

City of Newton
Fiscal Year 2009
Classification Hearing
November 12, 2008
Elizabeth Dromey, Director
Assessment Administration

**City of Newton
Fiscal Year 2009
Classification Hearing**

Table of Contents

Page 1	Opening Memorandum
Page 2	Aldermen Questions and Answers
Page 6	Real Estate Value Changes: FY2008 to FY2009
Page 7	Property Values FY2009 by Land Use (Class)
Page 8	Historical Tax Base Analysis FY1982 to Present
Page 9	Tax Rates and Impact by Class: Average and Median Dollar Changes
Page 10	Tax Rates and Impact by Class: Average and Median Percent Changes
Page 11	Historical Levy Amounts and Increases FY1982 to Present
Page 12	Impact of Assessments on Tax Increases/Decreases
Page 13	Historical Tracking of Residential/Commercial Shifts Selected by the Board of Aldermen
Page 14	Historical Tax Rates: Fiscal Year 1980 to Present
Page 15	Shift and Tax Rate Table with Residential Factor
Page 16	Mean and Median Sales Prices by Neighborhood
Page 17	Assessing Neighborhood Map
Page 18	Summary of Residential Single and Multi Family Sales
Page 20	Largest Tax Levies Statewide (Highest 10)
Page 21	Seven Year Single Family Median Sale Price (2002-2008)
Supplement	Assessing Frequently Asked Questions

City of Newton



David B. Cohen
Mayor

ASSESSMENT ADMINISTRATION

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Date: November 12, 2008

To: Honorable David B. Cohen, Mayor
Paul E. Coletti, Chairman, Finance Committee
Board of Aldermen Members

From: Elizabeth Dromey, Director of Assessment Administration

Subject: Support Information Relative to the Fiscal Year 2009
Property Tax Rate Classification

In anticipation of the public hearing for the FY2009 Tax Rate Classification, scheduled for Wednesday, November 12, 2008, I offer the attached documents for your reference. These documents reflect preliminary figures and are subject to minor changes prior to the public hearing.

We have made some changes to the classification packet this year. We have added some new features to help assist you in your decision to establish the proportion of the tax levy raised by the residential and commercial classes of property.

As always, please contact me at 617-796-1160 if you have any questions or if you would like a more detailed explanation of any information contained in this packet.

**City of Newton
Fiscal Year 2009
Classification Hearing**

Questions and Answers

1. What is the purpose of this hearing?

The purpose of this hearing is to establish the proportion of the tax levy raised by the residential and commercial classes of property. This hearing is required under Massachusetts General Laws, Chapter 40, Section 56.

2. How do taxes increase or decrease?

Overall tax increases or decreases occur when the Mayor and Board of Aldermen change the amount of tax revenue devoted to the overall City budget.

Based on his determination of the financial needs of the City, the Mayor presented a budget to the Board of Aldermen in the spring of 2008. The Board of Aldermen then conducted budget hearings. These budget hearings determined if the property tax collected for fiscal year 2009 would be higher or lower than property tax collected for fiscal year 2008.

For fiscal year 2008, the levy limit (the amount of taxes that can be raised without a tax override or debt exclusion) was \$215,828,884. For fiscal year 2009, by law, the Aldermen have the option (but are not required) to increase the fiscal year 2008 tax levy by 2.5%. This 2.5% increase is \$5,395,722. Finally, the Aldermen have the option (but are not required) to increase the fiscal year 2008 tax levy by the amount of "new growth" in the City for calendar year 2007. This "new growth" is the additional tax revenue that will be created by either the construction of new properties or improvements to existing properties in the City. The new growth figure submitted to the Massachusetts Department of Revenue for fiscal year 2009 is \$3,711,998.

The maximum amount the fiscal year 2009 tax levy can be (without a tax override or debt exclusion) is:

Fiscal Year 2008 Tax Levy Limit:	\$215,828,884
2.5% Increase:	\$ 5,395,722
New Growth:	\$ 3,711,998

Fiscal Year 2009 Tax Levy Limit:	\$224,936,604
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The total of the 2.5% increase and the new growth results in a tax increase of \$9,107,720 for fiscal year 2009. This is an increase of 4.22% from last year. This means citywide, the average tax increase has to be 4.22%, because the Aldermen are asking for 4.22% more tax this year as compared to last year.

**City of Newton
Fiscal Year 2009
Classification Hearing**

Questions and Answers

3. Can the Aldermen increase the tax levy more than this amount? How about less than this amount?

The Aldermen cannot increase this levy limit above \$224,936,604 without the approval of a majority of voters in the City of Newton. This can be accomplished by either override or debt exclusion.

The Aldermen always have the option to increase the tax levy less than the maximum amounts allowed by law. This decision would be based on the Aldermen's determination of the financial needs of the City. The Aldermen could elect not to go to the maximum 2.5% increase and/or the Aldermen could elect to not increase the tax levy by the new growth amount. Again, this would be a decision based on the Aldermen's determination of the financial needs of the City.

The Aldermen could also vote to decrease the amount of the tax levy, again based on a determination of the financial needs of the City.

4. What is the Assessors' role in the budget process?

The Assessors play no role in determining the amount of taxes raised each year. As explained above, this is done during the budget hearings held each spring by the Board of Aldermen and subsequent passage of the City budget.

The Assessors determine the amount of new growth each year. This is done by inspecting all new construction projects and inspecting existing properties with renovations to determine the increase in the property value due to the construction/renovations. This new growth process will be approved by the Massachusetts Commissioner of Revenue.

The Assessors determine the value, based on use, of all taxable property in the City. These assessed values represent the value of the property as of January 1, 2008 for fiscal year 2009. These assessed values determine the proportion of the tax levy that each property owner will pay, which will ultimately be determined by the decision of the Board of Aldermen on what proportion of the levy to shift (or not) from residential property owners to commercial, industrial and personal property owners.

**City of Newton
Fiscal Year 2009
Classification Hearing**

Questions and Answers

5. What does it mean “adopt the residential factor”?

This is the purpose of the classification hearing. The Aldermen will decide how much of the tax levy the owners of residential properties will pay and how much of the tax levy the owners of commercial/industrial/personal property will pay. This is the decision that creates two tax rates (or split tax rates) in the City. The two tables below show the process with fiscal year 2009 numbers. If there was no “shift”, there would be a single tax rate and the following table would apply:

<u>Class</u>	<u>FY2009 Value</u>	<u>%Value</u>	<u>%Tax</u>
Residential	\$18,659,283,807	90.08%	90.08%
Commercial	\$1,642,708,593	7.93%	7.93%
Industrial	\$145,932,200	0.70%	0.70%
Personal	\$266,624,600	1.29%	1.29%
Total	\$20,714,549,200	100.00%	100.00%

This means the residential property makes up 90.08% of the overall value in the City and therefore would pay 90.08% of the overall tax levy. The commercial property makes up 7.93% of the overall value in the City and therefore would pay 7.93% of the overall tax levy and so on for industrial and personal property classes.

The classification hearing is when the Board of Aldermen must decide whether or not to shift more of the tax levy onto the commercial/industrial/personal property owners and less onto the residential property owners. By law, the maximum allowable shift for Newton is 175%. (The Aldermen have shifted 175% for FY2006, FY2007, and FY2008). If the Aldermen decide to shift 175% again this year, the process would be to multiply the (%Value) of the commercial, industrial, and personal property classes by 175% (1.75) to determine the increased percentage of the tax levy that those various classes will pay. By increasing those percentages, the residential percentage is lowered by 7.44%. The table below illustrates this.

<u>Class</u>	<u>FY2009 Value</u>	<u>%Value</u>	<u>Shift</u>	<u>%Tax</u>
Residential	\$18,659,283,807	90.08%	-	82.64%
Commercial	\$1,642,708,593	7.93%	175%	13.88%
Industrial	\$145,932,200	0.70%	175%	1.23%
Personal	\$266,624,600	1.29%	175%	2.25%
Total	\$20,714,549,200	100.00%		100.00%

**City of Newton
Fiscal Year 2009
Classification Hearing**

Questions and Answers

Put another way, once the factor of 175% (1.75) is applied to commercial, industrial and personal property, those classes then become responsible for 17.36 % of the tax levy. That number then is subtracted from 100% to arrive at the residential proportion of 82.64% of the tax levy.

So, if the Aldermen decide to shift 175%, the owners of commercial, industrial and personal property, which represent 9.92% of the taxable value, become responsible for 17.36% of the property tax levy. The result of this vote is that the residential property owners, whose property represents 90.08% of the taxable value, become responsible for 82.64% of the property tax levy.

The actual vote taken is on what residential factor to adopt. This residential factor results in the intended shift from the residential taxpayers onto the commercial, industrial and personal property taxpayers.

That is the ultimate purpose of the classification hearing.

6. Do the Aldermen have to sign something at the end of the classification hearing?

Yes. The Aldermen must sign the form LA5. This is the form sent to the Department of Revenue as part of the tax recapitulation (Tax Recap) sheet and approval of the tax rates established at the classification hearing. These tax rates estimated for your review may be adjusted via rounding and subject to change of typically not greater than one to two pennies.

City of Newton
 Fiscal Year 2009
 Classification Hearing
 Real Estate Value Changes FY2008 to FY2009

<u>Property Class</u>	<u>FY2008 Base Values</u>	<u>FY2009 Values</u>	<u>Percent Change</u>
<u>Residential Classes</u>			
Single Family	\$13,548,584,100	\$13,666,831,100	0.87%
Two and Three Family	\$2,159,203,900	\$2,128,133,000	-1.44%
Condominium	\$1,958,074,100	\$2,017,260,500	3.02%
Apartments	\$432,952,300	\$475,036,400	9.72%
Vacant Land	\$112,415,300	\$105,860,400	-5.83%
<u>Commercial Classes</u>			
Commercial	\$1,533,761,900	\$1,554,845,100	1.37%
Industrial	\$145,408,200	\$145,932,200	0.36%
<u>Mixed Use Classes</u>			
Mixed Use	\$279,988,595	\$280,276,500	0.10%

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

The apartment increase is due to Avalon Bay at Chestnut Hill and Arborpoint at Woodland Station construction projects.

City of Newton
 Fiscal Year 2009
 Classification Hearing
 Property Values by Class

RESIDENTIAL PROPERTY CLASSES

<u>Property Type</u>	<u>Count</u>	<u>Value</u>	<u>Percent of Value</u>
Single Family	16,924	\$13,666,831,100	65.98%
Condominium	4,278	\$2,017,260,500	9.74%
Miscellaneous	171	\$62,001,300	0.30%
Two Family	2,966	\$1,916,523,500	9.25%
Three Family	299	\$211,609,500	1.02%
Apartments	167	\$475,036,400	2.29%
Vacant Land	887	\$105,860,400	0.51%
Mixed Use Residential	281	\$204,161,107	0.99%
 Total Residential	 25,973	 \$18,659,283,807	 90.08%

COMMERCIAL/INDUSTRIAL/PERSONAL PROPERTY CLASSES

<u>Property Type</u>	<u>Count</u>	<u>Value</u>	<u>Percent of Value</u>
Commercial	754	\$1,554,845,100	7.51%
Industrial	78	\$145,932,200	0.70%
Forest (Ch. 61)	1	\$1,500	0.00%
Golf Courses (Ch. 61B)	19	\$11,746,600	0.06%
Mixed Use	281	\$76,115,393	0.37%
Personal Property	1,171	\$33,991,300	0.16%
Personal Property	1,499	\$68,746,600	0.33%
Personal Property	2	\$81,924,900	0.40%
Personal Property	11	\$72,318,900	0.35%
Personal Property	1	\$1,216,700	0.01%
Personal Property	5	\$8,426,200	0.04%
 Total CIP	 3,822	 \$2,055,265,393	 9.92%
 Total Value		 \$20,714,549,200	 100.00%
 Exempt Property		 <u>Value</u> \$2,398,440,400	

City of Newton
Fiscal Year 2009
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>
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
2002	\$156,144,302	\$3,903,608	\$2,335,800	\$162,383,709	\$162,278,416	\$105,293
2003	\$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	\$201,238,041	\$4,462
2007	\$201,242,504	\$5,031,063	\$2,242,123	\$208,515,689	\$208,504,128	\$11,562
2008	\$208,515,689	\$5,212,892	\$2,100,302	\$215,828,884	\$215,772,425	\$56,459
2009	\$215,828,884	\$5,395,722	\$3,711,998	\$224,936,604	\$224,936,604	\$0

Estimated

FY2009 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 2009
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>
FY2008 Value	\$802,036	\$647,003	\$2,036,868	\$1,913,266
FY2008 Tax Rate	\$9.70	\$9.70	\$18.46	\$18.46
FY2009 Tax Bill	\$7,779.75	\$6,275.93	\$37,600.59	\$35,318.89
FY2009 Value	\$807,541	\$646,164	\$2,062,129	\$1,870,926

<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%	\$409.69	\$276.95	-\$1,772.21	-\$2,812.56	\$10.14	\$17.37
161%	\$400.03	\$269.22	-\$1,548.28	-\$2,609.39	\$10.13	\$17.48
162%	\$390.37	\$261.49	-\$1,324.35	-\$2,406.23	\$10.12	\$17.59
163%	\$380.71	\$253.76	-\$1,100.42	-\$2,203.06	\$10.11	\$17.70
164%	\$371.05	\$246.03	-\$876.50	-\$1,999.90	\$10.09	\$17.81
165%	\$361.39	\$238.30	-\$652.57	-\$1,796.73	\$10.08	\$17.92
166%	\$351.73	\$230.57	-\$428.64	-\$1,593.57	\$10.07	\$18.03
167%	\$342.07	\$222.85	-\$204.72	-\$1,390.40	\$10.06	\$18.13
168%	\$332.41	\$215.12	\$19.21	-\$1,187.24	\$10.05	\$18.24
169%	\$322.76	\$207.39	\$243.14	-\$984.07	\$10.03	\$18.35
170%	\$313.10	\$199.66	\$467.07	-\$780.91	\$10.02	\$18.46
171%	\$303.44	\$191.93	\$690.99	-\$577.74	\$10.01	\$18.57
172%	\$293.78	\$184.20	\$914.92	-\$374.58	\$10.00	\$18.68
173%	\$284.12	\$176.47	\$1,138.85	-\$171.42	\$9.99	\$18.79
174%	\$274.46	\$168.74	\$1,362.78	\$31.75	\$9.97	\$18.89
175%	\$264.80	\$161.02	\$1,586.70	\$234.91	\$9.96	\$19.00

<u>MEDIANS</u>	<u>Single Family</u>	<u>Two Family</u>	<u>Commercial</u>	<u>Industrial</u>
FY2008 Value	\$690,800	\$620,800	\$724,300	\$784,900
FY2008 Tax Rate	\$9.70	\$9.70	\$18.46	\$18.46
FY2009 Tax Bill	\$6,700.76	\$6,021.76	\$13,370.58	\$14,489.25
FY2009 Value	\$695,400	\$618,800	\$728,200	\$756,050

<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%	\$351.43	\$253.61	-\$718.49	-\$1,353.29	\$10.14	\$17.37
161%	\$343.11	\$246.21	-\$639.42	-\$1,271.19	\$10.13	\$17.48
162%	\$334.79	\$238.81	-\$560.34	-\$1,189.09	\$10.12	\$17.59
163%	\$326.48	\$231.41	-\$481.27	-\$1,106.99	\$10.11	\$17.70
164%	\$318.16	\$224.01	-\$402.19	-\$1,024.89	\$10.09	\$17.81
165%	\$309.84	\$216.61	-\$323.12	-\$942.79	\$10.08	\$17.92
166%	\$301.52	\$209.20	-\$244.04	-\$860.69	\$10.07	\$18.03
167%	\$293.20	\$201.80	-\$164.96	-\$778.59	\$10.06	\$18.13
168%	\$284.89	\$194.40	-\$85.89	-\$696.49	\$10.05	\$18.24
169%	\$276.57	\$187.00	-\$6.81	-\$614.39	\$10.03	\$18.35
170%	\$268.25	\$179.60	\$72.26	-\$532.29	\$10.02	\$18.46
171%	\$259.93	\$172.20	\$151.34	-\$450.19	\$10.01	\$18.57
172%	\$251.62	\$164.80	\$230.41	-\$368.09	\$10.00	\$18.68
173%	\$243.30	\$157.39	\$309.49	-\$285.99	\$9.99	\$18.79
174%	\$234.98	\$149.99	\$388.56	-\$203.89	\$9.97	\$18.89
175%	\$226.66	\$142.59	\$467.64	-\$121.79	\$9.96	\$19.00

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Fiscal Year 2009
Classification Hearing

Impact Calculations on Various Property Classes Using Average and Median Values

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FY2009 Value	\$807,541	\$646,164	\$2,062,129	\$1,870,926

<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%	5.27%	4.41%	-4.71%	-7.96%	\$10.14	\$17.37
161%	5.14%	4.29%	-4.12%	-7.39%	\$10.13	\$17.48
162%	5.02%	4.17%	-3.52%	-6.81%	\$10.12	\$17.59
163%	4.89%	4.04%	-2.93%	-6.24%	\$10.11	\$17.70
164%	4.77%	3.92%	-2.33%	-5.66%	\$10.09	\$17.81
165%	4.65%	3.80%	-1.74%	-5.09%	\$10.08	\$17.92
166%	4.52%	3.67%	-1.14%	-4.51%	\$10.07	\$18.03
167%	4.40%	3.55%	-0.54%	-3.94%	\$10.06	\$18.13
168%	4.27%	3.43%	0.05%	-3.36%	\$10.05	\$18.24
169%	4.15%	3.30%	0.65%	-2.79%	\$10.03	\$18.35
170%	4.02%	3.18%	1.24%	-2.21%	\$10.02	\$18.46
171%	3.90%	3.06%	1.84%	-1.64%	\$10.01	\$18.57
172%	3.78%	2.94%	2.43%	-1.06%	\$10.00	\$18.68
173%	3.65%	2.81%	3.03%	-0.49%	\$9.99	\$18.79
174%	3.53%	2.69%	3.62%	0.09%	\$9.97	\$18.89
175%	3.40%	2.57%	4.22%	0.67%	\$9.96	\$19.00

<u>MEDIANS</u>	<u>Single Family</u>	<u>Two Family</u>	<u>Commercial</u>	<u>Industrial</u>
FY2008 Value	\$690,800	\$620,800	\$724,300	\$784,900
FY2008 Tax Rate	\$9.70	\$9.70	\$18.46	\$18.46
FY2009 Tax Bill	\$6,700.76	\$6,021.76	\$13,370.58	\$14,489.25
FY2009 Value	\$695,400	\$618,800	\$728,200	\$756,050

<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%	5.24%	4.21%	-5.37%	-9.34%	\$10.14	\$17.37
161%	5.12%	4.09%	-4.78%	-8.77%	\$10.13	\$17.48
162%	5.00%	3.97%	-4.19%	-8.21%	\$10.12	\$17.59
163%	4.87%	3.84%	-3.60%	-7.64%	\$10.11	\$17.70
164%	4.75%	3.72%	-3.01%	-7.07%	\$10.09	\$17.81
165%	4.62%	3.60%	-2.42%	-6.51%	\$10.08	\$17.92
166%	4.50%	3.47%	-1.83%	-5.94%	\$10.07	\$18.03
167%	4.38%	3.35%	-1.23%	-5.37%	\$10.06	\$18.13
168%	4.25%	3.23%	-0.64%	-4.81%	\$10.05	\$18.24
169%	4.13%	3.11%	-0.05%	-4.24%	\$10.03	\$18.35
170%	4.00%	2.98%	0.54%	-3.67%	\$10.02	\$18.46
171%	3.88%	2.86%	1.13%	-3.11%	\$10.01	\$18.57
172%	3.76%	2.74%	1.72%	-2.54%	\$10.00	\$18.68
173%	3.63%	2.61%	2.31%	-1.97%	\$9.99	\$18.79
174%	3.51%	2.49%	2.91%	-1.41%	\$9.97	\$18.89
175%	3.38%	2.37%	3.50%	-0.84%	\$9.96	\$19.00

City of Newton
Fiscal Year 2009
Classification Hearing
Historical Levy Amounts and Levy Increases

Fiscal Year	<u>Actual Levy</u>	<u>Amount of Increase</u>	<u>Percent Increase</u>	<u>Residential Share</u>	<u>CIP Share</u>
1982	\$75,151,698	N/A	N/A	75.0917%	24.9083%
1983	\$75,171,091	\$19,393	0.0258%	76.6858%	23.3142%
1984	\$77,928,599	\$2,757,508	3.6683%	73.3129%	26.6871%
1985	\$79,876,814	\$1,948,215	2.5000%	73.7441%	26.2559%
1986	\$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%
1988	\$89,629,586	\$3,289,161	3.8095%	72.7148%	27.2852%
1989	\$95,581,274	\$5,951,688	6.6403%	72.2189%	27.7811%
1990	\$105,205,222	\$9,623,948	10.0689%	72.3140%	27.6860%
1991	\$108,838,759	\$3,633,537	3.4538%	72.5684%	27.4316%
1992	\$112,689,184	\$3,850,425	3.5377%	72.7117%	27.2883%
1993	\$116,941,920	\$4,252,736	3.7739%	74.9205%	25.0795%
1994	\$121,079,222	\$4,137,302	3.5379%	75.0179%	24.9821%
1995	\$125,293,531	\$4,214,309	3.4806%	75.6575%	24.3425%
1996	\$129,682,983	\$4,389,452	3.5033%	76.9124%	23.0876%
1997	\$134,082,167	\$4,399,184	3.3923%	77.7435%	22.2565%
1998	\$138,934,388	\$4,852,221	3.6188%	78.4214%	21.5786%
1999	\$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%
2003	\$180,174,491	\$17,896,075	11.0280%	80.9189%	19.0811%
2004	\$187,384,724	\$7,210,233	4.0018%	82.2193%	17.7807%
2005	\$194,189,921	\$6,805,197	3.6317%	83.2145%	16.7855%
2006	\$201,238,041	\$7,048,120	3.6295%	83.8966%	16.1034%
2007	\$208,504,128	\$7,266,087	3.6107%	84.0340%	15.9660%
2008	\$215,828,884	\$7,324,756	3.5130%	83.0740%	16.9260%
Estimate	2009	\$224,936,604	\$9,107,720	4.2199%	

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

**City of Newton
Fiscal Year 2009
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 2009, the valuation date is January 1, 2008. 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 driven 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 2009 proposed valuations, there is approximately **no change** in residential single-family valuations. Assuming a 175% shift selected by the Board of Aldermen, the result is a tax **increase** of \$264.80, or 3.40% 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 2009	Increase in %Tax for Fiscal Year 2009
Increase of 1%	\$264.80	3.40%
Increase of 50%	\$264.80	3.40%
Increase of 100%	\$264.80	3.40%
Decrease of 50%	\$264.80	3.40%
Decrease of 100%	\$264.80	3.40%

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 \$264.80 (assuming the shift of 175%) because of the budget approved by the Newton Board of Aldermen.

City of Newton
 Fiscal Year 2009
 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
2006	175%	4.62%	\$325.92	4.42%	\$271.58
2007	175%	3.62%	\$267.07	3.56%	\$228.35
2008	175%	1.84%	\$140.95	0.97%	\$64.41
Last 5 Years	Increase		\$1,301.15		\$969.84
Last 10 Years	Increase		\$2,941.38		\$2,340.91

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
2006	175%	0.12%	\$40.62	3.94%	\$438.69
2007	175%	2.65%	\$889.46	3.01%	\$348.20
2008	175%	9.21%	\$3,170.24	12.34%	\$1,468.71
Last 5 Years	Increase		\$2,144.79		\$1,613.69
Last 10 Years	Increase		\$7,243.28		\$2,581.85

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 2009
 Classification Hearing
 Historical Tax Rates Fiscal Year 1980 to Present

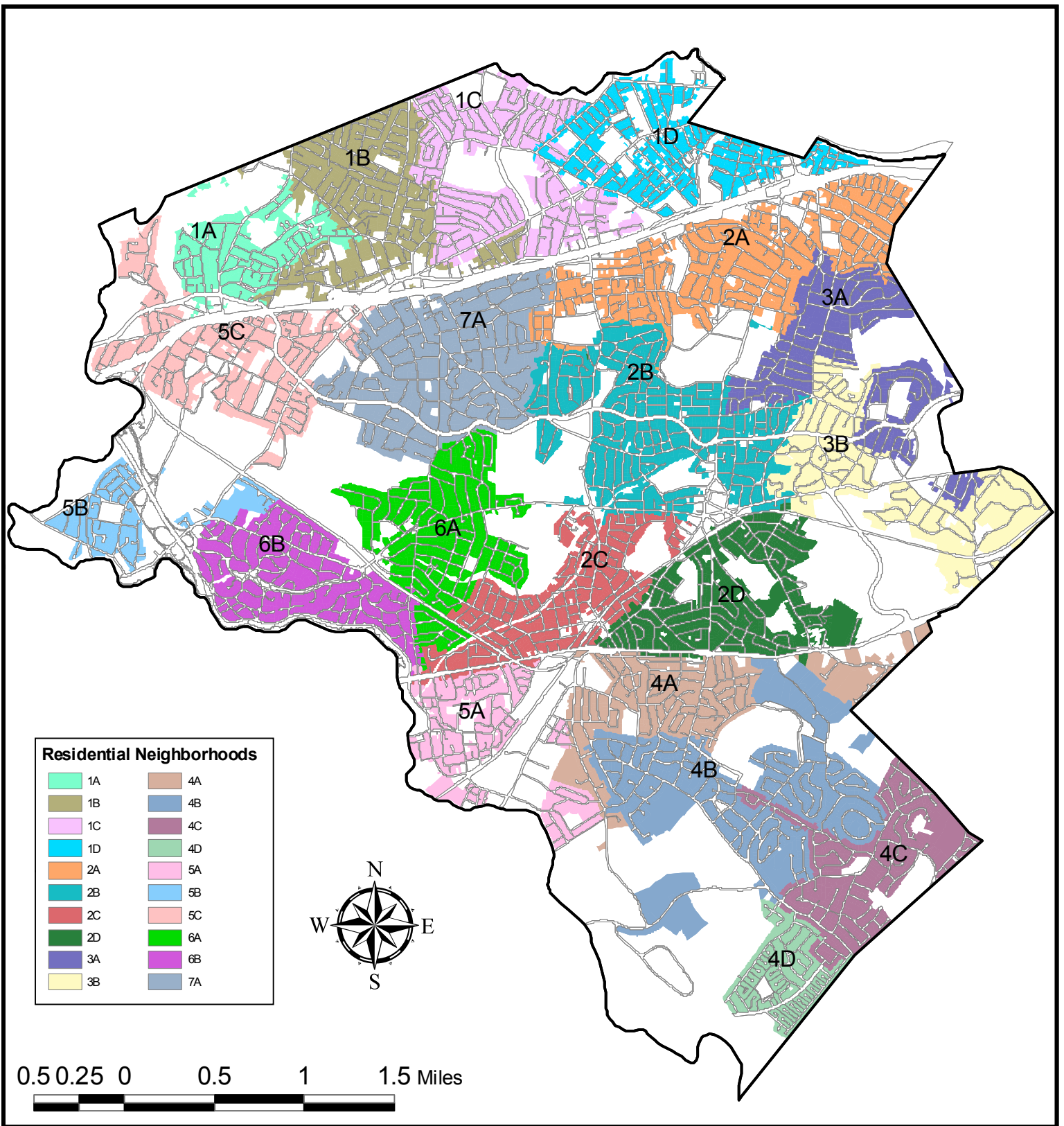
<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>
1980	\$169.20	\$169.20
1981	\$177.00	\$177.00
1982	\$21.88	\$36.29
1983	\$21.84	\$35.90
1984	\$19.93	\$33.51
1985	\$20.34	\$34.12
1986	\$20.53	\$34.55
1987	\$11.49	\$19.31
1988	\$11.76	\$19.84
1989	\$12.35	\$20.90
1990	\$10.35	\$18.94
1991	\$10.79	\$19.72
1992	\$11.93	\$22.60
1993	\$13.49	\$26.09
1994	\$13.95	\$26.96
1995	\$14.18	\$27.29
1996	\$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
2006	\$9.36	\$17.72
2007	\$9.33	\$17.64
2008	\$9.70	\$18.46

City of Newton
 Fiscal Year 2009
 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%	\$10.86	90.0780%	\$10.86	9.9220%	100.0000
105%	\$10.80	89.5819%	\$11.40	10.4181%	99.4493
110%	\$10.74	89.0858%	\$11.94	10.9142%	98.8985
115%	\$10.68	88.5897%	\$12.49	11.4103%	98.3478
120%	\$10.62	88.0936%	\$13.03	11.9064%	97.7971
125%	\$10.56	87.5975%	\$13.57	12.4025%	97.2463
130%	\$10.50	87.1014%	\$14.12	12.8986%	96.6956
135%	\$10.44	86.6053%	\$14.66	13.3947%	96.1449
140%	\$10.38	86.1092%	\$15.20	13.8908%	95.5941
145%	\$10.32	85.6131%	\$15.75	14.3869%	95.0434
150%	\$10.26	85.1170%	\$16.29	14.8830%	94.4926
155%	\$10.20	84.6209%	\$16.83	15.3791%	93.9419
160%	\$10.14	84.1248%	\$17.37	15.8752%	93.3912
165%	\$10.08	83.6287%	\$17.92	16.3713%	92.8404
166%	\$10.07	83.5295%	\$18.03	16.4705%	92.7303
167%	\$10.06	83.4303%	\$18.13	16.5697%	92.6201
168%	\$10.05	83.3310%	\$18.24	16.6690%	92.5100
169%	\$10.03	83.2318%	\$18.35	16.7682%	92.3999
170%	\$10.02	83.1326%	\$18.46	16.8674%	92.2897
171%	\$10.01	83.0334%	\$18.57	16.9666%	92.1796
172%	\$10.00	82.9342%	\$18.68	17.0658%	92.0694
173%	\$9.99	82.8349%	\$18.79	17.1651%	91.9593
174%	\$9.97	82.7357%	\$18.89	17.2643%	91.8491
175%	\$9.96	82.6365%	\$19.00	17.3635%	91.7390

City of Newton
 Fiscal Year 2009
 Classification Hearing
 Neighborhood Sales Analysis
 Mean and Median Sales Prices

	<u>Assessing District</u>	<u>Median Sale Price</u>	<u>Average Sale Price</u>
1A	Auburndale/West Newton (North of Mass. Pike)	\$622,000	\$684,500
1B	West Newton/Newtonville (North of Mass. Pike)	\$448,000	\$505,300
1C	Newtonville (North of Mass. Pike)	\$592,200	\$634,800
1D	Nonantum	\$459,500	\$475,700
2A	Newtonville (South of Mass. Pike)	\$885,000	\$1,029,600
2B	Newton Centre (North of Beacon Street)	\$860,000	\$959,400
2C	South of Beacon Street to Route 9	\$830,000	\$877,600
2D	Newton Highlands (North of Route 9)	\$659,000	\$752,400
3A	Farlow Hill/North Chestnut Hill	\$1,115,000	\$1,290,900
3B	Chestnut Hill	\$1,572,500	\$1,860,200
4A	South of Route 9	\$625,300	\$642,400
4B	Old Oak Hill	\$831,100	\$914,800
4C	South Side/Abutting West Roxbury and Brookline	\$795,000	\$1,039,100
4D	Oak Hill Park	\$480,000	\$588,000
5A	Upper Falls	\$511,000	\$516,200
5B	Lower Falls	\$577,700	\$690,400
5C	Auburndale (Islington and South of Commonwealth Avenue)	\$749,000	\$817,600
6A	Northeast Waban	\$913,800	\$1,077,900
6B	Southwest Waban	\$925,000	\$1,116,200
7A	West Newton Hill	\$1,397,700	\$1,528,000
	CITYWIDE	\$763,000	\$933,400



City of Newton - Assessor's Residential Neighborhoods

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



MAP DATE: November 20, 2007

City of Newton
Fiscal Year 2009
Classification Hearing
Summary of Calendar Year 2007 Single Family Sales

Calendar Year 2007
Single Family Sales

Number of Sales 693

Median Sale Price \$763,000
 (Half the Single Family Homes sold for more than this median sale price)

Average Sale Price \$933,422

Summary of Sale Prices

<u>Less than</u>	<u>Sales</u>	<u>Percent</u>	<u>More than</u>	<u>Sales</u>	<u>Percent</u>
\$400,000	32	4.62%	\$600,000	510	73.59%
<u>Less than</u>	<u>Sales</u>	<u>Percent</u>	<u>More than</u>	<u>Sales</u>	<u>Percent</u>
\$600,000	183	26.41%	\$750,000	365	52.67%
			<u>More than</u>	<u>Sales</u>	<u>Percent</u>
			\$1,000,000	208	30.01%
			<u>More than</u>	<u>Sales</u>	<u>Percent</u>
			\$1,500,000	87	12.55%
			<u>More than</u>	<u>Sales</u>	<u>Percent</u>
			\$2,000,000	43	6.20%

2007 Single Family Sales



Median Sale Price: \$763,000

Average Sale Price: \$933,400

**> \$750,000-365 Sales
(52.67%)**



**> \$1,000,000-208 Sales
(30.01%)**



**> \$1,500,000-87 Sales
(12.55%)**

Fiscal Year 2009 Classification Hearing
 Massachusetts
 Fiscal Year 2008
 Communities with Highest Tax Levies Statewide

<u>Community</u>	<u>Residential</u>	<u>CIP</u>	<u>Total</u>	<u>RES%</u>	<u>CIP%</u>
BOSTON	\$539,055,047	\$795,223,323	\$1,334,278,370	40.40%	59.60%
CAMBRIDGE	\$85,203,296	\$157,131,077	\$242,334,373	35.16%	64.84%
NEWTON	\$179,245,608	\$36,526,817	\$215,772,425	83.07%	16.93%
WORCESTER	\$131,204,080	\$59,320,706	\$190,524,786	68.86%	31.14%
SPRINGFIELD	\$96,772,411	\$56,716,762	\$153,489,173	63.05%	36.95%
QUINCY	\$106,311,231	\$42,760,374	\$149,071,605	71.32%	28.68%
FRAMINGHAM	\$85,320,578	\$55,957,774	\$141,278,352	60.39%	39.61%
BROOKLINE	\$113,856,223	\$21,955,677	\$135,811,900	83.83%	16.17%
WALTHAM	\$55,554,304	\$63,984,000	\$119,538,304	46.47%	53.53%
LEXINGTON	\$86,952,013	\$23,254,646	\$110,206,659	78.90%	21.10%

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 as voted by the Newton Board of Aldermen.

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

City of Newton
Fiscal Year 2009
Classification Hearing
7 Year Median Sale Prices of Single Family Homes

<u>Calendar Year</u>	<u>Median Sale Price</u>
2002	\$592,000
2003	\$672,500
2004	\$725,000
2005	\$747,000
2006	\$738,250
2007	\$763,000
2008	\$760,000

2008 is through August 31, 2008



Frequently Asked Questions

City of Newton
Department of Assessment Administration
Elizabeth Dromey, Director
James Shaughnessy, Residential Assessor
Michael Flynn, Commercial Assessor

City of Newton
Department of Assessment Administration
Frequently Asked Questions

Page 1

1. What do the assessors look at when determining an assessment?
2. What does my assessment represent?
3. My tax bill has gone up more than 2.5%. Doesn't Proposition 2 ½ limit the tax increase?
4. My assessment increased more than 2.5%. Doesn't Proposition 2 ½ limit the amount my assessment can increase?

Page 2

5. I am elderly and cannot afford this tax bill. Can't the assessors lower this assessment because I am elderly?
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?
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?
8. My neighbor does not allow the assessors in and I do. Am I being penalized?
9. Why do the assessors want to see the interior and exterior of my property?

Page 3

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?
11. Why could my assessment change every year?
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?
13. What percentage of market value are the assessed values?
14. Why did my assessment change a different percentage than the assessment on my neighbors' house?

Page 4

15. My assessment increased 20%. Does that mean my taxes will increase 20%?
16. I think my assessment is out of line with my neighbors' property, whose property is assessed lower. I want my assessment to be as low as theirs.
17. Do I have to apply for an abatement every year if I received one in the past?
18. What is the difference between an abatement and an elderly exemption?

Page 5

19. My neighbors' house assessment used to be higher than mine, now my assessment is higher than theirs. Why?
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?
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?
22. What will happen to my assessment if I put an addition on my property?

Page 6

23. Why is the previous owner's name still appearing on the tax bill?
24. My assessment went up 25%, is that good news or bad news?
25. There is an item on my tax bill called "CPA Charge". What is that?

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 undue influences. The assessment represents the estimate of market value as of January 1, 2008 for Fiscal Year 2009. This estimate of market value is determined by examining sales of properties from late calendar year 2006, calendar year 2007, and early calendar year 2008 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 2009, the Mayor and the Board of Aldermen approved a budget that included a tax levy of \$224,936,604. The levy limit for Fiscal Year 2008 was \$215,828,884. So, the maximum amount of taxes that can be budgeted by the Mayor and the Board of Aldermen for Fiscal Year 2009 is $\$215,828,884 \times 102.5\% = \$221,224,606$ 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 \$3,711,998. Therefore, the maximum amount of taxes which can be levied for Fiscal Year 2009 is $\$221,224,606 + \$3,711,998 = \$224,936,604$. 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 \$9,107,720. This is what 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 2007, there is no limit or minimum price it would sell for in calendar year 2008 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 2009 represents the estimate of market value as of January 1, 2008. This estimate of market value is determined by examining sales of properties from late calendar year 2006, calendar year 2007, and early calendar year 2008. 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 increase in the real estate market. The assessed values decreased from Fiscal Year 2007 to Fiscal Year 2008 due to a small decrease in sale prices. The changes in the assessment reflect the real estate sales from the appropriate time period. For Fiscal Year 2009, it is the market value as of January 1, 2008. This Fiscal Year 2009 assessment is determined by examining sales of properties from late calendar year 2006, calendar year 2007, and early calendar year 2008.

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 Laws. The assessments for Fiscal Year 2009 represent the estimate of market value as of January 1, 2008.

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 several years and the property information has now been updated to more accurately reflect the condition of the property.

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 neighbors' 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 neighbors' 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 5-10 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 5-10 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 3 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, 2008 for Fiscal Year 2009. If you purchased the property after January 1, 2008, by law we will carry both your name and the legal owner as of January 1, 2008. For Fiscal Year 2010, the legal owner as of January 1, 2009 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, recreational land, 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.