy & Classification

FY17 Levy Limit: \$137,032,678

FY17 Levy: \$136,032,678

FY16 Levy: \$129,147,863

Tax Levy Change: \$ 6,884,815

FY17 Change:  
5.3%

FY16 Change:  
5.7%

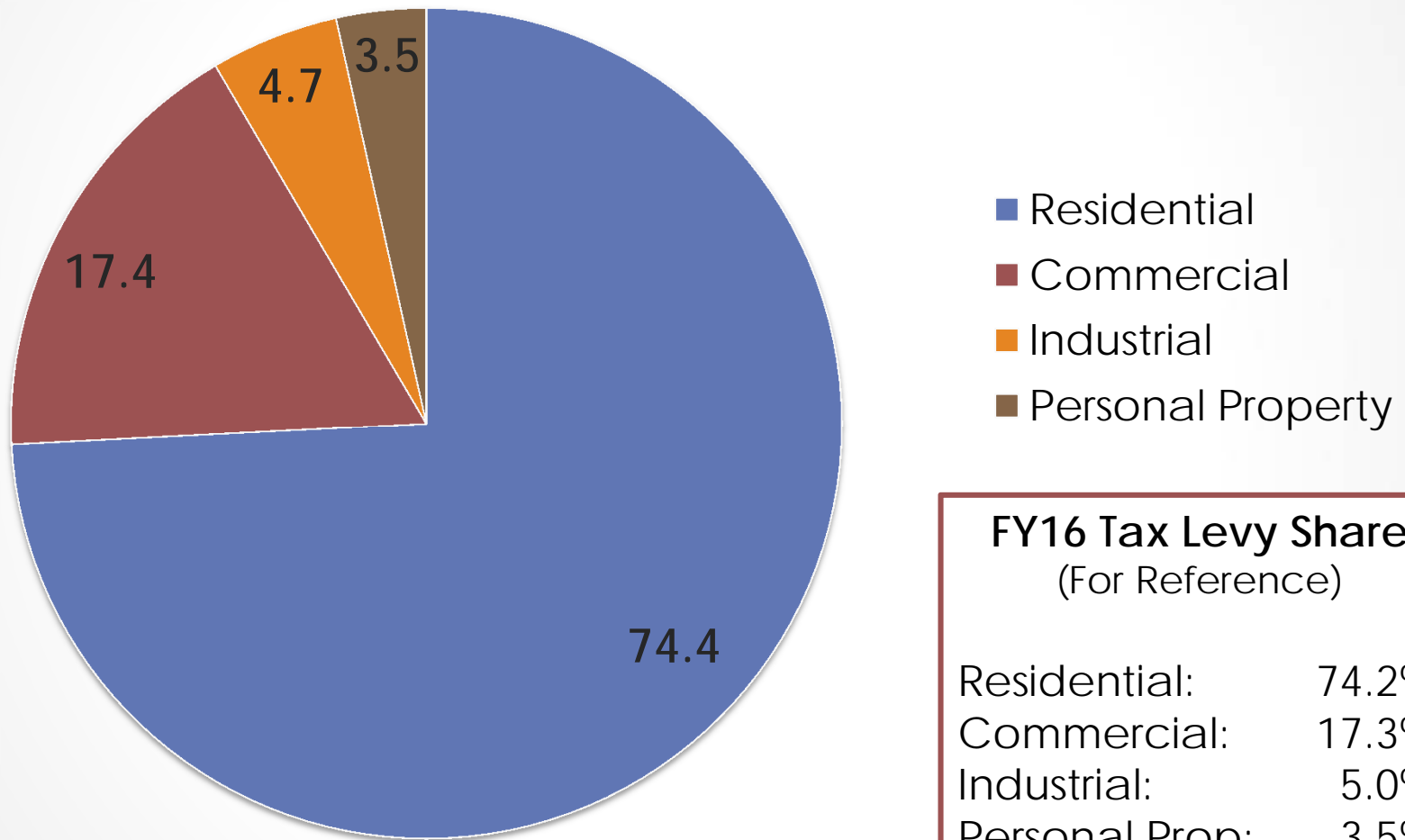
Excess Levy Capacity: \$ 1,000,000

	As Assessed	With 175% Classification
Commercial Value Percentage	14.5832	25.5206
Residential Value Percentage	85.4168	74.4794

Commercial Levy: \$ 34,716,356

Residential Levy: \$101,316,322

# Tax Levy Share: FY17



## FY16 Tax Levy Share (For Reference)

Residential:	74.2%
Commercial:	17.3%
Industrial:	5.0%
Personal Prop:	3.5%

# Option 1: No Classification & No ResX

- Single Tax Rate: \$10.74

**NOT RECOMMENDED**

USE	FY16 AVERAGE VALUE	FY17 AVERAGE VALUE	FY16 AVERAGE TAX	FY17 AVERAGE TAX	TAX CHANGE FROM FY16
CONDO	431,500	484,900	\$2,783	\$5,208	\$2,425
1 FAMILY	555,000	633,200	\$4,330	\$6,801	\$2,471
2 FAMILY	620,100	682,700	\$5,146	\$7,332	\$2,186
3 FAMILY	712,600	802,200	\$6,305	\$8,616	\$2,311
4-8 FAMILY	897,300	1,019,000	\$8,619	\$10,944	\$2,325
9+ APTS	3,084,500	3,633,800	\$38,649	\$39,027	\$378
COM/IN	1,900,200	2,126,100	\$38,346	\$22,834	-\$15,512

## Option 2: With Classification & No ResX

- Residential Rate: \$9.37
- Commercial Rate: \$18.80

**NOT RECOMMENDED**

USE	FY16 AVERAGE VALUE	FY17 AVERAGE VALUE	FY16 AVERAGE TAX	FY17 AVERAGE TAX	TAX CHANGE FROM FY16
CONDO	431,500	484,900	\$2,783	\$4,544	\$1,761
1 FAMILY	555,000	633,200	\$4,330	\$5,933	\$1,603
2 FAMILY	620,100	682,700	\$5,146	\$6,397	\$1,251
3 FAMILY	712,600	802,200	\$6,305	\$7,517	\$1,212
4-8 FAMILY	897,300	1,019,000	\$8,619	\$9,548	\$929
9+ APTS	3,084,500	3,633,800	\$38,649	\$34,049	-\$4,600
COM/IN	1,900,200	2,126,100	\$38,346	\$39,971	\$1,625

# Option 3: With Classification & ResX

- Residential Rate: \$11.67  
Commercial Rate: \$18.80

ResX Value Reduction: \$235,399  
Tax Savings of \$2,747.11

**RECOMMENDED**

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

USE	FY16 AVERAGE VALUE	FY17 AVERAGE VALUE	FY16 AVERAGE TAX	FY17 AVERAGE TAX	TAX CHANGE FROM FY16
CONDO	431,500	484,900	\$2,783	\$2,912	\$129
1 FAMILY	555,000	633,200	\$4,330	\$4,642	\$312
2 FAMILY	620,100	682,700	\$5,146	\$5,220	\$74
3 FAMILY	712,600	802,200	\$6,305	\$6,615	\$310
4-8 FAMILY	897,300	1,019,000	\$8,619	\$9,145	\$526
9+ APTS	3,084,500	3,633,800	\$38,649	\$42,406	\$3,757
COM/IN	1,900,200	2,126,100	\$38,346	\$39,971	\$1,625



## Tax Change Comparison FY16/FY17

USE	TAX CHANGE FY15 TO FY16	TAX CHANGE FY16 TO FY17
CONDO	\$399	\$129
1 FAMILY	\$166	\$312
2 FAMILY	\$150	\$74
3 FAMILY	\$317	\$310
4-8 FAMILY	\$315	\$526
9+ APARTMENTS	\$1,145	\$3,757
COMM/IND	\$2,034	\$1,625

# Recent City Initiatives to Ease Tax Impact

- Residential Exemption amount increased to 35% (FY16)
- Clause 41C for seniors increased from \$750 to \$1,000 (FY16)
- Asset & income limits increased for 41C recipients (FY16)
- Senior work-off income limits increased (FY 16). Base amount allowed proposed to increase from \$1,000 to \$1,500 (FY18)
- Interest rate lowered & income limit raised for tax deferral program, 41A. Interest rate proposed to decrease from 4% to 3% for FY18.
- Temporary Hardship deferral interest rate proposed to decrease from 8% to 3% for FY18
- Additional real estate exemption up to 100% allowed (annual)
- Water & Sewer discount for 41C & 17D recipients for FY17
- The City is exploring raising the residential exemption percentage from 35% to up to 40% (FY18)
- The City is analyzing the impacts of implementing a water & sewer bill discount for residential exemption recipients.

# 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>



Source: FRIT

## 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.