

To: Honorable David B. Cohen, Mayor
Paul E. Coletti, Chairman, Finance Committee

From: Elizabeth Dromey, Director
Assessment Administration

Subject: Support Information Relative to the Fiscal Year 2006
Property Tax Rate Classification

Date: November 9, 2005

In anticipation of the public hearing for the FY2006 Tax Rate Classification, scheduled for Wednesday, November 16, 2005, I offer the attached documents for your reference. These documents reflect preliminary figures and are subject to minor changes prior to the public hearing.

The Board of Aldermen established the amount of the levy to be raised by property tax as a result of the FY2006 budget process. The sole purpose of the public hearing and the subsequent action by the Board of Aldermen is to establish the proportion of the levy raised by the residential and commercial classes of property. The City has the option of adopting a residential factor that would tax commercial property at up to 175%.

The property assessments have been set but the tax rates are subject to revision, dependent upon the Department of Revenue's certification of New Growth.

The final documentation with actual figures will be made available at the Public Hearing. The preliminary FY2006 Tax Rate Classification documents include:

Page 3,4	Process for Setting Classification Rates
Page 5	Real Estate Value Changes: FY2005 to FY2006
Page 6	LA 7: Percentage of Value by Classification
Page 7	LA-4 Total Values by Land Use (Class)
Page 8	175% Eligibility Computation and Minimum Residential Factor (Newton is 175% Factor Eligible)
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Page 18	Potential Impact Comparison: Shift 170% to 175%
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**City of Newton
Fiscal Year 2006
Classification Hearing**

**PROCESS FOR SETTING OF CLASSIFICATION RATES
WITH DEFINITION OF RELATED TERMS**

Step 1.) Assessors submit Form LA-4 to the Department of Revenue. Form LA-4 is a summary of all taxable values in the community stratified by land use. There are several dozen applicable land use (property type) codes. A quick definition of the codes is as follows:

Land Use codes beginning with	1xx = Residential
	3xx = Commercial
	4xx = Industrial
	0xx = Mixed Residential/ Commercial
	5xx = Personal Property

Step 2.) The Commissioner of Revenue certifies a Minimum Residential Factor according to the calculations under "Chapter-200". The minimum residential factor is the percentage that residential property will raise if all property were taxed at one rate.

The Commissioner will verify that the City is in compliance with all the provisions of Proposition 2 1/2 pertaining to Tax Levy Limits. This includes:

Certifying construction / additions valuation increase. This is new growth.

Establishing a Levy Limit in compliance with both:

- a.) Effective tax rate of less than 2 1/2%
- b.) Levy Limit not more than 2 1/2% greater than the prior year Levy Limit plus new construction growth.

Step 3.) The Board of Aldermen schedules a Public Hearing to review the options available under Classification. At that meeting the Assessor presents relevant information pertaining to the current rate setting and answers questions from the Aldermen. The Public Hearing is required under Chapter 40, Section 56 of the Massachusetts General Laws.

Step 4.) Following the Public Hearing, the Board will adopt a Residential Factor that will determine the percentages of the levy to be raised by the different classes. The classes are defined as two groups:

- 1.) Residential. This includes all single, two, three family units, apartment buildings, condominiums and land used for residential purposes.
- 2.) Commercial. This includes all commercial, industrial, business personal property and land used for commercial purposes.

The Minimum Residential Factor for Newton for Fiscal Year 2006 is 94.9322%. This factor is calculated based on historical information and represents the lowest amount of the levy that may be raised by residential property (equal to the % of levy residential raised in FY 1989.)

Following the adoption of the residential factor, the Mayor, Board of Aldermen and City Clerk are required to sign Form LA-5. This form, submitted as part of the Tax Recapitulation, reports the levy percentages adopted. The factor adopted has a direct relation to the tax rate of the two classes.

Step 5.) The final step in the process is the submission of the completed Recapitulation (Recap) Sheet and approval of the tax rates by the Department of Revenue.

The tax rates estimated for your review may be adjusted via rounding and subject to change of typically not greater than one penny.

City of Newton
 Fiscal Year 2006
 Classification Hearing
 Real Estate Value Changes FY2005 to FY2006

<u>Property Class</u>	<u>FY2005 Base Values</u>	<u>FY2006 Values</u>	<u>Percent Change</u>
Single Family (101)	\$12,560,307,700	\$13,320,612,000	6.05%
Two Family (104)	\$1,965,694,300	\$1,986,913,300	1.08%
Three Family (105)	\$210,068,000	\$213,561,900	1.66%
Condominium (102)	\$1,557,825,500	\$1,744,906,100	12.01%
Mixed Use (13 or 31)	\$237,821,175	\$248,398,200	4.45%
Commercial (300)	\$1,396,323,900	\$1,404,052,000	0.55%
Industrial (400)	\$142,785,600	\$146,829,100	2.83%
Apartments (111-126)	\$361,744,200	\$372,019,700	2.84%
Vacant Land	\$132,525,200	\$128,161,800	-3.29%

Please note these valuation changes include increases due to new construction/renovations and/or additions (new growth) and properties changing classes (Example: Two Family to Condominium).

The large increase in condominium values is due, in part, to the Langley Road and the Boylston Street condominium developments.

The decrease in vacant land values is due to the change from vacant land to newly developed single and multi family dwellings.

**DEPARTMENT OF REVENUE
MINIMUM RESIDENTIAL FACTOR COMPUTATION
FOR FY2006**

NEWTON
City/Town/District

A	B	C
Class	Full and Fair Cash Valuation	Percentage Share
1. Residential	18,038,525,657	90.7972%
2. Open Space	0	0.0000%
3. Commercial	1,483,823,343	7.4688%
4. Industrial	146,829,100	0.7391%
5. Personal Property	197,645,600	0.9949%
TOTALS	19,866,823,700	100.0000%

Maximum Share of Levy for Classes Three, Four and Personal Property; 150% X $\frac{9.2028\%}{\text{Lines 3C+4C+5C}} = \frac{13.8042\%}{\text{Max \% Share}}$

Minimum Share of Levy for Classes One and Two: 100% $\frac{13.8042\%}{\text{Min \% Share}} = \frac{86.1958\%}{\text{Min \% Share}}$

Minimum Residential Factor (MRF) $\frac{86.1958\%}{\text{Min \% Share}} / \frac{90.7972\%}{\text{Lines 1C+2C}} = \frac{94.9322\%}{\text{Minimum Residential Factor}}$

MINIMUM RESIDENTIAL FACTOR 94.9322%

CHAPTER 58, SECTION 1A MANDATES A MINIMUM RESIDENTIAL FACTOR OF NOT LESS THAN 65%.
LA7 (6-94)

**MASSACHUSETTS DEPARTMENT OF REVENUE
DIVISION OF LOCAL SERVICES**

ASSESSMENT/CLASSIFICATION REPORT FY2006

NEWTON
City/Town/District

as of January 1, 2005

PROPERTY TYPE	ACCT/ PARCEL COUNT	CLASS 1 Residential Assessed Value	CLASS 2 Open Space Assessed Value	CLASS 3 Commercial Assessed Value	CLASS 4 Industrial Assessed Value	CLASS 5 Personal Property Assessed Value
101	16,910	13,320,612,000				
102	3,824	1,744,906,100				
Misc 103,109	178	67,396,300				
104	3,120	1,986,913,300				
105	306	213,561,900				
111-125	173	372,019,700				
130-132, 106	927	128,161,800				
200-231	0		0			
300-393	741			1,404,052,000		
400-452	78				146,829,100	
CH 61 Land	1			883,700		
CH 61A Land	0			0		
CH 61B Land	19			35,444,000		
012-043	284	204,954,557	0	43,443,643	0	
501	1,227					28,069,300
502	1,468					53,725,000
503	0					0
504,550-552	2					74,753,700
505	14					40,155,700
506	1					941,900
TOTALS	29,273	18,038,525,657	0	1,483,823,343	146,829,100	197,645,600
REAL AND PERSONAL PROPERTY TOTAL VALUE						19,866,823,700
EXEMPT VALUE						2,310,710,700

Submitted by: Board of Assessors

_____ Date

CALCULATION OF THE LOWEST POSSIBLE RESIDENTIAL FACTOR
FY 2006 CHAPTER 200

NEWTON

- | | |
|---|-----------------|
| 1. Last year's chosen residential percentage (R)*. | 83.2145% |
| 2. This year's MRF using a 150% shift to CIP (from LA-7). | 94.9322% |
| 3. Minimum residential share (R) in current year using the 150% Shift to CIP. | 86.1958% |

*If #1 is greater than #3, **STOP!** You may shift only up to 150% to CIP and #2 remains MRF.*

If #3 is greater than #1, go on.

- | | |
|--|-----------------|
| 4. Calculate a residential factor using a 175% shift to CIP. | 92.3983% |
| 5. Multiply this new residential factor by this year's FFCV residential percentage (R). | 83.8951% |
| 6. What is the lowest historical residential percentage since the first certification (R). | 72.2189% |

*If #5 is greater than #6, **STOP!** You may shift up to 175% to the CIP and #4 is the Lowest Residential Factor.*

If # 6 is greater than #5, go on.

7. Take the lowest historical residential percentage, # 6 _____, divide it by the current residential percentage at FFCV _____; the result is the lowest residential factor allowable (it may not be less that 50 %).
8. Multiply that factor by FFCV of open space, add the new R% and O% shares, take 100% minus (R + O)% total to equal the new maximum CIP percentage share
9. Divide new maximum CIP share by FFCV of CIP share _____ to determine the percentage of shift, _____ (this may not be more than 175%)

Consider Residential only, not R & O together.

THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF REVENUE
FISCAL 2006 TAX LEVY LIMITATION FOR
NEWTON
FOR BUDGET PLANNING PURPOSES

TO CALCULATE THE FY2005 LEVY LIMIT

A. FY2004 Levy Limit	<u>187,398,920</u>	
A1 ADD Amended FY2004 Growth	<u>0</u>	
B. ADD (IA + IA1) X 2.5%	<u>4,684,973</u>	
C. ADD FY2005 New Growth	<u>2,152,049</u>	
D. ADD FY2005 Override	<u>0</u>	
E. FY2005 Subtotal	<u>194,235,942</u>	
		\$ 194,235,942
F. FY2005 Levy Ceiling	<u>471,374,560</u>	FY2005 Levy Limit

II. TO CALCULATE THE FY2006 LEVY LIMIT

A. FY2005 Levy Limit from I.	<u>194,235,942</u>	
A1 ADD Amended FY2005 Growth	<u>0</u>	
B. ADD (IIA + IIA1) X 2.5%	<u>4,855,899</u>	
C. ADD FY2006 New Growth	<u>2,150,663</u>	
D. ADD FY2006 Override	<u></u>	
E. FY2006 Subtotal	<u>201,242,504</u>	
		II. \$ 201,242,504
F. FY2006 Levy Ceiling	<u>496,670,593</u>	FY2006 Levy Limit

**III. TO CALCULATE THE FY2006
MAXIMUM ALLOWABLE LEVY**

A. FY2006 Levy Limit from II.	<u>201,242,504</u>
B. FY2006 Debt Exclusion(s)	<u>0</u>
C. FY2006 Capital Expenditure Exclusion(s)	
D. FY2006 Other Adjustment	
E. FY2006 Water / Sewer	
F. FY2006 Maximum Allowable Levy	\$ 201,242,504

City of Newton
Fiscal Year 2006
Classification Hearing
Tax Base Analysis

<u>Fiscal Year</u>	<u>Prior Year Levy Limit</u>	<u>2.50% Increase</u>	<u>New Growth</u>	<u>Levy Limit</u>	<u>Actual Levy</u>	<u>Reserve</u>
1982				\$75,318,031	\$75,151,598	\$166,433
1983	\$75,318,031	\$1,882,951	\$1,892,538	\$78,499,175	\$75,171,091	\$3,328,084
1984	\$78,499,175	\$1,962,479	\$954,858	\$81,416,512	\$77,928,599	\$3,487,913
1985	\$81,416,512	\$2,035,413	\$1,131,529	\$84,583,454	\$79,876,814	\$4,706,640
1986	\$84,583,454	\$2,114,586	\$1,737,244	\$88,435,285	\$82,325,631	\$6,109,654
1987	\$88,435,285	\$2,210,882	\$2,109,793	\$92,755,960	\$86,340,425	\$6,415,535
1988	\$92,755,960	\$2,318,899	\$1,483,053	\$96,557,912	\$89,629,586	\$6,928,326
1989	\$96,557,912	\$2,413,948	\$1,774,043	\$100,745,902	\$95,581,274	\$5,164,628
1990	\$100,745,902	\$2,518,648	\$2,148,683	\$105,413,233	\$105,205,222	\$208,011
1991	\$105,413,233	\$2,635,331	\$806,319	\$108,854,883	\$108,838,759	\$16,124
1992	\$108,854,883	\$2,721,372	\$1,179,709	\$112,755,964	\$112,689,184	\$66,780
1993	\$112,755,964	\$2,818,899	\$1,417,235	\$116,992,098	\$116,941,920	\$50,178
1994	\$116,992,098	\$2,924,802	\$1,280,054	\$121,198,833	\$121,079,222	\$119,611
1995	\$121,198,833	\$3,030,062	\$1,109,665	\$125,342,219	\$125,293,531	\$48,688
1996	\$125,338,470	\$3,133,462	\$1,227,029	\$129,698,961	\$129,682,983	\$15,978
1997	\$129,698,961	\$3,242,474	\$1,220,214	\$134,161,649	\$134,082,167	\$79,482
1998	\$134,161,649	\$3,354,041	\$1,493,092	\$139,008,782	\$138,934,388	\$74,394
1999	\$139,008,782	\$3,475,220	\$1,627,559	\$144,111,561	\$144,105,992	\$5,569
2000	\$144,111,561	\$3,602,789	\$1,761,734	\$149,476,084	\$149,411,520	\$64,564
2001	\$149,476,084	\$3,736,902	\$2,931,316	\$156,144,302	\$156,140,737	\$3,565
	\$156,144,302	\$3,903,608	\$2,335,800	\$162,383,709	\$162,278,416	\$105,293
	\$162,383,709	\$4,059,593	\$2,231,188	\$180,174,490	\$180,170,220	\$4,270
2004	\$180,174,491	\$4,504,362	\$2,720,067	\$187,398,920	\$187,384,724	\$14,196
2005	\$187,398,920	\$4,684,973	\$2,152,049	\$194,235,942	\$194,189,921	\$46,021
2006	\$194,235,942	\$4,855,899	\$2,150,663	\$201,242,504		\$0

Estimated

FY2006 Construction Growth Must Be Certified by the
Massachusetts Department of Revenue

Please note Fiscal Year 2003 had an \$11,500,000 voter-approved override.
This increased the levy limit beyond 2.5% plus construction growth.

City of Newton
Fiscal Year 2006
Classification Hearing

Impact Calculations on Various Property Classes Using Average and Median Values

<u>AVERAGES</u>	<u>Single Family</u>	<u>Two Family</u>	<u>Commercial</u>	<u>Industrial</u>
FY2005 Value	\$743,345	\$618,337	\$1,861,765	\$1,854,358
FY2005 Tax Rate	\$9.48	\$9.48	\$18.02	\$18.02
FY2005 Tax Bill	\$7,046.91	\$5,861.83	\$33,549.01	\$33,415.53
FY2006 Value	\$787,736	\$636,831	\$1,894,807	\$1,882,424

<u>Shift Selected</u>	<u>Tax Dollars Single Family</u>	<u>Tax Dollars Two Family</u>	<u>Tax Dollars Commercial</u>	<u>Tax Dollars Industrial</u>	<u>Residential Tax Rate</u>	<u>Commercial Tax Rate</u>
160%	\$447.23	\$196.67	-\$2,838.49	-\$2,905.71	\$9.51	\$16.21
161%	\$439.14	\$190.14	-\$2,646.55	-\$2,715.02	\$9.50	\$16.31
162%	\$431.06	\$183.60	-\$2,454.61	-\$2,524.34	\$9.49	\$16.41
163%	\$422.97	\$177.06	-\$2,262.67	-\$2,333.65	\$9.48	\$16.51
164%	\$414.88	\$170.52	-\$2,070.73	-\$2,142.96	\$9.47	\$16.61
165%	\$406.79	\$163.98	-\$1,878.79	-\$1,952.28	\$9.46	\$16.71
166%	\$398.71	\$157.44	-\$1,686.85	-\$1,761.59	\$9.45	\$16.82
167%	\$390.62	\$150.91	-\$1,494.90	-\$1,570.91	\$9.44	\$16.92
168%	\$382.53	\$144.37	-\$1,302.96	-\$1,380.22	\$9.43	\$17.02
169%	\$374.44	\$137.83	-\$1,111.02	-\$1,189.53	\$9.42	\$17.12
170%	\$366.35	\$131.29	-\$919.08	-\$998.85	\$9.41	\$17.22
171%	\$358.27	\$124.75	-\$727.14	-\$808.16	\$9.40	\$17.32
172%	\$350.18	\$118.21	-\$535.20	-\$617.47	\$9.39	\$17.42
173%	\$342.09	\$111.67	-\$343.26	-\$426.79	\$9.38	\$17.52
174%	\$334.00	\$105.14	-\$151.32	-\$236.10	\$9.37	\$17.63
175%	\$325.92	\$98.60	\$40.62	-\$45.41	\$9.36	\$17.73

<u>MEDIANS</u>	<u>Single Family</u>	<u>Two Family</u>	<u>Commercial</u>	<u>Industrial</u>
FY2005 Value	\$647,400	\$592,800	\$617,750	\$730,400
FY2005 Tax Rate	\$9.48	\$9.48	\$18.02	\$18.02
FY2005 Tax Bill	\$6,137.35	\$5,619.74	\$11,131.86	\$13,161.81
FY2006 Value	\$684,750	\$611,500	\$652,700	\$749,900

<u>Shift Selected</u>	<u>Tax Dollars Single Family</u>	<u>Tax Dollars Two Family</u>	<u>Tax Dollars Commercial</u>	<u>Tax Dollars Industrial</u>	<u>Residential Tax Rate</u>	<u>Commercial Tax Rate</u>
160%	\$377.03	\$197.78	-\$553.07	-\$1,007.63	\$9.51	\$16.21
161%	\$370.00	\$191.50	-\$486.95	-\$931.67	\$9.50	\$16.31
162%	\$362.97	\$185.22	-\$420.84	-\$855.71	\$9.49	\$16.41
163%	\$355.94	\$178.94	-\$354.72	-\$779.74	\$9.48	\$16.51
164%	\$348.91	\$172.66	-\$288.60	-\$703.78	\$9.47	\$16.61
165%	\$341.88	\$166.38	-\$222.48	-\$627.82	\$9.46	\$16.71
166%	\$334.85	\$160.11	-\$156.37	-\$551.85	\$9.45	\$16.82
167%	\$327.82	\$153.83	-\$90.25	-\$475.89	\$9.44	\$16.92
168%	\$320.79	\$147.55	-\$24.13	-\$399.92	\$9.43	\$17.02
169%	\$313.76	\$141.27	\$41.99	-\$323.96	\$9.42	\$17.12
170%	\$306.73	\$134.99	\$108.10	-\$248.00	\$9.41	\$17.22
171%	\$299.70	\$128.71	\$174.22	-\$172.03	\$9.40	\$17.32
172%	\$292.67	\$122.44	\$240.34	-\$96.07	\$9.39	\$17.42
173%	\$285.64	\$116.16	\$306.45	-\$20.11	\$9.38	\$17.52
174%	\$278.61	\$109.88	\$372.57	\$55.86	\$9.37	\$17.63
175%	\$271.58	\$103.60	\$438.69	\$131.82	\$9.36	\$17.73

City of Newton
Fiscal Year 2006
Classification Hearing

Impact Calculations on Various Property Classes Using Average and Median Values

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FY2005 Tax Bill	\$7,046.91	\$5,861.83	\$33,549.01	\$33,415.53
FY2006 Value	\$787,736	\$636,831	\$1,894,807	\$1,882,424

<u>Shift Selected</u>	<u>% Change Single Family</u>	<u>% Change Two Family</u>	<u>% Change Commercial</u>	<u>% Change Industrial</u>	<u>Residential Tax Rate</u>	<u>Commercial Tax Rate</u>
160%	6.35%	3.36%	-8.46%	-8.70%	\$9.51	\$16.21
161%	6.23%	3.24%	-7.89%	-8.13%	\$9.50	\$16.31
162%	6.12%	3.13%	-7.32%	-7.55%	\$9.49	\$16.41
163%	6.00%	3.02%	-6.74%	-6.98%	\$9.48	\$16.51
164%	5.89%	2.91%	-6.17%	-6.41%	\$9.47	\$16.61
165%	5.77%	2.80%	-5.60%	-5.84%	\$9.46	\$16.71
166%	5.66%	2.69%	-5.03%	-5.27%	\$9.45	\$16.82
167%	5.54%	2.57%	-4.46%	-4.70%	\$9.44	\$16.92
168%	5.43%	2.46%	-3.88%	-4.13%	\$9.43	\$17.02
169%	5.31%	2.35%	-3.31%	-3.56%	\$9.42	\$17.12
170%	5.20%	2.24%	-2.74%	-2.99%	\$9.41	\$17.22
171%	5.08%	2.13%	-2.17%	-2.42%	\$9.40	\$17.32
172%	4.97%	2.02%	-1.60%	-1.85%	\$9.39	\$17.42
173%	4.85%	1.91%	-1.02%	-1.28%	\$9.38	\$17.52
174%	4.74%	1.79%	-0.45%	-0.71%	\$9.37	\$17.63
175%	4.62%	1.68%	0.12%	-0.14%	\$9.36	\$17.73

<u>MEDIANS</u>	<u>Single Family</u>	<u>Two Family</u>	<u>Commercial</u>	<u>Industrial</u>
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160%	6.14%	3.52%	-4.97%	-7.66%	\$9.51	\$16.21
161%	6.03%	3.41%	-4.37%	-7.08%	\$9.50	\$16.31
162%	5.91%	3.30%	-3.78%	-6.50%	\$9.49	\$16.41
163%	5.80%	3.18%	-3.19%	-5.92%	\$9.48	\$16.51
164%	5.69%	3.07%	-2.59%	-5.35%	\$9.47	\$16.61
165%	5.57%	2.96%	-2.00%	-4.77%	\$9.46	\$16.71
166%	5.46%	2.85%	-1.40%	-4.19%	\$9.45	\$16.82
167%	5.34%	2.74%	-0.81%	-3.62%	\$9.44	\$16.92
168%	5.23%	2.63%	-0.22%	-3.04%	\$9.43	\$17.02
169%	5.11%	2.51%	0.38%	-2.46%	\$9.42	\$17.12
170%	5.00%	2.40%	0.97%	-1.88%	\$9.41	\$17.22
171%	4.88%	2.29%	1.57%	-1.31%	\$9.40	\$17.32
172%	4.77%	2.18%	2.16%	-0.73%	\$9.39	\$17.42
173%	4.65%	2.07%	2.75%	-0.15%	\$9.38	\$17.52
174%	4.54%	1.96%	3.35%	0.42%	\$9.37	\$17.63
175%	4.42%	1.84%	3.94%	1.00%	\$9.36	\$17.73

City of Newton
Fiscal Year 2006
Classification Hearing
Historical Levy Amounts and Levy Increases

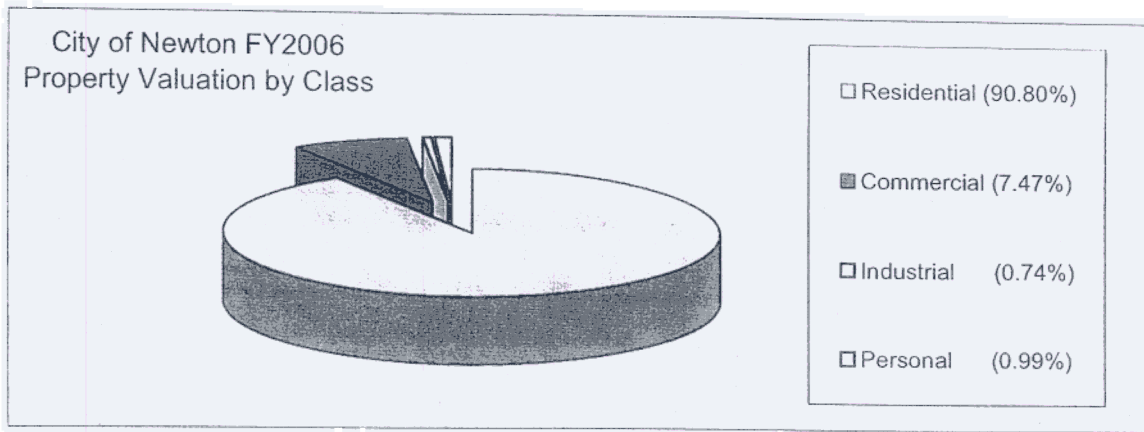
<u>Fiscal Year</u>	<u>Actual Levy</u>	<u>Amount of Increase</u>	<u>Percent Increase</u>	<u>Residential Share</u>	<u>CIP Share</u>
	\$75,151,698	N/A	N/A	75.0917%	24.9083%
	\$75,171,091	\$19,393	0.0258%	76.6858%	23.3142%
1984	\$77,928,599	\$2,757,508	3.6683%	73.3129%	26.6871%
	\$79,876,814	\$1,948,215	2.5000%	73.7441%	26.2559%
	\$82,325,631	\$2,448,817	3.0657%	73.2496%	26.7504%
1987	\$86,340,425	\$4,014,794	4.8767%	73.4089%	26.5911%
	\$89,629,586	\$3,289,161	3.8095%	72.7148%	27.2852%
	\$95,581,274	\$5,951,688	6.6403%	72.2189%	27.7811%
	\$105,205,222	\$9,623,948	10.0689%	72.3140%	27.6860%
	\$108,838,759	\$3,633,537	3.4538%	72.5684%	27.4316%
	\$112,689,184	\$3,850,425	3.5377%	72.7117%	27.2883%
	\$116,941,920	\$4,252,736	3.7739%	74.9205%	25.0795%
	\$121,079,222	\$4,137,302	3.5379%	75.0179%	24.9821%
	\$125,293,531	\$4,214,309	3.4806%	75.6575%	24.3425%
	\$129,682,983	\$4,389,452	3.5033%	76.9124%	23.0876%
	\$134,082,167	\$4,399,184	3.3923%	77.7435%	22.2565%
	\$138,934,388	\$4,852,221	3.6188%	78.4214%	21.5786%
	\$144,105,992	\$5,171,604	3.7223%	78.8086%	21.1914%
2000	\$149,411,520	\$5,305,528	3.6817%	79.7915%	20.2085%
2001	\$156,140,737	\$6,729,217	4.5038%	80.4603%	19.5397%
2002	\$162,278,416	\$6,137,679	3.9309%	81.0536%	18.9464%
	\$180,174,491	\$17,896,075	10.280%	80.9189%	19.0811%
	\$187,384,724	\$7,210,233	4.0018%	82.2193%	17.7807%
	\$194,235,942	\$6,851,218	3.6562%	83.2145%	16.7855%
Estimate 2006	\$201,242,504	\$7,006,562	3.6072%		

Please note: Fiscal Year 2003 had an \$11,500,000 voter-approved Proposition 2 1/2 Override.

City of Newton
 Fiscal Year 2006
 Classification Hearing
 Example of Tax Shift Implications
 (Assuming 175% Shift)

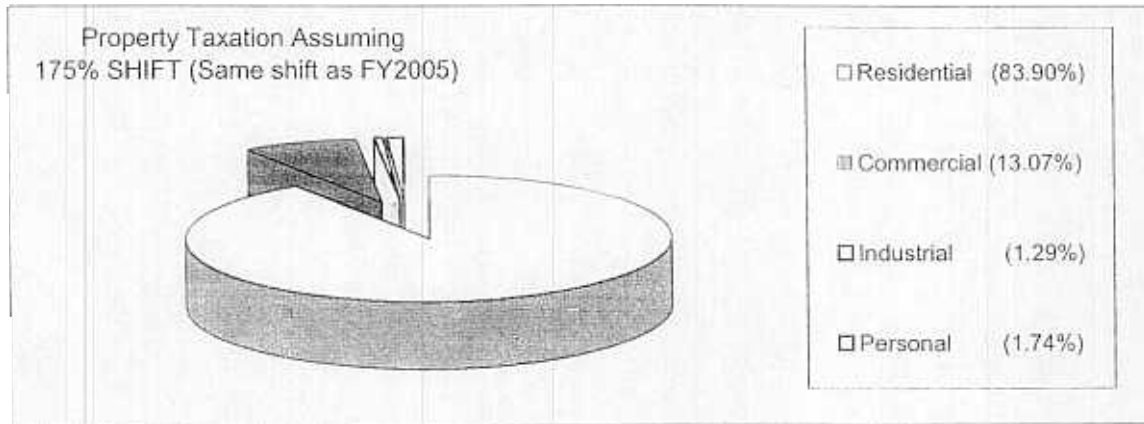
FISCAL YEAR 2006 VALUATION and TAXATION SUMMARY

<u>Property Classification</u>	<u>Property Valuation</u>	<u>Percent of Total Valuation</u>
Residential (90.80%)	\$18,038,525,657	90.80%
Commercial (7.47%)	\$1,483,823,343	7.47%
Industrial (0.74%)	\$146,829,100	0.74%
Personal (0.99%)	\$197,645,600	0.99%
Total Valuation	\$19,866,823,700	100.00%



Assuming 175% Classification Shift

<u>Property Classification</u>	<u>Property Valuation</u>	<u>Percent of Tax Contribution</u>
Residential (83.90%)	\$18,038,525,657	83.90%
Commercial (13.07%)	\$1,483,823,343	13.07%
Industrial (1.29%)	\$146,829,100	1.29%
Personal (1.74%)	\$197,645,600	1.74%
Total Valuation	\$19,866,823,700	100.00%



**City of Newton
Fiscal Year 2006
Classification Hearing**

**Assessments Increases (Decreases)
And
Their Impact on Tax Increases (Decreases)**

The Massachusetts General Laws mandate assessed values represent "Full and Fair Cash Value" as of a particular date. For Fiscal Year 2006, the valuation date is January 1, 2005. The increase (or decrease) in assessed values from the previous fiscal year does not impact the tax increase (or decrease) that a typical property owner receives. The tax increase (or decrease) is strictly budget driven and is determined by the budgetary requirements of the City as determined by the Mayor and the Newton Board of Aldermen.

For example, in the current Fiscal Year 2006 proposed valuations, there is approximately a 6.05% increase in residential single-family valuations. Assuming a 175% shift selected by the Board of Aldermen, the result is a tax increase of \$325.92, or 4.62% on the average single-family property. To illustrate how the change in assessments does not impact the tax increase or decrease, please see the example below.

Change in Overall Assessed Values	Increase in Tax for Fiscal Year 2006	Increase in %Tax for Fiscal Year 2006
Increase of 1%	\$325.92	4.62%
Increase of 50%	\$325.92	4.62%
Increase of 100%	\$325.92	4.62%
Decrease of 50%	\$325.92	4.62%
Decrease of 100%	\$325.92	4.62%

As can be seen, rising (or falling) assessed values do not mean rising (or falling) tax bills. The increase (or decrease) in taxes seen by the property owner is a direct result of the increase (or decrease) in the budget. The budget increase (or decrease) determines the tax increase (or decrease). Regardless of any overall valuation increase (or decrease), the average single family home would have seen an increase in their tax bill of \$325.92 (assuming the shift of 175%) because of the budget approved by the Newton Board of Aldermen.

City of Newton
 Fiscal Year 2006
 Classification Hearing
 Historical Tracking of Residential/Commercial Shift
 Selected by The Newton Board of Aldermen

Residential Single Family

<u>Fiscal Year</u>	<u>Shift Selected</u>	<u>Mean %%</u>	<u>Mean \$\$</u>	<u>Median %%</u>	<u>Median \$\$</u>
1993	170%	7.56%	\$269.81	n/a	n/a
1994	170%	3.77%	\$144.87	n/a	n/a
1995	170%	5.63%	\$224.50	n/a	n/a
1996	172%	5.40%	\$226.86	5.91%	\$222.27
1997	172%	4.81%	\$213.12	4.75%	\$189.04
1998	172%	4.45%	\$206.36	4.73%	\$197.33
1999	172%	4.25%	\$206.07	3.89%	\$169.90
2000	172%	5.28%	\$266.76	5.47%	\$248.30
2001	172%	5.43%	\$288.87	5.07%	\$242.26
2002	172%	4.55%	\$255.22	3.38%	\$169.68
2003	172%	10.64%	\$623.31	10.42%	\$540.93
2004	174%	5.40%	\$349.77	5.31%	\$304.35
2005	175%	3.18%	\$217.44	1.68%	\$101.15

Commercial

<u>Fiscal Year</u>	<u>Shift Selected</u>	<u>Mean %%</u>	<u>Mean \$\$</u>	<u>Median %%</u>	<u>Median \$\$</u>
1993	170%	-3.10%	-\$1,099.02	n/a	n/a
1994	170%	2.80%	\$964.11	n/a	n/a
1995	170%	0.14%	\$50.26	n/a	n/a
1996	172%	0.38%	\$113.56	1.16%	\$153.75
1997	172%	0.30%	\$91.96	-0.17%	-\$18.58
1998	172%	-0.03%	-\$10.52	-0.50%	-\$54.81
1999	172%	3.52%	\$1,072.58	1.63%	\$176.40
2000	172%	-1.69%	-\$532.88	-2.81%	-\$308.98
2001	172%	1.05%	\$325.59	-2.95%	-\$315.54
2002	172%	1.92%	\$602.93	2.36%	\$245.58
2003	172%	11.37%	\$3,630.27	11.03%	\$1,170.70
2004	174%	-4.92%	-\$1,748.98	-6.35%	-\$747.70
2005	175%	-0.61%	-\$206.55	0.96%	\$105.79

Please note for Fiscal Year 2003 there was a voter-approved \$11,500,000 override. This accounts for the majority of the tax increase in Fiscal Year 2003. There was also a 2.5% increase approved by the Newton Board of Aldermen, as well as new growth due to new construction.

City of Newton
Fiscal Year 2006
Classification Hearing

Historical Tracking of the Residential/Commercial Shifts Selected by the Newton Board of Aldermen

<u>Year</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<u>Shift Selected</u>	<u>170%</u>	<u>172%</u>	<u>172%</u>	<u>172%</u>	<u>172%</u>	<u>172%</u>	<u>172%</u>	<u>172%</u>	<u>172%</u>	<u>174%</u>	<u>175%</u>
<u>Averages % Increase</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Single Family	5.63%	5.40%	4.81%	4.45%	4.25%	5.28%	5.43%	4.55%	10.64%	5.40%	3.18%
Two Family	-1.36%	5.74%	4.25%	4.35%	3.14%	4.84%	5.10%	1.60%	9.96%	6.81%	13.88%
Commercial	0.14%	0.38%	0.30%	-0.03%	3.52%	-1.69%	1.05%	1.92%	11.37%	-4.92%	-0.61%
Industrial	1.06%	0.37%	-1.77%	-1.46%	0.45%	-11.37%	-7.74%	1.71%	8.50%	-4.95%	2.31%
<u>Average \$ Increase</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Single Family	\$224.50	\$226.86	\$213.12	\$206.36	\$206.07	\$266.76	\$288.87	\$255.22	\$623.31	\$349.77	\$217.44
Two Family	-\$46.21	\$189.86	\$148.42	\$158.44	\$119.17	\$189.86	\$209.48	\$69.20	\$436.63	\$328.29	\$714.56
Commercial	\$50.26	\$113.56	\$91.96	-\$10.52	\$1,072.58	-\$532.88	\$325.59	\$602.93	\$3,630.27	-\$1,748.98	-\$206.55
Industrial	\$507.92	\$110.76	-\$692.39	-\$559.37	\$172.64	-\$4,337.63	-\$2,616.97	\$535.03	\$2,696.22	-\$1,702.91	\$756.26
<u>Median % Increase</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Single Family	n/a	5.91%	4.75%	4.73%	3.89%	5.47%	5.07%	3.38%	10.42%	5.31%	1.68%
Two Family	n/a	6.18%	3.56%	3.91%	4.44%	4.98%	5.08%	1.76%	9.99%	6.60%	13.19%
Commercial	n/a	1.16%	-0.17%	-0.50%	1.63%	-2.81%	-2.95%	2.36%	11.03%	-6.35%	0.96%
Industrial	n/a	1.07%	-3.79%	-6.78%	-7.79%	-16.54%	-6.56%	-1.91%	7.19%	-6.07%	3.95%
<u>Median \$ Increase</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Single Family	n/a	\$222.27	\$189.04	\$197.33	\$169.90	\$248.30	\$242.26	\$169.68	\$540.93	\$304.35	\$101.15
Two Family	n/a	\$195.57	\$119.59	\$136.21	\$160.50	\$187.99	\$201.47	\$73.24	\$423.20	\$307.37	\$654.95
Commercial	n/a	\$153.75	-\$18.58	-\$54.81	\$176.40	-\$308.98	-\$315.54	\$245.58	\$1,170.70	-\$747.70	\$105.79
Industrial	n/a	\$210.09	-\$754.43	-\$1,298.73	-\$1,391.54	-\$2,723.72	-\$901.67	-\$244.85	\$904.99	-\$818.36	\$499.91

City of Newton
Fiscal Year 2006 Classification Hearing
Potential Impact Comparison

	<u>Shift Selected</u>	<u>Average \$\$ Increase</u>	<u>Average %% Increase</u>	<u>Median \$\$ Increase</u>	<u>Median %% Increase</u>
<u>Fy2005</u>					
Single Family		\$217.44	3.18%	\$101.15	1.68%
Two Family		\$714.56	13.88%	\$654.95	13.19%
Commercial		-\$206.55	-0.61%	\$105.79	0.96%
Industrial		\$756.26	2.31%	\$499.91	3.95%
<u>FY2006</u> 170%					
Single Family		\$366.35	5.20%	\$306.73	5.00%
Two Family		\$131.29	2.24%	\$134.99	2.40%
Commercial		-\$919.08	-2.74%	\$108.10	0.97%
Industrial		-\$998.85	-2.99%	-\$248.00	-1.88%
<u>FY2006</u>					
Single Family		\$358.27	5.08%	\$299.70	4.88%
Two Family		\$124.75	2.13%	\$128.71	2.29%
Commercial		-\$727.14	-2.17%	\$174.22	1.57%
Industrial		-\$808.16	-2.42%	-\$172.03	-1.31%
<u>FY2006</u>					
Single Family		\$350.18	4.97%	\$292.67	4.77%
Two Family		\$118.21	2.02%	\$122.44	2.18%
Commercial		-\$535.20	-1.60%	\$240.34	2.16%
Industrial		-\$617.47	-1.85%	-\$96.07	-0.73%
<u>FY2006</u>					
Single Family		\$342.09	4.85%	\$285.64	4.65%
Two Family		\$111.67	1.91%	\$116.16	2.07%
Commercial		-\$343.26	-1.02%	\$306.45	2.75%
Industrial		-\$426.79	-1.28%	-\$20.11	-0.15%
<u>FY2006</u> 174%					
Single Family		\$334.00	4.74%	\$278.61	4.54%
Two Family		\$105.14	1.79%	\$109.88	1.96%
Commercial		-\$151.32	-0.45%	\$372.57	3.35%
Industrial		-\$236.10	-0.71%	\$55.86	0.42%
<u>FY2006</u> 175%					
Single Family		\$325.92	4.62%	\$271.58	4.42%
Two Family		\$98.60	1.68%	\$103.60	1.84%
Commercial		\$40.62	0.12%	\$438.69	3.94%
Industrial		-\$45.41	-0.14%	\$131.82	1.00%

These numbers are presented to allow comparison of your Fiscal Year 2005 selection with the various options available for Fiscal Year 2006.

City of Newton
 Fiscal Year 2006
 Classification Hearing
 Historical Tax Rates Fiscal Year 1980 to Present

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>
1980	\$169.20	\$169.20
1981	\$177.00	\$177.00
	\$21.88	\$36.29
	\$21.84	\$35.90
	\$19.93	\$33.51
	\$20.34	\$34.12
	\$20.53	\$34.55
	\$11.49	\$19.31
1988	\$11.76	\$19.84
1989	\$12.35	\$20.90
	\$10.35	\$18.94
1991	\$10.79	\$19.72
	\$11.93	\$22.60
1993	\$13.49	\$26.09
1994	\$13.95	\$26.96
	\$14.18	\$27.29
	\$13.88	\$26.88
1997	\$13.85	\$26.68
1998	\$13.75	\$26.38
1999	\$12.65	\$24.20
2000	\$12.06	\$22.97
2001	\$11.57	\$21.93
2002	\$9.94	\$18.77
2003	\$10.92	\$20.63
2004	\$10.20	\$19.37
2005	\$9.48	\$18.02

City of Newton
Fiscal Year 2006
Classification Hearing
Estimated Tax Rate Table at Variable C.I.P. % Classification

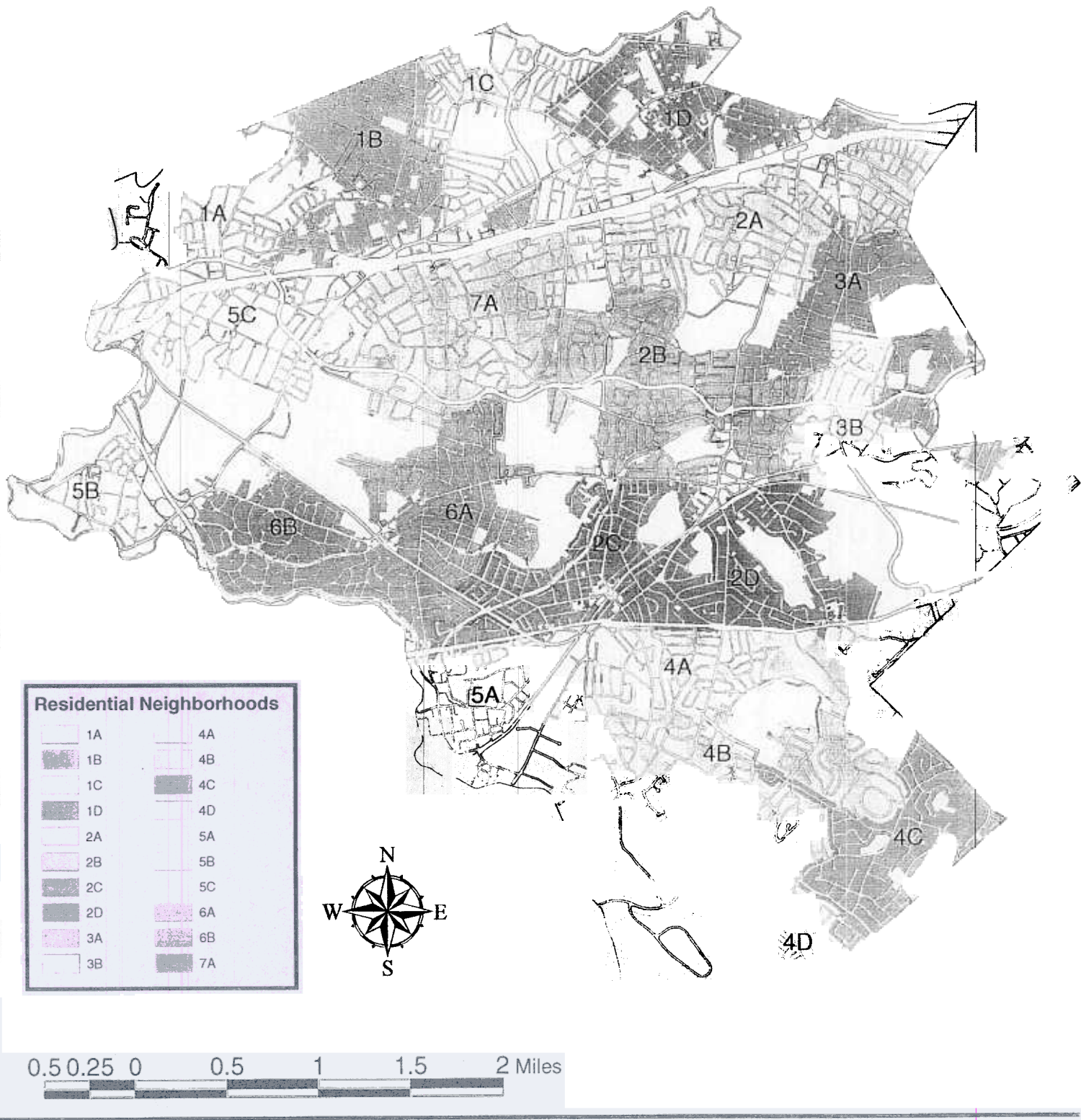
<u>C.I.P. %</u>	<u>RES. RATE</u>	<u>RES. % LEVY</u>	<u>COMM. RATE</u>	<u>COMM. % LEVY</u>
100%	\$10.13	90.7970%	\$10.13	9.2030%
	\$10.08	90.3369%	\$10.64	9.6632%
110%	\$10.03	89.8767%	\$11.14	10.1233%
115%	\$9.98	89.4166%	\$11.65	10.5835%
	\$9.92	88.9564%	\$12.16	11.0436%
	\$9.87	88.4963%	\$12.66	11.5038%
	\$9.82	88.0361%	\$13.17	11.9639%
135%	\$9.77	87.5760%	\$13.68	12.4241%
140%	\$9.72	87.1158%	\$14.18	12.8842%
	\$9.67	86.6557%	\$14.69	13.3444%
	\$9.62	86.1955%	\$15.19	13.8045%
	\$9.56	85.7354%	\$15.70	14.2647%
	\$9.51	85.2752%	\$16.21	14.7248%
	\$9.46	84.8151%	\$16.71	15.1850%
	\$9.45	84.7230%	\$16.82	15.2770%
167%	\$9.44	84.6310%	\$16.92	15.3690%
	\$9.43	84.5390%	\$17.02	15.4610%
	\$9.42	84.4469%	\$17.12	15.5531%
	\$9.41	84.3549%	\$17.22	15.6451%
	\$9.40	84.2629%	\$17.32	15.7371%
	\$9.39	84.1708%	\$17.42	15.8292%
	\$9.38	84.0788%	\$17.52	15.9212%
	\$9.37	83.9868%	\$17.63	16.0132%
	\$9.36	83.8948%	\$17.73	16.1053%

City of Newton
 Fiscal Year 2006
 Classification Hearing
 Shift/Tax Rate Table with Residential Factors

<u>C.I.P. %</u>	<u>RES. RATE</u>	<u>RES. % LEVY</u>	<u>COMM. RATE</u>	<u>COMM. % LEVY</u>	<u>RESIDENTIAL FACTOR</u>
100%	\$10.13	90.7970%	\$10.13	9.2030%	100.0000
	\$10.08	90.3369%	\$10.64	9.6632%	99.4932
	\$10.03	89.8767%	\$11.14	10.1233%	98.9864
115%	\$9.98	89.4166%	\$11.65	10.5835%	98.4797
	\$9.92	88.9564%	\$12.16	11.0436%	97.9729
	\$9.87	88.4963%	\$12.66	11.5038%	97.4661
	\$9.82	88.0361%	\$13.17	11.9639%	96.9593
	\$9.77	87.5760%	\$13.68	12.4241%	96.4526
	\$9.72	87.1158%	\$14.18	12.8842%	95.9458
	\$9.67	86.6557%	\$14.69	13.3444%	95.4390
	\$9.62	86.1955%	\$15.19	13.8045%	94.9322
	\$9.56	85.7354%	\$15.70	14.2647%	94.4255
160%	\$9.51	85.2752%	\$16.21	14.7248%	93.9187
165%	\$9.46	84.8151%	\$16.7	15.1850%	93.4119
166%	\$9.45	84.7230%	\$16.82	15.2770%	93.3106
167%	\$9.44	84.6310%	\$16.92	15.3690%	93.2092
168%	\$9.43	84.5390%	\$17.02	15.4610%	93.1078
	\$9.42	84.4469%	\$17.12	15.5531%	93.0065
	\$9.41	84.3549%	\$17.22	15.6451%	92.9051
171%	\$9.40	84.2629%	\$17.32	15.7371%	92.8038
172%	\$9.39	84.1708%	\$17.42	15.8292%	92.7024
173%	\$9.38	84.0788%	\$17.52	15.9212%	92.6011
174%	\$9.37	83.9868%	\$17.63	16.0132%	92.4997
175%	\$9.36	83.8948%	\$17.73	16.1053%	92.3984

City of Newton
 Fiscal Year 2006
 Classification Hearing
 Neighborhood Sales Analysis
 Mean and Median Sales Prices

	<u>Assessing District</u>	<u>Median Sale Price</u>	<u>Average Sale Price</u>
	Auburndale/West Newton (North of Mass. Pike)	\$530,000	\$558,000
1B	West Newton/Newtonville (North of Mass. Pike)	\$495,000	\$497,800
1C	Newtonville (North of Mass. Pike)	\$580,000	\$612,900
1D	Nonantum	\$499,000	\$499,700
2A	Newtonville (South of Mass. Pike)	\$725,000	\$792,900
2B	Newton Centre (North of Beacon Street)	\$815,500	\$933,600
2C	South of Beacon Street to Route 9	\$735,500	\$823,200
2D	Newton Highlands (North of Route 9)	\$630,000	\$714,000
3A	Farlow Hill/North Chestnut Hill	\$987,800	\$1,142,200
3B	Chestnut Hill	\$1,116,500	\$1,296,100
4A	South of Route 9	\$617,000	\$618,900
4B	Old Oak Hill	\$875,000	\$1,012,700
	South Side/Abutting West Roxbury and Brookline	\$803,000	\$907,500
	Oak Hill Park	\$526,500	\$592,600
	Upper Falls	\$492,000	\$549,600
5B	Lower Falls	\$558,800	\$626,100
5C	Auburndale (Islington and South of Commonwealth Avenue)	\$702,500	\$806,500
6A	Northeast Waban	\$859,500	\$993,000
6B	Southwest Waban	\$915,000	\$1,024,700
7A	West Newton Hill	\$1,550,000	\$1,631,000
	CITYWIDE	\$725,000	\$858,800



City of Newton - Assessor's Residential Neighborhoods

MAP DATE: October 30, 2003

City of Newton, Massachusetts
 Assessing Department
 1000 Commonwealth Avenue
 Newton, MA 02459
 PHONE: (617) 796-1160

Property Boundaries from Newton Assessor's
 property maps. Neighborhood information from
 Assessor's CAMA database.
 Map projection & coordinate system:
 Mass. State Plane - NAD83



City of Newton
Fiscal Year 2006
Classification Hearing
Summary of Calendar Year 2004 Sales

Single Family Sales

Calendar Year 2004

Number of Sales	767	
Sales > \$400,000	746	97.26%
Sales > \$500,000	646	84.22%

84.22% of Single Family Homes sold for more than \$500,000

Median	\$725,000
Average	\$858,819

50% of Single Family Homes sold for more than \$725,000

75% of Single Family Homes sold for more than \$550,000

Multi Family Sales

Calendar Year 2004

Number of Sales	122	
Sales > \$400,000	119	97.54%
Sales > \$500,000	107	87.70%

87.70% of Multi Family Homes sold for more than \$500,000

Median	\$648,000
Average	\$683,405

50% of Multi Family Homes sold for more than \$648,000

75% of Multi Family Homes sold for more than \$568,000

Addendum

Fiscal Year 2006 Classification Hearing
Wednesday, November 16, 2005

- A. Largest Tax Levies Statewide (Highest 10)
- B. Assessing Frequently Asked Questions

Fiscal Year 2005
Top Ten Communities with Highest Tax Levies

<u>Community</u>	<u>Residential</u>	<u>CIP</u>	<u>Total</u>	<u>Res%</u>	<u>Cip%</u>
BOSTON	\$415,504,174	\$733,237,733	\$1,148,741,907	36.17%	63.83%
CAMBRIDGE	\$86,276,488	\$136,676,947	\$222,953,435	38.70%	61.30%
NEWTON	\$161,600,544	\$32,589,378	\$194,189,922	83.22%	16.78%
WORCESTER	\$112,015,677	\$51,368,453	\$163,384,130	68.56%	31.44%
QUINCY	\$95,372,795	\$39,153,969	\$134,526,764	70.90%	29.10%
SPRINGFIELD	\$79,229,094	\$51,798,345	\$131,027,439	60.47%	39.53%
FRAMINGHAM	\$70,865,677	\$54,677,089	\$125,542,766	56.45%	43.55%
BROOKLINE	\$101,040,049	\$18,812,155	\$119,852,204	84.30%	15.70%
WALTHAM	\$45,775,180	\$64,747,541	\$110,522,721	41.42%	58.58%
LEXINGTON	\$71,162,480	\$19,993,943	\$91,156,423	78.07%	21.93%

The Tax Levy is the amount of money raised by a vote of the Aldermen, Selectmen or City Council.
The City of Newton has the 3rd highest tax levy in the Commonwealth of Massachusetts.

The breakdown between Residential and Commercial, Industrial, and Personal (CIP) classes is determined by the classification selected by the Aldermen, Selectmen or City Council.

Frequently Asked Questions

City of Newton
Department of Assessment Administration
Elizabeth Dromey, Director

City of Newton
Department of Assessment Administration
Frequently Asked Questions

1. What do the assessors look at when determining an assessment?

The assessors look at a property the same way a potential buyer looks at a property. The assessors consider the factors that a potential buyer considers. Examples of important factors are the following: location, interior condition, house size, kitchen quality, and bath quality. The assessors examine many qualities and conditions and then look for comparable properties that have sold in the neighborhood. Since no two houses are identical, adjustments are made for differing characteristics to determine the assessment. Thus the assessment is an estimate of market value.

2. What does my assessment represent?

The assessment is an estimate of market value. The definition of market value is the price a willing buyer would pay a willing seller in an open, competitive market, without any undo influences. The assessment represents the estimate of market value as of January 1, 2005 for Fiscal Year 2006. This estimate of market value is determined by examining sales of properties from late calendar year 2003, calendar year 2004, and early calendar year 2005 sales. Although the majority of properties are not for sale, Massachusetts General Laws requires an assessment, or an estimate of market value, on every property. Sales of similar or comparable properties within a neighborhood are the best indicator of market value.

3. My tax bill has gone up more than 2.5%. Doesn't Proposition 2 ½ limit the tax increase?

Proposition 2 ½ limits the City of Newton, and all other Massachusetts communities, the amount of citywide taxes that can be raised. Proposition 2 ½ limits a community to raising citywide taxes by 2.5% from the previous year's levy limit. Allowing for new growth can then increase this levy limit. New growth consists of property tax increases caused by new construction, renovations or land use changes. Proposition 2 ½ does not limit any individual property tax increase or decrease. For example, in Fiscal Year 2006, the Mayor and the Board of Aldermen approved a budget that included a tax levy of \$201,242,504. The levy limit for Fiscal Year 2005 was \$194,235,942. So, the maximum amount of taxes that can be budgeted by the Mayor and the Board of Aldermen for Fiscal Year 2006 is $\$194,235,942 \times 102.5\% = \$199,091,841$ plus certified new growth. (The 102.5% number is increasing the previous year's limit by 2.5%) The new growth, which was certified by the Massachusetts Department of Revenue, is \$2,150,663. Therefore, the maximum amount of taxes which can be levied for Fiscal Year 2006 is $\$199,091,841 + \$2,150,663 = \$201,242,504$. This figure is the levy limit, which will be used to determine next year's maximum tax levy. A community may increase the property tax levy less than 2.5%, but that is a determination made by the budgetary requirements of the city as determined by the Mayor and the Board of Aldermen. A community may not increase the tax levy greater than 2.5% without approval of the voters. The Mayor and The Board of Aldermen increased the tax levy by \$7,006,562. This causes a tax increase, not an increase or decrease in assessed values.

4. My assessment increased more than 2.5%. Doesn't Proposition 2 ½ limit the amount my assessment can increase?

Proposition 2 ½ limits the amount of taxes a community can raise from property tax. The assessment is an estimate of market value. Since the real estate market changes are based upon the buyers' and sellers' needs, there is no limit to the amount an assessment can increase or decrease. Assessment changes are always based on the real estate market. For example, if a property sells for \$500,000 in calendar year 2004, there is no limit or minimum price it would sell for in calendar year 2005 or beyond. It could sell for \$600,000, \$700,000, \$1,000,000 or \$400,000. The sale price would be based on the real estate market at that time. The assessments do not predict market value. The assessments reflect (or report) market value.

5. I am elderly and cannot afford this tax bill. Can't the assessors lower this assessment because I am elderly?

The assessment is an estimate of market value. The selling price of a property is not related to the age of the owner. The assessment cannot be lowered or raised based on the age of the owner. The assessments are a reflection of the real estate market. Elderly owners do not sell their properties for any lower or higher prices than the market will allow. If property owners throughout the city sell their homes for less, the assessments will decrease. If property owners sell their homes for more, the assessments will increase.

6. I am a young person who grew up in Newton and cannot afford this tax bill. Can't the assessors lower this assessment because I can't afford to live in Newton?

The assessment is an estimate of market value. The selling price of a property is not related to the age of the owner. The assessment cannot be lowered or raised based on the age of the owner. The assessments are a reflection of the real estate market. Young owners do not sell their properties for any lower or higher prices than the market will allow. If property owners throughout the city sell their homes for less, the assessments will decrease. If property owners sell their homes for more, the assessments will increase.

7. My neighbor told me not to let a representative from the assessors' office into my house. Do I have to let the assessors into my house?

You do not have to allow the assessors into your home. We only request the inspection in order to be as fair and accurate as possible. However, if an assessor is denied entrance, property owners give up their ability to challenge the assessed value. It is impossible to question an assessment if a property owner refuses to allow the assessors a view of the entire property. In instances where the assessors do not get into a property, estimates are made about the condition of the interior of the property, the kitchen and bath qualities, and whether there is finished attic space and finished basement space.

8. My neighbor does not allow the assessors in and I do. Am I being penalized?

As stated in Question 7, you do not have to allow the assessors into your home. We only request the inspection so we can be as fair and accurate as possible. Accurate assessments are based on accurate information. By allowing the assessors to view the interior and exterior of your property, your assessed value is based on accurate information. If a person does not allow the assessors to view the interior and exterior of a property, estimates are made about the condition of the interior of the property, the kitchen and bath qualities, and whether there is finished attic space and finished basement space. If the estimates are overstated, property owners may contact the assessor's office to arrange an interior and exterior inspection of their property.

9. Why do the assessors want to see the interior and exterior of my property?

Just as a potential buyer wants to see the interior and exterior of the property before determining a purchase price, the assessors want to see the interior and exterior of the property to make an accurate determination about the market value of the property. The interior information of a property is essential in determining the estimate of market value. Without the actual information, estimates of the interior information have to be made.

10. Why did my assessed value increase when I did not do anything to the property in 5 years and I am not selling the property?

The assessed value represents the estimate of market value of the property. The real estate market changes constantly. The assessment for Fiscal Year 2006 represents the estimate of market value as of January 1, 2005. This estimate of market value is determined by examining sales of properties from late calendar year 2003, calendar year 2004, and early calendar year 2005. Although there may not have been any physical changes to the property, buyers may be paying more or less for properties than they were in previous years. The assessment changes reflect the changes in the purchase prices of similar homes in the neighborhood. The assessments do not predict market value. The assessments reflect (or report) market value. The real estate market can change dramatically from year to year. It is not limited to 1, 5, 10 or 25-year intervals. The buyers and sellers determine the market value of properties. The assessments reflect what the buyers and sellers are doing as of the assessment date.

11. Why could my assessment change every year?

The assessed value represents the estimate of market value of the property. The real estate market changes constantly. The assessments change based upon these changes in the real estate market. The assessments do not automatically go up or down every year. The assessed values in the early 1990's went down because the buyers were paying less for properties than they were in previous years. In Newton, the assessed values went down from Fiscal Year 1992 to Fiscal Year 1993 because the sales prices went down during this period. The assessed values then remained relatively constant from Fiscal Year 1993 to Fiscal Year 1994 because the purchase prices remained constant in this period. The assessments have increased recently because of the strong increase in the real estate market. The changes in the assessment reflect the real estate sales from the appropriate time period. For Fiscal Year 2006, it is the market value as of January 1, 2005. This Fiscal Year 2006 assessment is determined by examining sales of properties from late calendar year 2003, calendar year 2004, and early calendar year 2005.

12. The taxes are too high. Soon I will not be able to afford to live in Newton. Why are you raising my taxes every year?

The assessors do not raise or lower taxes. The assessors reflect (or report) market value. The tax increase or decrease is determined by the budgetary requirements of the Mayor and the Board of Aldermen to run the city. Rising or falling assessed values do not mean rising or falling tax bills. The increase or decrease in taxes seen by the property owner is a direct result of the increase or decrease in the budget. The budget increase or decrease determines the tax increase or decrease. Individual property owners may see an increase in their assessments due to renovations, additions or improvements that would cause an increase in their tax liability. There may also be some shifting of tax liability among classes of property (residential, commercial, industrial, personal) based upon the overall increase or decrease in value of the particular class. The primary reason for a tax increase or decrease is based on the budget requirements of the Mayor and the Board of Aldermen to fund city operations.

13. What percentage of market value are the assessed values?

Assessments represent 100% of market value as required by Massachusetts General Law. The assessments for Fiscal Year 2006 represent the estimate of market value as of January 1, 2005.

14. Why did my assessment change a different percentage than the assessment on my neighbor's house?

Market value changes occur in many forms. Buyers have different requirements and these requirements sometimes change from year to year. Also, sometimes renovations have been performed on a property that would cause a change in assessed value different from a similar property that did not undergo renovations. A recent inspection by the assessor's office also may have contributed to a change in assessed value. Perhaps the property had not been inspected in

15. My assessment increased 20%. Does that mean my taxes will increase 20%?

No. The valuation change will not be indicative of the tax change. There are two components that help determine the tax rate. The first is the budgetary requirements of the Mayor and the Board of Aldermen to run the city. The second is the overall value of the property within the city. For example, if the budget increases 5%, then the tax increase throughout the city would be approximately 5%, regardless of what happened to the overall assessed values. For example, if the budget increased 5% and all the assessments in the city went up 20%, the average tax increase would still be 5%. The tax rate, which is calculated simply by dividing the budget by the value of property, would decrease approximately 15%. In another example, if the budget increased 5% and all the assessments went down 20%, the average tax increase would still be 5%. The tax rate, which is calculated simply by dividing the budget by the value of property, would increase approximately 25%.

16. I think my assessment is out of line with my neighbor's property, whose property is assessed lower. I want my assessment to be as low as theirs.

The first step in comparing properties is to examine the factual components of each property. Many times properties that appear larger are in fact much smaller than people think. Quality characteristics should also be examined when making comparisons. For example, a property with a newer kitchen would sell for more than a property with a much older, unimproved kitchen with all other factors being comparable. Ultimately, the assessors have to determine if the assessment represents market value on the subject property and also if the assessed value on the neighbor's property represents market value. If a neighboring property is too low in relation to surrounding properties, the assessors cannot compound their low assessment by also lowering surrounding properties. The resolution may be that the assessors have to raise the neighboring property's assessed value to make it more in line with the surrounding properties. The most important criterion the assessors examine in an abatement request is the market value of the property of the person filing the abatement and the market value of any property that the person filing the abatement mentions on the application. For example, if there were 5 identical houses on a street and 4 were assessed for \$500,000 and one was assessed for \$100,000, and there were three sales on the street at \$500,000 each, then the assessors could not lower the 4 properties to \$100,000. Based upon the sales, the market value would be very close to \$500,000. The correct action for the assessors would be to raise the property assessed for \$100,000 to \$500,000.

17. Do I have to apply for an abatement every year if I received one in the past?

No. If there was a specific problem or circumstance about your property which warranted an abatement in the past, that information would remain on the property record until the issue was corrected. All subsequent assessments would be calculated based on the information that originally warranted the abatement. Many times people will file an abatement every year telling us they are located next to, for example, a gas station. We know the gas station is there every year and will take it into consideration when calculating new assessed values. You need not file every year.

18. What is the difference between an abatement and an elderly exemption?

An abatement is a reduction in a real estate valuation based on a correction to the assessed valuation. The assessed value has nothing to do with the age of the owner, the income of the owner or any other financial information about the owner. The assessment represents an estimate of market value. An elderly exemption is a reduction in a real estate tax due based on certain age and income requirements set forth by the Commonwealth of Massachusetts. An individual who files for an abatement of real estate valuation because of age and/or income has filed the wrong form. Instead, that individual should file for an elderly exemption. The only factor the assessors examine on an abatement application is the market value of the property. Age and/or income do not factor into assessment determination. (Please refer to Questions 5 and 6)

19. My neighbors' house assessment used to be higher than mine, now my assessment is higher than theirs. Why?

Market value changes occur in many forms. Buyers have different requirements and these requirements sometimes change from year to year. Also, sometimes renovations have been performed on a property that would cause a change in assessed value different from a similar property that did not have renovations. A recent inspection by the assessor's office also may have contributed to a change in assessed value. Perhaps the property had not been inspected in several years and the property information has now been updated to more accurately reflect the condition of the property. Historical trends are just historical information. Properties change over time, as do market values. Just because a property was assessed less than a neighboring property in 1973 does not mean the property will always be assessed less than the neighboring property. Renovations, additions, disrepair, fire and other factors can also change historical relationships.

20. My neighbors have a two-family property and I have a single-family property. Why is my single-family property assessed higher than their two-family property?

Assessments reflect what has occurred in the real estate market. In Newton, single-family properties in the past 5-7 years have sold for more than similarly sized two-family properties in the same neighborhood. Most buyers in Newton do not want to be landlords. The typical buyer in Newton prefers a single-family and the sales prices over the past 5-7 years bear out this fact. A single-family property cannot be compared to a two-family any more than it can be compared to a condominium. Comparisons should be made between similar uses of properties. The difference in selling prices between a single-family and a two-family property has closed significantly in the last 2 calendar years, with the sale price of two-family dwellings increasing at a much faster rate than the single-family property. Two-family properties have become more popular with new homebuyers because of the ability of a tenant to contribute to the owner's mortgage obligation. The two-family property is also priced slightly less than a comparable single-family property.

21. A house three times larger than mine sold up the street from me for \$2,000,000. Will that make my assessment go up?

No. If the property is three times larger than your property, it would not be considered comparable to yours. For example, if your property is a 1,500 square foot home, assessed for \$500,000 and up the street a 4,500 square foot home sold for \$2,000,000, it would not be considered comparable to your property and this sale would not impact your assessment. Assessments are based on comparable sales. Even if a 1,500 square foot home sold next door for \$2,000,000, one sale would not impact your assessment. However, for example, if a few sales of 1,500 square foot homes sold for \$2,000,000, then the market value of a 1,500 square foot home in that neighborhood would be close to \$2,000,000. You should expect a change in future assessments because of the apparent change in market value. In this example where there were multiple sales of 1,500 square foot homes for \$2,000,000, it appears the market value of the 1,500 square foot home is no longer \$500,000.

22. What will happen to my assessment if I put an addition on my property?

Typically, larger properties sell for more than smaller properties with all other factors being equal. If an addition is put on a home, the house becomes larger and generally the market value of the property increases. The assessors would then have to see what similarly sized properties were selling for in the neighborhood. Historical sales have indicated that larger homes sell for more than smaller homes with all other factors being equal. Since the assessed value is an estimate of market value, it is highly likely that the assessed value of your property will increase once the addition is put on the property.

23. Why is the previous owner's name still appearing on the tax bill?

Legally, the assessors must retain the owner of record as of January 1, 2005 for Fiscal Year 2006. If you purchased the property after January 1, 2005, by law we will carry both your name and the legal owner as of January 1, 2005. For Fiscal Year 2007, the legal owner as of January 1, 2006 will be maintained. This is when the prior owner would be removed and your name would be the only name appearing on the ownership record.

24. My assessment went up 25%, is that good news or bad news?

Typically, the home is the single largest investment most people make. The assessment reflects the market value of this asset. People often associate rising assessments with rising taxes. However, this is not the case. Rising budgets cause rising taxes. If the budget increases, typically taxes increase. If the budget decreases, typically taxes decrease. The assessed value represents the market value of the property. If all the assessments went down 25% and the budget increased, taxes would still increase. The budget is the driving force behind rising taxes. If the assessed value of a property increases, this generally increases the property owner's equity in the property. Although many property owners are not selling their homes, an increased asset value is usually received as welcome news. Most people understand tax increases are not caused by assessment increases. They understand that increased spending causes rising tax bills. The majority of property owners are glad to hear their home is increasing in value, even if they are not currently selling their property.

25. There is an item on my tax bill called "CPA Charge". What is that?

The term "CPA Charge" refers to The Community Preservation Act surcharge approved by the voters of the City of Newton beginning in Fiscal Year 2002. This surcharge is 1% of the total property tax due for the parcel. This surcharge, approved by a majority of City of Newton voters, is for the acquisition and preservation of open space, affordable housing, and historic properties. The Commonwealth of Massachusetts will match the amount collected by the City of Newton up to but not to exceed 100% of the total surcharge money collected. There is a committee set up to review requests for use of the Community Preservation Act money collected. The Committee name is the Community Preservation Committee. This committee then makes recommendations to the Newton Board of Aldermen. The Newton Board of Aldermen has the final say as to how the Community Preservation Act funds are distributed and utilized.