

FY2023

Tax Classification Public Hearing

Annual adoption of the Residential Factor and other options per MGL Chapter 40 s.56

presented by
Edward O'Neil, MAA - Chief Assessor

Board of Assessors
Elizabeth Fekete, Chair
Kathryn Peirce, Clerk
Matt Calder, Member

November 15, 2022



Fiscal Year 2023 – Interim Tax Year

Value Assessment date for Fiscal Year 2023 is January 1, 2022

All values are analyzed by reviewing the following:

- RESIDENTIAL VALUES - Real estate sales from Calendar Year 2021, and if necessary, a portion of Calendar Year 2020 with a review of 2022 market activity.
- COMMERCIAL & INDUSTRIAL VALUES – Industry sources and use of written returns of information for real property, from Calendar Year 2021 property income and expenses.
- PERSONAL PROPERTY VALUES – Cost tables and use of written returns of information on business assets from Calendar Year 2021.

City Wide Value Change - FY 2022 vs. FY 2023

PROPERTY CLASS	FY2022	FY2023 approved		OVERALL CHANGE		
	ASSESSED VALUATION	PERCENT OF TOTAL VALUATION	ASSESSED VALUATION	PERCENT OF TOTAL VALUATION	ASSESSED VALUATION	PERCENT CHANGE
RESIDENTIAL	9,312,610,088	78.9%	10,262,225,206	79.2%	949,615,118	10.2%
OPEN SPACE	-	-	-	-	-	-
TOTAL RES. & OS	9,312,610,088	78.9%	10,262,225,206	79.2%	949,615,118	10.2%
COMMERCIAL	1,684,698,677	14.3%	1,831,021,864	14.1%	146,323,187	8.7%
INDUSTRIAL	385,716,480	3.3%	415,589,940	3.2%	29,873,460	7.7%
PERSONAL	415,995,120	3.5%	451,488,630	3.5%	35,493,510	8.5%
TOTAL CIP	2,486,410,277	21.1%	2,698,100,434	20.8%	211,690,157	8.5%
TOTALS	11,799,020,365	100.0%	12,960,325,640	100.0%	1,161,305,275	9.8%
RE EXEMPT VALUE	1,323,888,294	-	1,364,523,928	-	-	3.1%

FY2023 Value Summary by Class Overall Percent Adjustments

- RESIDENTIAL Class: Value Increased by 10.2%
Class 1 Residential (19,085 total parcels; 13,533 single family homes, 3,315 residential condominiums)
- COMMERCIAL Class: Value Increased by 8.7%
Class 3 Commercial (854 parcels)
- INDUSTRIAL Class: Value Increased by 7.7%
Class 4 Industrial (108 parcels)
- PERSONAL Class: Value Increased by 8.5%
Class 5 Personal (Business assets, 1570 accounts)

Value Trends/Comments

Residential

- Single family – parcel increase (+6) & value increase.
- Condominiums – parcel increase (+12) & value increase....Millwood still adding value.
- Apartment complexes - additional value added as these projects move through the City review process.

Commercial & Industrial

- Values have increased in the commercial and industrial properties, some sectors still recovering from the pandemic.

Personal Property Two Areas (State valued and locally valued):

- First area is state valued business assets in Framingham, 13 accounts, 14.8% + or - of total personal property value. Landline Telephone Accounts such as Verizon New England and AT&T and Tennessee Gas Pipeline Account.
- Second area is other taxable business assets from local shops, restaurants, retail, gas stations and others 1,576 accounts, 85.2% + or - of total value.

Taxable Value Summary: Current Year and Previous Years

YEAR TYPE	FISCAL YEAR	TOTAL TAXABLE VALUE	PERCENT CHANGE FROM PREVIOUS YEAR
Interim	2023	12,960,325,640	9.84%
Interim	2022	11,799,020,365	5.54%
Interim	2021	11,179,606,052	7.04%
Interim	2020	10,444,516,950	6.71%
<u>Certification</u>	2019	9,787,816,255	8.11%
Interim	2018	9,053,348,365	6.61%
Interim	2017	8,491,991,206	6.88%
Interim	2016	7,945,015,743	4.41%
<u>Certification</u>	2015	7,609,478,571	5.08%
Interim	2014	7,241,593,787	-0.37%
Interim	2013	7,268,634,368	-3.47%
<u>Certification</u>	2012	7,529,736,477	0.94%
Interim	2011	7,459,613,764	-

Tax Levy New Growth

The tax levy new growth is essentially the value increase from new construction and the value increase from real or personal property items not previously assessed. This value increase is then converted to a tax amount as part of the Proposition 2.5% calculation.

New Growth Valuation is \$169,911,760 - which translates to tax levy growth of \$4,020,724 for Fiscal Year 2023.

Tax levy for FY2023 is \$208,107,355

TAX LEVY NEW GROWTH – current year and previous years

Fiscal Year		NEW GROWTH VALUATION	PRIOR YEAR TAX RATE	TAX LEVY GROWTH	TOTAL TAX LEVY GROWTH
2023	RES	\$59,417,900	0.01374	\$ 816,402	\$4,020,724
	CIP	\$110,493,860	0.02900	\$ 3,204,322	
	TOTAL	\$169,911,760			
2022	Total	\$155,012,392			\$3,566,245
2021	Total	\$139,830,039			\$3,346,826
2020	Total	\$132,522,600			\$3,227,116
2019	Total	\$121,166,939	-	-	\$3,224,491
2018	Total	\$132,686,808	-	-	\$3,202,597
2017	Total	\$129,726,449	-	-	\$3,155,119
2016	Total	\$70,004,390	-	-	\$2,073,552

Converting Value to Tax

◆ Tax Rate Setting Process ◆

- Work throughout the fiscal year to adjust and refine personal & real property values.
- Submit and receive approvals from the Bureau of Local Assessment of the DOR's Division of Local Services on value and new growth.
- Along with Chief Financial Officer, City Accountant, and City Tax Collector, complete Tax Recap documents.
- Hold hearing where local officials choose tax burden for taxpayers.
- Submit City Council choices to state for tax rate approval.

Development of Tax Rate

STEP 1:

Establish Property Values

• Residential/Open Space	\$10,262,225,206 (79.19%)
• Comm/Ind/Per Property	<u>\$2,698,100,434 (20.81%)</u>
TOTAL TAXABLE VALUE	\$12,960,325,640

(Exempt real property value is \$1,364,523,928)

Development of Tax Rate

STEP 2:

Determine Single Tax Rate for All Property Classes

▪ Residential/Open Space	\$10,262,225,206
▪ Comm/Ind/PersProp	<u>\$2,698,100,434</u>
▪ TOTAL TAXABLE VALUE	\$12,960,325,640

Tax Levy divided by Total Taxable Value (including Debt Exclusion)

$$\$208,107,355 / 12,960,325,640 = 0.01606$$

OR

\$16.06/1000 value

Average Single Family Value \$543,360 RE Tax Bill would be \$8,726.36

Median Single Family Value \$498,800 RE Tax Bill would be \$8,010.72

Development of Tax Rate

STEP 3:

Determine Split Tax Rate for Property Classes

- A residential factor of less than 1, reduces the share of the tax levy paid by the Residential & Open Space classes and increases the share paid by the Commercial and Industrial properties and Personal Property businesses.
- Commercial, Industrial and Personal Property taxpayers cannot pay more than 150% of full fair cash value; Residential and Open Space taxpayers must pay at least 65% of full and fair cash value.
- However, with Chapter 200, parameters can be expanded so Commercial, Industrial and Personal Property taxpayers pay a maximum of 175%, and Residential and Open Space taxpayers pay the greater of 50% of FFCV or lowest percentage share of the levy they have paid since classification began.
- Framingham meets this threshold, therefore the 175% shift is available.

Development of Tax Rate

STEP 4:

Determine Split Tax Rate for Property Classes

- Fiscal Year 2022 Chosen Residential Factor 0.810400 / CIP SHIFT 1.71%
 - Natural Full value shares: RES 78.9270% CIP 21.0730%
 - City Council Chosen value shares: RES 63.9624% CIP 36.0376%
 - TAX RATES RES 0.01374 CIP 0.02900

- Fiscal Year 2023 Residential Factor To Be Determined
 - Natural Full value shares: RES 79.1819% CIP 20.8181%
 - City Council Chosen value shares: RES TBD CIP TBD
 - TAX RATES RES TBD CIP TBD

Development of Tax Rate

STEP 5:

Determine Split Tax Rate for Property Classes

Estimated Tax Rates with Tax Levy of \$208,107,355							
CIP SHIFT	RES FACTOR	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	PERSONAL PROPERTY	RES SHARE PERCENTAGE	CIP SHARE PERCENTAGE
1.6600	0.8265	13.27	26.66	26.66	26.66	65.4419	34.5581
1.6700	0.8238	13.23	26.82	26.82	26.82	65.2337	34.7663
1.6800	0.8212	13.19	26.98	26.98	26.98	65.0255	34.9745
1.6900	0.8186	13.14	27.14	27.14	27.14	64.8174	35.1826
1.7000	0.8160	13.10	27.30	27.30	27.30	64.6092	35.3908
1.7100	0.8133	13.06	27.46	27.46	27.46	64.4010	35.5990
1.7200	0.8107	13.02	27.62	27.62	27.62	64.1928	35.8072
1.7300	0.8081	12.98	27.78	27.78	27.78	63.9846	36.0154
1.7400	0.8054	12.93	27.94	27.94	27.94	63.7765	36.2235
1.7500	0.8028	12.89	28.10	28.10	28.10	63.5683	36.4317
1.00	100.00	16.06	16.06	16.06	16.06	79.1819	20.8181

*All tax rates will change if the open space discount or the residential exemption or the small commercial exemption are chosen.

Average Single Family Home Tax Bill

Estimated RE Tax - Average Single Family Home using CIP factors from 1.66 - 1.75					
CIP Shift Factor	RESIDENTIAL RATE	AVERAGE SINGLE FAMILY VALUE	AVERAGE SINGLE FAMILY TAX AMOUNT	MEDIAN SINGLE FAMILY VALUE	MEDIAN SINGLE FAMILY TAX AMOUNT
1.66	13.27	543,360	\$7,210	498,800	\$6,619
1.67	13.23	543,360	\$7,189	498,800	\$6,599
1.68	13.19	543,360	\$7,167	498,800	\$6,579
1.69	13.14	543,360	\$7,140	498,800	\$6,554
1.70	13.10	543,360	\$7,118	498,800	\$6,534
1.71	13.06	543,360	\$7,096	498,800	\$6,514
1.72	13.02	543,360	\$7,075	498,800	\$6,494
1.73	12.98	543,360	\$7,053	498,800	\$6,474
1.74	12.93	543,360	\$7,026	498,800	\$6,449
1.75	12.89	543,360	\$7,004	498,800	\$6,430
1.00	\$16.06	543,360	\$8,726	498,800	\$8,011

SINGLE FAMILY: Value, Tax bill, and Percent increases from previous year @ 1.71% shift

				value	percent	tax dollars	tax dollars	percent
FISCAL YEAR	TOTAL VALUE: SINGLE FAMILY PARCELS	NUMBER OF SINGLE FAMILY PARCELS	RES. TAX RATE	AVERAGE SINGLE FAMILY VALUE	AVG SF VALUE ADJUSTMENT FROM PREVIOUS YEAR	AVERAGE SF TAX BILL	DOLLAR AMOUNT CHANGE FROM PREVIOUS YEAR	TAX BILL AMOUNT PERCENT INCREASE FROM PREVIOUS YEAR
2023	7,353,300,500	13,533	\$13.06	543,360	10.66%	\$7,096	\$350	5.19%
2022	6,641,991,100	13,527	\$13.74	491,000	5.07%	\$6,746	\$181	2.75%
2021	6,315,538,700	13,516	\$14.05	467,300	6.29%	\$6,566	(\$20)	-0.31%
2020	5,938,069,000	13,507	\$14.98	439,630	5.52%	\$6,586	\$178	2.77%
2019	5,623,443,775	13,497	\$15.38	416,650	7.86%	\$6,408	\$104	1.64%
2018	5,206,444,500	13,478	\$16.32	386,300	5.17%	\$6,304	\$167	2.72%
2017	4,941,939,800	13,454	\$16.71	367,300	5.27%	\$6,138	\$74	1.22%
2016	4,688,782,300	13,437	\$17.38	348,900	4.46%	\$6,064	\$112	1.88%
2015	4,479,042,600	13,409	\$17.82	334,000	3.15%	\$5,952	\$30	0.50%
2014	4,336,780,200	13,394	\$18.29	323,800	-0.12%	\$5,922	\$139	2.40%
2013	4,336,186,300	13,377	\$17.84	324,200	-4.87%	\$5,784	\$11	0.18%
2012	4,556,448,100	13,368	\$16.94	340,800	5.12%	\$5,773	\$576	11.09%
2011	4,331,822,600	13,361	\$16.03	324,200	-5.45%	\$5,197	\$218	4.38%
2010	4,575,143,100	13,343	\$14.52	342,900	-	\$4,979	-	-

FY2023 tax levy of \$208,107,355; a 1.57% tax levy increase + excluded debt + new growth.

Note: The median single family value of \$498,800 would pay \$6,514 in taxes

AVERAGE SINGLE FAMILY, CONDOMINIUM, COMMERCIAL AND INDUSTRIAL VALUE

FISCAL YEAR	TOTAL VALUE	NUMBER OF PARCELS	TAX RATE	AVERAGE VALUE	AVERAGE TAX BILL	\$ CHANGE FROM PREVIOUS YEAR	TAX BILL PERCENT INCREASE FROM PREVIOUS YEAR
Single Family							
2023	\$7,353,300,500	13,533	\$13.06	\$543,360	\$7,096.28	\$350	5.19%
2022	\$6,641,991,100	13,527	\$13.74	\$491,000	\$6,746.34	\$181	2.75%
2021	\$6,315,538,700	13,516	\$14.05	\$467,300	\$6,565.57		
Condo							
2023	\$913,923,200	3315	\$13.06	\$275,700	\$3,600.64	\$256	7.66%
2022	\$803,974,600	3303	\$13.74	\$243,400	\$3,344.32	\$134	4.17%
2021	\$737,481,400	3228	\$14.05	\$228,500	\$3,210.43		
Commercial							
2023	\$1,773,515,348	824	\$27.46	\$2,152,324	\$59,102.83	\$2,024	3.55%
2022	\$1,623,790,900	825	\$29.00	\$1,968,231	\$57,078.71	-\$2,194	-3.70%
2021	\$1,625,113,500	825	\$30.09	\$1,969,835	\$59,272.32		
Industrial							
2023	\$415,589,940	108	\$27.46	\$3,848,055	\$105,667.59	\$1,128	1.08%
2022	\$385,716,480	107	\$29.00	\$3,604,827	\$104,539.98	\$1,431	1.39%
2021	\$373,510,380	109	\$30.09	\$3,426,701	\$103,109.43		

HISTORIC: CIP SHIFT / RES FACTOR AND TAX LEVY

HISTORIC - CIP SHIFT, RES FACTOR AND TAX LEVY							
FISCAL YEAR	RES TAX RATE	CIP TAX RATE	CIP SHIFT	TAX LEVY	RES FACTOR	RES SHARES	CIP SHARES
2022	13.74	29.00	1.71	200,061,160	0.8104	63.962	36.038
2021	14.05	30.09	1.72	195,576,600	0.8029	63.029	36.971
2020	14.98	32.30	1.72	196,153,144	0.7976	62.258	37.742
2019	15.38	33.61	1.72	191,224,337	0.7873	60.777	39.223
2018	16.32	35.39	1.71	188,453,913	0.7810	59.921	40.079
2017	16.71	36.52	1.70	182,403,844	0.7780	59.070	40.930
2016	17.38	37.98	1.71	176,466,162	0.7825	59.899	40.101
2015	17.82	38.99	1.71	173,512,298	0.7815	59.757	40.243
2014	18.29	40.92	1.74	170,290,441	0.7778	59.821	40.179
2013	17.84	39.98	1.74	167,025,508	0.7763	59.613	40.387
2012	16.94	38.05	1.75	163,723,467	0.7791	60.179	39.821
*CIP SHIFT/RES FACTOR TO BE CHOSEN; USING 1.71 CIP SHIFT							

Average Commercial & Industrial Values and Tax

Commercial								
YEAR	CLASS	PARCEL COUNT	TOTAL VALUE	AVERAGE VALUE	CIP TAX RATE	AVERAGE TAX BILL	TAX BILL DOLLAR AMT CHANGE FROM PREVIOUS YEAR (based on avg)	VALUE PERCENTAGE CHANGE FROM PREVIOUS YEAR (based on avg)
2023	300-399	824	1,773,515,348	2,152,324	27.46	\$59,103	\$2,024	9.35%
2022	300-399	825	1,623,790,900	1,968,231	29.00	\$57,079	(\$2,194)	-0.08%
2021	300-399	825	1,625,113,500	1,969,835	30.09	\$59,272	(\$1,352)	4.82%
2020	300-399	834	1,567,293,900	1,879,249	32.26	\$60,625	(\$3,443)	-1.41%
2019	300-399	844	1,608,831,843	1,906,199	33.61	\$64,067	\$332	5.84%
2018	300-399	868	1,563,224,925	1,800,950	35.39	\$63,736	\$99	3.35%
2017	300-399	865	1,507,281,351	1,742,522	36.52	\$63,637	\$4,494	11.90%
2016	300-399	865	1,346,998,840	1,557,224	37.98	\$59,143	\$484	3.51%
2015	300-399	864	1,299,872,350	1,504,482	38.99	\$58,660	\$1,943	8.55%
2014	300-399	866	1,200,300,512	1,386,028	40.92	\$56,716	\$1,237	-0.12%
2013	300-399	868	1,204,498,235	1,387,671	39.98	\$55,479	\$1,890	-1.47%
2012	300-399	863	1,215,435,396	1,408,384	38.05	\$53,589	(\$2,554)	-6.91%
2011	300-399	868	1,313,175,863	1,512,875	37.11	\$56,143	-	-
Industrial								
YEAR	CLASS	PARCEL COUNT	TOTAL VALUE	AVERAGE VALUE	CIP TAX RATE	AVERAGE TAX BILL	TAX BILL DOLLAR AMT CHANGE FROM PREVIOUS YEAR (based on avg)	VALUE PERCENTAGE CHANGE FROM PREVIOUS YEAR (based on avg)
2023	400-499	108	415,589,940	3,848,055	27.46	\$105,668	\$1,128	6.75%
2022	400-499	107	385,716,480	3,604,827	29.00	\$104,540	\$1,431	5.20%
2021	400-499	109	373,510,380	3,426,701	30.09	\$103,109	\$33	7.25%
2020	400-499	107	341,883,200	3,195,170	32.26	\$103,076	\$7,625	12.51%
2019	400-499	110	312,394,780	2,839,953	33.61	\$95,451	\$1,986	7.53%
2018	400-499	104	274,663,170	2,640,992	35.39	\$93,465	-\$1,272	1.81%
2017	400-499	104	269,788,250	2,594,118	36.52	\$94,737	\$2,790	7.15%
2016	400-499	108	261,459,900	2,420,925	37.98	\$91,947	-\$2,116	0.35%
2015	400-499	111	267,785,500	2,412,482	38.99	\$94,063	\$5,409	11.35%
2014	400-499	113	244,817,100	2,166,523	40.92	\$88,654	\$3,031	1.16%
2013	400-499	112	239,864,800	2,141,650	39.98	\$85,623	\$3,741	-0.48%
2012	400-499	116	249,626,900	2,151,956	38.05	\$81,882	\$1,565	-0.57%
2011	400-499	116	251,056,800	2,164,283	37.11	\$80,317	-	-

ANNUAL OPTIONS (1 of 3)

■ Open Space Discount

Class 2 property is property which is not otherwise classified and which is not taxable under the provisions of Chapter 61, 61A, or 61B, or taxable under a permanent conservation restriction, and which land is not held for the production of income but is maintained in an open or natural condition and which contributes significantly to the benefit and enjoyment of the public.

The Open Space Discount allows for designated land to receive up to 25% reduction or 75% of the residential factor. This discount increases the Residential Tax Rate.

THIS OPTION HAS LESS BENEFIT THAN CHAPTER LAND DESIGNATION AND IT IS NOT USUALLY ENACTED BY COMMUNITIES

Some communities that have previously adopted this:

ANNUAL OPTIONS (2 of 3)

■ Small Commercial Exemption

The Small Commercial Exemption grants an exemption amount up to 10% of Class Three, Commercial properties that are occupied by businesses with an average annual employment of no more than 10 people and an assessed valuation of less than 1,000,000.

TAX RATE IMPACT: Adopting a Small Commercial exemption increases the commercial and industrial tax rates. The amount of the tax levy paid by those two classes remains the same, but because of the exempted valuation, it is distributed over less assessed value. This higher rate creates a shift that reduces the taxes paid by owners of properties occupied by small businesses and shifts them to larger commercial and industrial taxpayers.

Some communities that have previously adopted this: Auburn, Avon, Bellingham, Berlin, Braintree, Chelmsford, Dartmouth, Erving, New Ashford, North Attleborough, Seekonk, Swampscott, Westford, Wrentham

ANNUAL OPTIONS (3 of 3)

■ Residential Exemption

Adopting the residential exemption increases the residential tax rate. The amount of the tax levy paid by the Class remains the same, but because of the exempted valuation, it is distributed over less assessed value. This higher rate creates a shift within the class that reduces the taxes paid by homeowners with moderately valued properties. Those taxes are paid by owners of rental properties, vacation homes and higher valued homes.

Some communities that have previously adopted this: Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Nantucket, Provincetown, Somerville, Tisbury, Truro, Waltham, Watertown, Wellfleet.

Hearing Protocol

- Tax burden choices and options made by City Council; majority vote
- Mayor has power to veto the city council's chosen percentages within 10 days, or decline sooner.
- City Council may override Mayor's veto with a 2/3^{rds} of the members vote

Required Hearing Decisions by City Council

REQUIRED to choose

- Choose Residential Factor/CIP shift for FY2023 (amount of tax burden shift)

OPTIONS:

- Open Space Discount; if yes, percentage amount, up to 25%
- Small Commercial Exemption; if yes, percentage amount, up to 10%
- Residential Exemption; if yes, percentage amount, up to 35%



Thank You

