

Tax Classification Hearing- FY2021

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

presented by

William G. Naser, MAA - Chief Assessor

Board of Assessors

Elizabeth Fekete, Chair

Kathryn Peirce, Clerk

Matt Calder, Member

November 5, 2020



FY2021 – Interim Tax Year

Value Assessment date is *January 1, 2020 for FY2021*

All values are analyzed by reviewing the following:

- **RESIDENTIAL VALUES** - Real estate sales from *Calendar Year 2019*, and if necessary, a portion of *Calendar Year 2020*.
- **COMMERCIAL & INDUSTRIAL VALUES** – Industry sources and use of written returns of information for real property, from *Calendar Year 2019* property income and expenses.
- **PERSONAL PROPERTY VALUES** – Cost tables and use of written returns of information on business assets from *Calendar Year 2019*.

City Wide Value Change - FY 2020 vs. FY 2021

	FY2020		FY2021		OVERALL CHANGE	
PROPERTY CLASS	ASSESSED VALUATION	PERCENT OF TOTAL VALUATION	ASSESSED VALUATION	PERCENT OF TOTAL VALUATION	ASSESSED VALUATION	PERCENT CHANGE
RESIDENTIAL	8,152,699,384	78.1%	8,776,555,279	78.5%	623,855,895	7.7%
OPEN SPACE	-	-	-	-	-	-
TOTAL RES. & OS	8,152,699,384	78.1%	8,776,555,279	78.5%	623,855,895	7.7%
COMMERCIAL	1,620,756,141	15.5%	1,684,339,243	15.1%	63,583,102	3.9%
INDUSTRIAL	344,244,880	3.3%	373,510,380	3.3%	29,265,500	8.5%
PERSONAL	326,816,545	3.1%	345,201,150	3.1%	18,384,605	5.6%
TOTAL CIP	2,291,817,566	21.9%	2,403,050,773	21.5%	111,233,207	4.9%
TOTALS	10,444,516,950	100.0%	11,179,606,052	100.0%	735,089,102	7.0%
RE EXEMPT VALUE	1,219,279,290	-	1,290,840,168	-	-	5.9%

FY2021 Value Summary by Class

Overall percentage adjustments

- RESIDENTIAL Class: Value Increased by 7.7%
Class 1 Residential (18,860 total parcels; 13,516 single family homes, 3,228 residential condominiums)
- COMMERCIAL Class: Value Increased by 3.9%
Class 3 Commercial (825 parcels)
- INDUSTRIAL Class: Value Increased by 8.5%
Class 4 Industrial (109 parcels)
- PERSONAL Class: Value Increased by 5.6%
Class 5 Personal (Business assets, 1133 accounts)

Value Trends/Comments

Residential

- Single family – parcel increase (+9) & value increase
- Condominiums – parcel increase (+68) & value increase....new complex; Millwood Preserve

Commercial & Industrial

- Modest value increase in the commercial class, and higher increase for industrial properties.

Personal Property 2 Areas (State valued, locally valued):

- Our smallest value segment. First area is state valued business assets in Framingham, 14 accounts, 20.0% of total PP value. Accounts such as Verizon, AT&T, and Tennessee Pipeline. Second area is other taxable business assets from local shops, restaurants, retail, gas stations, etc. 1,119 accounts, 80.0% of total value.

Taxable Value Summary: Current Year and Previous 9 Years

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

Tax Levy New Growth

The tax levy new growth is new construction value increase, or items not previously assessed, which is added to increase value in either real or personal property areas. Then converted to a tax amount as part of the Proposition 2.5% calculation.

- *New Growth Valuation* is 139,830,039 which translates to *tax levy growth* of \$3,346,826 for FY2021.
- Base levy for FY2021 is \$192,230,081; total tax levy is **\$195,576,600**.

TAX LEVY NEW GROWTH – current year and previous 4 years

Fiscal Year		NEW GROWTH VALUATION	PRIOR YEAR TAX RATE	TAX LEVY GROWTH	TOTAL TAX LEVY GROWTH
2021	RES	67,533,715	0.01498	\$ 1,011,655	\$ 3,346,826
	CIP	72,296,324	0.03230	\$ 2,335,171	
	TOTAL	139,830,039			
2020	Total	132,522,600	-	-	\$ 3,227,116
2019	Total	121,166,939	-	-	\$ 3,224,491
2018	Total	132,686,808	-	-	\$ 3,202,597
2017	Total	129,726,449	-	-	\$ 3,155,119

Converting Value to Tax

◆ Tax Rate setting process ◆

- Work throughout the fiscal year to adjust and refine personal & real property values.
- Submit and receive approvals from DOR, Division of Local Services (value and new growth).
- Along with CFO, Accountant, and Tax Collector, complete state recap documents.
- Hold hearing, local officials choose tax burdens for taxpayers.
- Submit City Council choices to state for tax rate approval.

Development of Tax Rate

STEP 1:

Establish Property Values

• Residential/Open Space	8,776,555,279 (78.51%)
• Comm/Ind/Per Property	<u>2,403,050,773 (21.49%)</u>
TOTAL TAXABLE VALUE	11,179,606,052

(Exempt real property value is 1,290,840,168)

Development of Tax Rate

STEP 2:

Determine Single Tax Rate for All Property Classes

▪ Residential/Open Space	8,776,555,279
▪ Comm/Ind/PersProp	<u>2,403,050,773</u>
▪ TOTAL TAXABLE VALUE	11,179,606,052

Tax Levy divided by Total Taxable Value

$$\text{\$195,576,600} / \text{11,179,606,052} = \text{0.01749}$$

OR

\\$17.49/1000 value

Average Single Family Value 467,160. RE Tax Bill would be \\$8,170.

Development of Tax Rate

STEP 3:

Determine Split Tax Rate for Property Classes

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

Development of Tax Rate

STEP 4:

Determine Split Tax Rate for Property Classes

▪ **FY2020** Chosen Residential Factor 0.7976 / CIP SHIFT 1.72

▪ Natural Full value shares:	RES 78.0572%	CIP 21.9428%
▪ City Council Chosen value shares:	RES 62.2584%	CIP 37.7416%
▪ <u>TAX RATES</u>	<u>RES 0.01498</u>	<u>CIP 0.03230</u>

▪ **FY2021** Residential Factor

▪ Natural Full value shares:	RES 78.5050%	CIP 21.4950%
▪ City Council Chosen value shares:	RES TBD	CIP TBD
▪ <u>TAX RATES</u>	<u>RES TBD</u>	<u>CIP TBD</u>

Development of Tax Rate

STEP 5:

Determine Split Tax Rate for Property Classes

Estimated Tax Rates							
CIP SHIFT	RES FACTOR	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	PERSONAL PROPERTY	RES SHARE PERCENTAGE	CIP SHARE PERCENTAGE
1.66	0.8193	14.33	29.04	29.04	29.04	64.3183	35.6817
1.67	0.8166	14.28	29.22	29.22	29.22	64.1034	35.8966
1.68	0.8138	14.24	29.39	29.39	29.39	63.8884	36.1116
1.69	0.8111	14.19	29.56	29.56	29.56	63.6735	36.3265
1.70	0.8083	14.14	29.74	29.74	29.74	63.4585	36.5415
1.71	0.8056	14.09	29.91	29.91	29.91	63.2436	36.7564
1.72	0.8029	14.05	30.09	30.09	30.09	63.0286	36.9714
1.73	0.8001	14.00	30.26	30.26	30.26	62.8137	37.1863
1.74	0.7974	13.95	30.44	30.44	30.44	62.5987	37.4013
1.75	0.7946	13.90	30.61	30.61	30.61	62.3838	37.6162
1.00	100.00	17.49	17.49	17.49	17.49	78.5050	21.4950

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

Development of Tax Rate

STEP 6:

**Choose *Residential Factor/CIP Shift*
To determine tax share burden for property classes.**

To assist in you, the next slides display the following:

AVERAGE VALUES AND TAX BILL AMOUNTS:

- Single Family properties
- Residential Condominiums
- 2 Family properties
- 3 Family properties
- 4 or more unit properties
- Commercial properties
- Industrial properties
- Personal property accounts

HISTORIC:

- *CIP SHIFT/RES. Factor, Tax Levy*

Average Single Family Home Tax Bill

Estimated RE Tax - Average SF Dwelling using CIP factors from 1.66 -1.75			
CIP Shift Factor	RESIDENTIAL RATE	AVERAGE SINGLE FAMILY VALUE FY2021	FY2021 Tax Amount
1.66	\$ 14.33	467,160	\$6,694
1.67	\$ 14.28	467,160	\$6,671
1.68	\$ 14.24	467,160	\$6,652
1.69	\$ 14.19	467,160	\$6,629
1.70	\$ 14.14	467,160	\$6,606
1.71	\$ 14.09	467,160	\$6,582
1.72	\$ 14.05	467,160	\$6,564
1.73	\$ 14.00	467,160	\$6,540
1.74	\$ 13.95	467,160	\$6,517
1.75	\$ 13.90	467,160	\$6,494
1.00	\$17.49	467,160	\$8,171

SINGLE FAMILY: Value, Tax bill, and Percentage increases from previous year

10 YEAR

						value	percent	tax dollars	tax dollars	percent
FISCAL YEAR	TOTAL VALUE: SINGLE FAMILY PARCELS	NUMBER OF SINGLE FAMILY PARCELS	CIP SHIFT	RES FACTOR	RES. TAX RATE	AVERAGE SINGLE FAMILY VALUE	AVG SF VALUE ADJUSTMENT FROM PREVIOUS YEAR	AVERAGE SF TAX BILL	DOLLAR AMOUNT CHANGE FROM PREVIOUS YEAR	TAX BILL AMOUNT PERCENT INCREASE FROM PREVIOUS YEAR
*2021	6,315,538,700	13,516	1.72	0.8029	\$ 14.05	467,160	6.26%	\$ 6,564	\$ (13)	-0.20%
2020	5,938,069,000	13,507	1.72	0.7976	\$ 14.96	439,630	5.52%	\$ 6,577	\$ 169	2.63%
2019	5,623,443,775	13,497	1.72	0.7873	\$ 15.38	416,650	7.86%	\$ 6,408	\$ 104	1.64%
2018	5,206,444,500	13,478	1.71	0.7810	\$ 16.32	386,300	5.17%	\$ 6,304	\$ 167	2.72%
2017	4,941,939,800	13,454	1.70	0.7780	\$ 16.71	367,300	5.27%	\$ 6,138	\$ 74	1.22%
2016	4,688,782,300	13,437	1.71	0.7825	\$ 17.38	348,900	4.46%	\$ 6,064	\$ 112	1.88%
2015	4,479,042,600	13,409	1.71	0.7815	\$ 17.82	334,000	3.15%	\$ 5,952	\$ 30	0.50%
2014	4,336,780,200	13,394	1.74	0.7778	\$ 18.29	323,800	-0.12%	\$ 5,922	\$ 139	2.40%
2013	4,336,186,300	13,377	1.74	0.7763	\$ 17.84	324,200	-4.87%	\$ 5,784	\$ 11	0.18%
2012	4,556,448,100	13,368	1.75	0.7791	\$ 16.94	340,800	-	\$ 5,773	-	-

**Based on FY2021 tax levy amount of \$195,576,600; choosing 1.72 CIP tax burden shift.*

RESIDENTIAL CONDOMINIUMS

10 YEAR

Average RES. CONDO - 10 YEAR HISTORY									
	YEAR	CLASS	PARCEL COUNT	TOTAL VALUE	AVERAGE VALUE	RES TAX RATE	AVERAGE TAX BILL	TAX BILL DOLLAR AMT CHANGE FROM PREVIOUS YEAR (based on avg)	VALUE CHANGE FROM PREVIOUS YEAR AS A PERCENT
(USING 1.72)	2021	102	3,228	737,481,400	228,464	14.05	\$ 3,210	\$ (44)	7.28%
	2020	102	3,160	687,425,940	217,540	14.96	\$ 3,254	\$ 253	10.83%
	2019	102	3,178	620,271,280	195,177	15.38	\$ 3,002	\$ 220	15.24%
	2018	102	3,158	538,226,360	170,433	16.32	\$ 2,781	\$ 355	20.26%
	2017	102	3,082	447,549,800	145,214	16.71	\$ 2,427	\$ 192	17.55%
	2016	102	2,962	380,742,200	128,542	17.38	\$ 2,234	\$ 98	10.46%
	2015	102	2,875	344,675,900	119,887	17.82	\$ 2,136	\$ 42	4.94%
	2014	102	2,868	328,458,700	114,525	18.29	\$ 2,095	\$ 44	-0.37%
	2013	102	2,868	329,669,500	114,948	17.84	\$ 2,051	\$ 67	-1.79%
	2012	102	2,866	335,669,500	117,121	16.94	\$ 1,984	\$ 16	-

2 FAMILY properties

10 YEAR

Average 2 FAMILY - 10 YEAR HISTORY									
	YEAR	CLASS	PARCEL COUNT	TOTAL VALUE	AVERAGE VALUE	RES TAX RATE	AVERAGE TAX BILL	TAX BILL DOLLAR AMT CHANGE FROM PREVIOUS YEAR (based on avg)	VALUE CHANGE FROM PREVIOUS YEAR AS A PERCENT
(USING 1.72)	2021	104	1,003	461,647,000	460,266	14.05	\$ 6,467	\$ 375	12.92%
	2020	104	1,004	408,815,400	407,187	14.96	\$ 6,092	\$ 593	13.89%
	2019	104	1,004	358,962,200	357,532	15.38	\$ 5,499	\$ 192	10.06%
	2018	104	1,003	326,162,200	325,187	16.32	\$ 5,307	\$ 298	8.17%
	2017	104	1,006	301,532,400	299,734	16.71	\$ 5,009	\$ 91	5.84%
	2016	104	1,007	284,903,100	282,923	17.38	\$ 4,917	\$ 219	7.95%
	2015	104	1,001	263,913,300	263,650	17.82	\$ 4,698	\$ 316	9.60%
	2014	104	1,005	240,804,200	239,606	18.29	\$ 4,382	\$ 28	-1.64%
	2013	104	1,003	244,824,300	244,092	17.84	\$ 4,355	\$ 157	-1.80%
	2012	104	1,006	249,300,400	247,814	16.94	\$ 4,198	\$ 170	-

3 FAMILY properties

10 YEAR

Average 3 FAMILY PROPERTY - 10 YEAR HISTORY									
	YEAR	CLASS	PARCEL COUNT	TOTAL VALUE	AVERAGE VALUE	RES TAX RATE	AVERAGE TAX BILL	TAX BILL DOLLAR AMT CHANGE FROM PREVIOUS YEAR (based on avg)	VALUE CHANGE FROM PREVIOUS YEAR AS A PERCENT
(USING 1.72)	2021	105	211	101,553,200	481,295	14.05	\$ 6,762	\$ 316	11.70%
	2020	105	213	91,777,600	430,881	14.96	\$ 6,446	\$ 338	8.49%
	2019	105	209	83,003,600	397,146	15.38	\$ 6,108	\$ 336	12.29%
	2018	105	210	74,273,500	353,683	16.32	\$ 5,772	\$ 388	9.78%
	2017	105	217	69,913,500	322,182	16.71	\$ 5,384	\$ 30	4.59%
	2016	105	219	67,463,400	308,052	17.38	\$ 5,354	\$ 23	2.98%
	2015	105	219	65,513,700	299,149	17.82	\$ 5,331	\$ 111	4.83%
	2014	105	217	61,924,400	285,366	18.29	\$ 5,219	\$ (73)	-3.81%
	2013	105	218	64,670,700	296,655	17.84	\$ 5,292	\$ 659	8.46%
	2012	105	221	60,448,000	273,520	16.94	\$ 4,633	\$ 120	-

4 or MORE UNITS properties

10 YEAR

Average 4 or MORE UNITS - 10 YEAR HISTORY									
	YEAR	CLASS	PARCEL COUNT	TOTAL VALUE	AVERAGE VALUE	RES TAX RATE	AVERAGE TAX BILL	TAX BILL DOLLAR AMT CHANGE FROM PREVIOUS YEAR (based on avg)	VALUE CHANGE FROM PREVIOUS YEAR AS A PERCENT
(USING 1.72)	2021	111-125	290	962,453,200	3,318,804	14.05	\$ 46,629	\$ 820	8.38%
	2020	111-125	288	881,882,600	3,062,092	14.96	\$ 45,809	\$ 4,958	15.28%
	2019	111-125	284	754,340,600	2,656,129	15.38	\$ 40,851	\$ 2,346	12.58%
	2018	111-125	281	662,987,300	2,359,385	16.32	\$ 38,505	\$ 739	4.39%
	2017	111-125	253	571,805,500	2,260,101	16.71	\$ 37,766	\$ 30	4.09%
	2016	111-125	253	549,331,100	2,171,269	17.38	\$ 37,737	\$ (1,941)	-2.48%
	2015	111-125	250	556,648,900	2,226,596	17.82	\$ 39,678	\$ 3,153	11.50%
	2014	111-125	250	499,244,700	1,996,979	18.29	\$ 36,525	\$ (4,407)	-12.96%
	2013	111-125	218	500,174,600	2,294,379	17.84	\$ 40,932	\$ 2,705	1.67%
	2012	111-125	221	498,709,600	2,256,605	16.94	\$ 38,227	-	-

COMMERCIAL (300's)

10 YEAR

Average COMMERCIAL - 10 YEAR HISTORY									
	YEAR	CLASS	PARCEL COUNT	TOTAL VALUE	AVERAGE VALUE	CIP TAX RATE	AVERAGE TAX BILL	TAX BILL DOLLAR AMT CHANGE FROM PREVIOUS YEAR (based on avg)	VALUE CHANGE FROM PREVIOUS YEAR AS A PERCENT
(USING 1.72)	2021	300-399	825	1,625,113,500	1,969,835	30.09	\$ 59,272	\$ (1,427)	4.82%
	2020	300-399	834	1,567,293,900	1,879,249	32.30	\$ 60,700	\$ (3,368)	-1.41%
	2019	300-399	844	1,608,831,843	1,906,199	33.61	\$ 64,067	\$ 332	5.84%
	2018	300-399	868	1,563,224,925	1,800,950	35.39	\$ 63,736	\$ 99	3.35%
	2017	300-399	865	1,507,281,351	1,742,522	36.52	\$ 63,637	\$ 4,494	11.90%
	2016	300-399	865	1,346,998,840	1,557,224	37.98	\$ 59,143	\$ 484	3.51%
	2015	300-399	864	1,299,872,350	1,504,482	38.99	\$ 58,660	\$ 1,943	8.55%
	2014	300-399	866	1,200,300,512	1,386,028	40.92	\$ 56,716	\$ 1,237	-0.12%
	2013	300-399	868	1,204,498,235	1,387,671	39.98	\$ 55,479	\$ 1,890	-1.47%
	2012	300-399	863	1,215,435,396	1,408,384	38.05	\$ 53,589	-	-

INDUSTRIAL (400's)

10 YEAR

Average INDUSTRIAL - 10 YEAR HISTORY									
	YEAR	CLASS	PARCEL COUNT	TOTAL VALUE	AVERAGE VALUE	CIP TAX RATE	AVERAGE TAX BILL	TAX BILL DOLLAR AMT CHANGE FROM PREVIOUS YEAR (based on avg)	VALUE CHANGE FROM PREVIOUS YEAR AS A PERCENT
(USING 1.72)	2021	400-499	109	373,510,380	3,426,701	30.09	\$ 103,109	-95	7.25%
	2020	400-499	107	341,883,200	3,195,170	32.30	\$ 103,204	7,753	12.51%
	2019	400-499	110	312,394,780	2,839,953	33.61	\$ 95,451	1,986	7.53%
	2018	400-499	104	274,663,170	2,640,992	35.39	\$ 93,465	-1,272	1.81%
	2017	400-499	104	269,788,250	2,594,118	36.52	\$ 94,737	2,790	7.15%
	2016	400-499	108	261,459,900	2,420,925	37.98	\$ 91,947	-2,116	0.35%
	2015	400-499	111	267,785,500	2,412,482	38.99	\$ 94,063	5,409	11.35%
	2014	400-499	113	244,817,100	2,166,523	40.92	\$ 88,654	3,031	1.16%
	2013	400-499	112	239,864,800	2,141,650	39.98	\$ 85,623	3,741	-0.48%
	2012	400-499	116	249,626,900	2,151,956	38.05	\$ 81,882	-	-

PERSONAL PROPERTY (500's)

10 YEAR

Average PERSONAL PROPERTY - 10 YEAR HISTORY									
	YEAR	CLASS	ACCOUNT TOTAL	TOTAL VALUE	AVERAGE VALUE	CIP TAX RATE	AVERAGE TAX BILL	TAX BILL DOLLAR AMT CHANGE FROM PREVIOUS YEAR (based on avg)	VALUE CHANGE FROM PREVIOUS YEAR AS A PERCENT (AVG)
(USING 1.72)	2021	500-599	1,133	345,201,150	304,679	32.26	\$ 9,829	\$ 791	8.89%
	2020	500-599	1,168	326,816,545	279,809	32.30	\$ 9,038	\$ 401	8.89%
	2019	500-599	1,209	310,683,627	256,976	33.61	\$ 8,637	\$ (36)	4.86%
	2018	500-599	1,210	296,525,524	245,062	35.39	\$ 8,673	\$ (1,842)	-14.89%
	2017	500-599	929	267,487,277	287,930	36.52	\$ 10,515	\$ (2,720)	-17.37%
	2016	500-599	731	254,734,904	348,475	37.98	\$ 13,235	\$ 2,208	23.21%
	2015	500-599	789	223,149,421	282,826	38.99	\$ 11,027	\$ (602)	-0.48%
	2014	500-599	799	227,073,797	284,197	40.92	\$ 11,629	\$ 2,567	25.38%
	2013	500-599	1,071	242,767,540	226,674	39.98	\$ 9,062	\$ (1,507)	-18.40%
	2012	500-599	894	248,330,938	277,775	38.05	\$ 10,569	\$ 1,532	-

HISTORIC: CIP SHIFT/RES FACTOR AND TAX LEVY

10 YEAR

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

**CIP SHIFT/RES FACTOR TO BE CHOSEN; USING 1.72 CIP SHIFT*

COMMERCIAL PROPERTY VALUES – FY2021

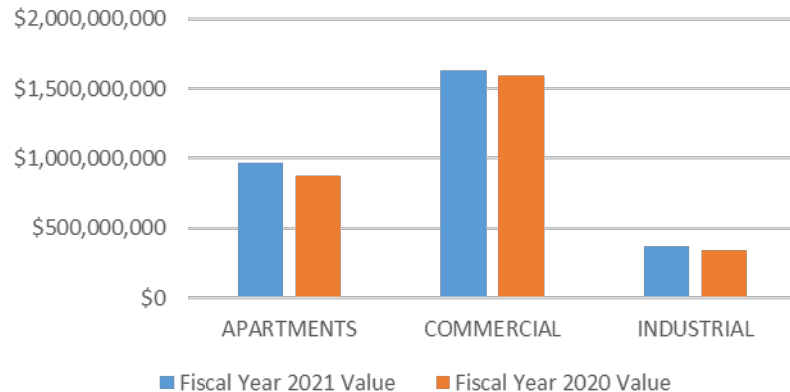
(5 slides from Commercial Assessor)

- Industrial vacancy remain almost non-existent: **2.8%** for Framingham, versus a rate of **6.0%** for the MetroWest region
- Office vacancy rates have been falling through calendar 2019, settling at **14.5%** versus **18.4%** for the MetroWest region
- Retail & Restaurant vacancies climbed in 2019, with empty storefronts persisting along Routes 9 & 30 and several restaurants leaving Route 9 & Cochituate Road. Vacancy in town rose from **7.0%** to **10.0%**

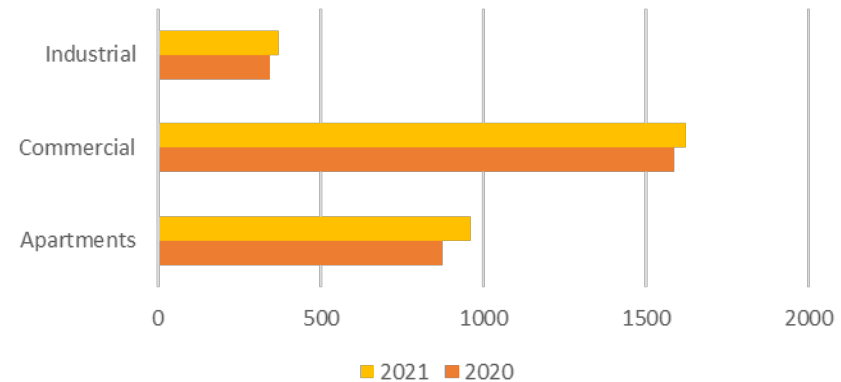
COMMERCIAL PROPERTY VALUES – FY2021

CLASS	Fiscal Year 2021 Value	Fiscal Year 2020 Value	Percent Increase
APARTMENTS	\$962,453,200	\$874,166,500	10.1%
COMMERCIAL	\$1,625,113,500	\$1,588,476,800	2.3%
INDUSTRIAL	\$370,731,000	\$341,504,200	8.6%

VALUE CHANGE 2021

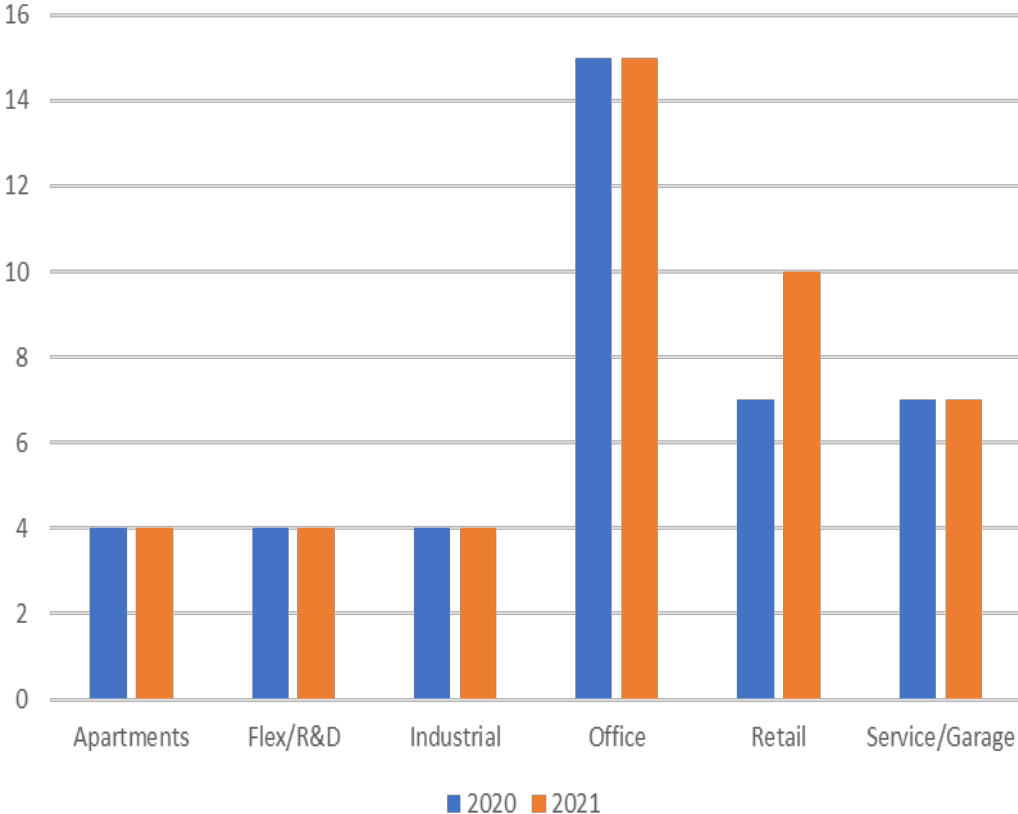


CLASS VALUES (in millions)

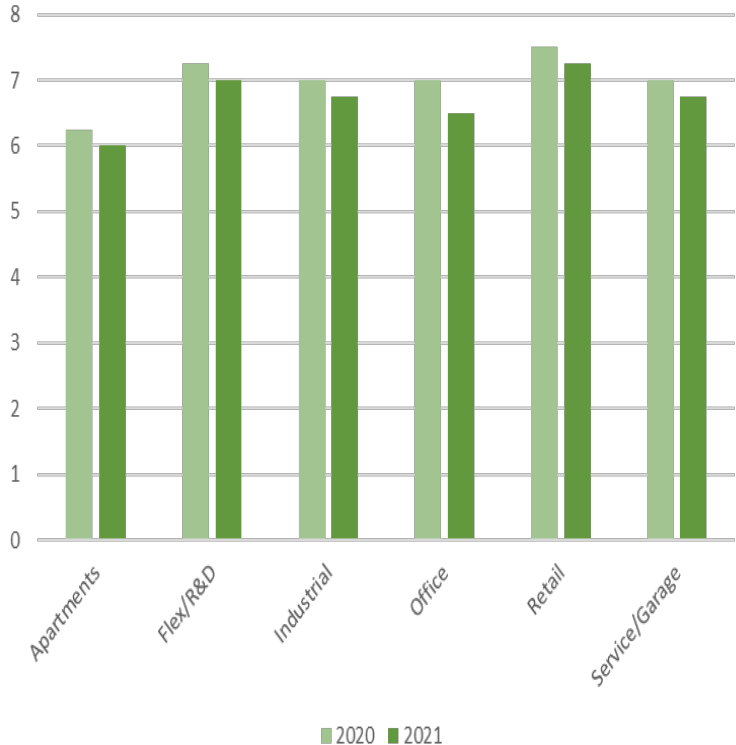


COMMERCIAL PROPERTY VALUES – FY2021

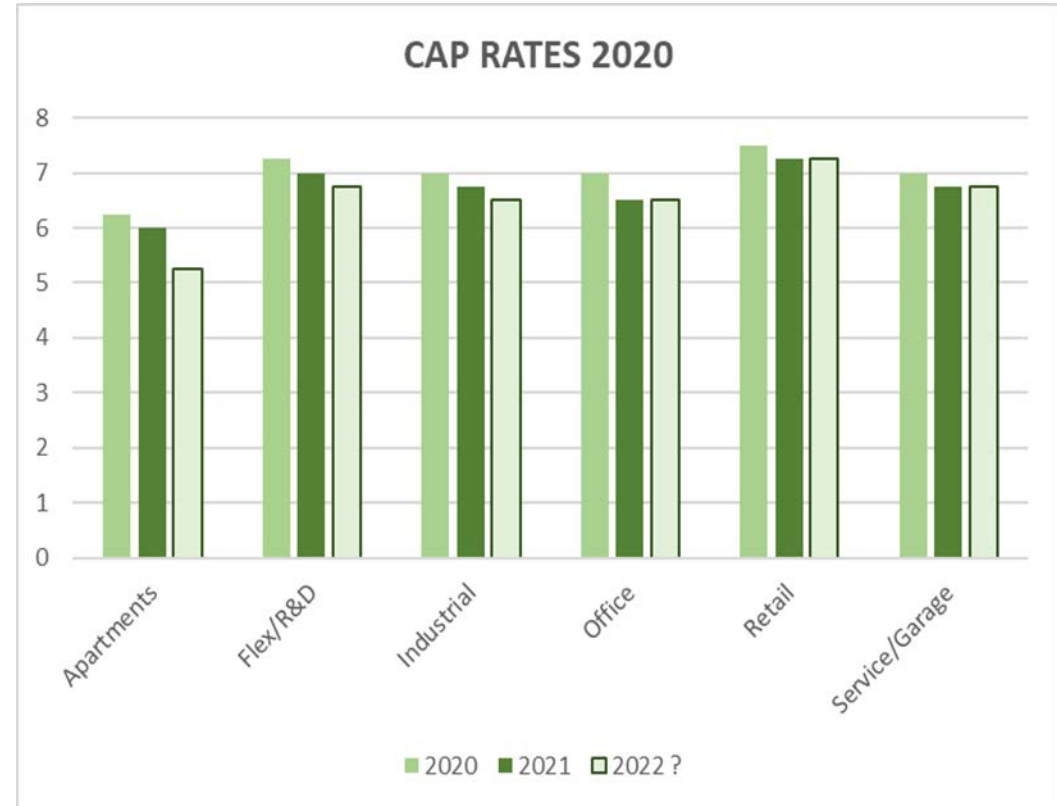
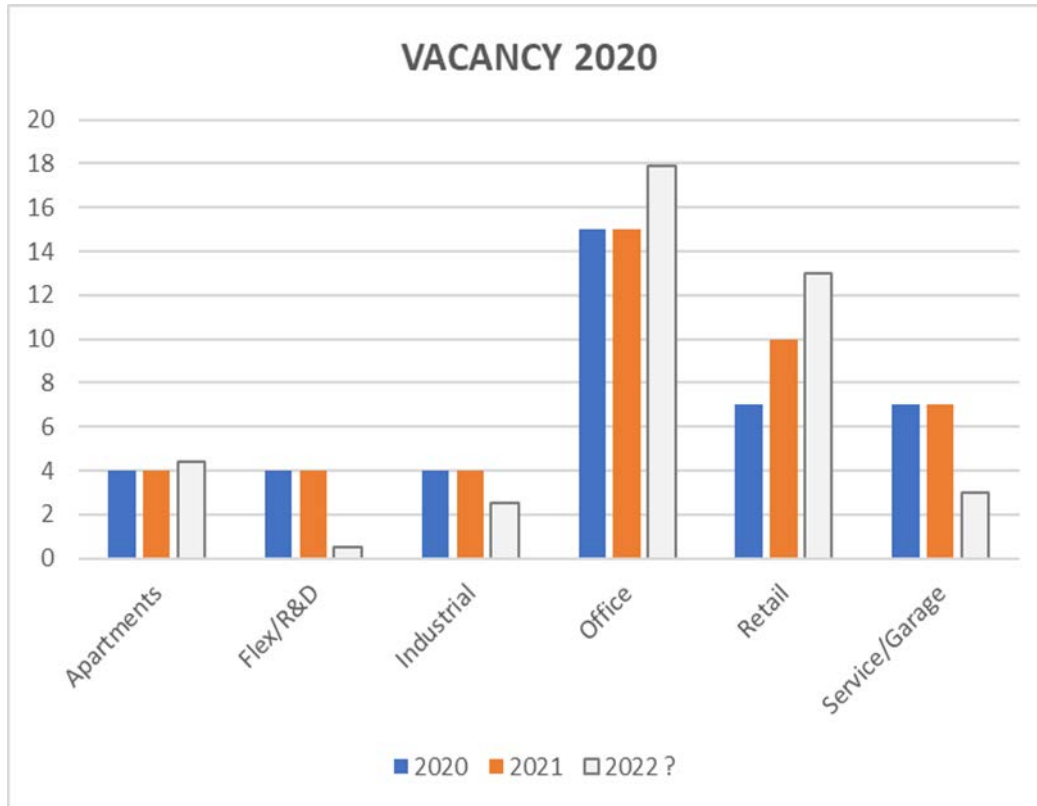
VACANCY RATES



CAP RATES



Property Values – Looking Ahead to FY2022



Property Values – Looking Ahead to FY2022

- Apartment values continue to trend higher, even as rents stabilize and concessions begin to appear
- Industrial Values look to trend higher as available space remains almost non-existent due to continued strong demand for lab, flex, and warehouse space
- Commercial values are mixed, with declines likely in the office, retail, health, and restaurant sectors
- Projected 2020 figures are based upon current survey of Framingham Real Estate market as well as regional & national sources

STEP 6 (con't):

Choose *Residential Factor/CIP Shift*
To determine tax share burden for property classes.

▪ ***Single or Multiple Tax Rates***

Municipalities must decide whether to reduce the share of the tax levy paid by the residential and open space property owners and shift tax burden to commercial, industrial, and personal property taxpayers.

Choosing to allocate tax burden, City Council must vote the residential factor which results in a percentage shift: decreases Residential and increases CIP.

ANNUAL OPTIONS (1 of 3)

▪ ***Open Space Discount***

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

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

(THIS OPTION HAS LESS BENEFIT THAN CHAPTER LAND DESIGNATION; IT IS INFREQUENTLY ENACTED BY COMMUNITIES)

Previously adopted by: Nantucket

ANNUAL OPTIONS (2 of 3)

■ ***Small Commercial Exemption***

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

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

Previously adopted by: Auburn, Avon, Bellingham, Braintree, Dartmouth, New Ashford, Seekonk, Somerset, Westford, Wrentham

ANNUAL OPTIONS (3 of 3)

▪ ***Residential Exemption***

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

Previously adopted by: Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Nantucket, Provincetown, Somerset, Somerville, Waltham, Watertown

Hearing Protocol

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

Required Hearing Decisions by City Council

REQUIRED to choose

- *Choose Residential Factor/CIP shift for FY2020 (amount of tax burden shift)*

OPTIONS:

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



Thank You

