

**Town of Framingham**

**FY 2012**

**Classification Hearing**

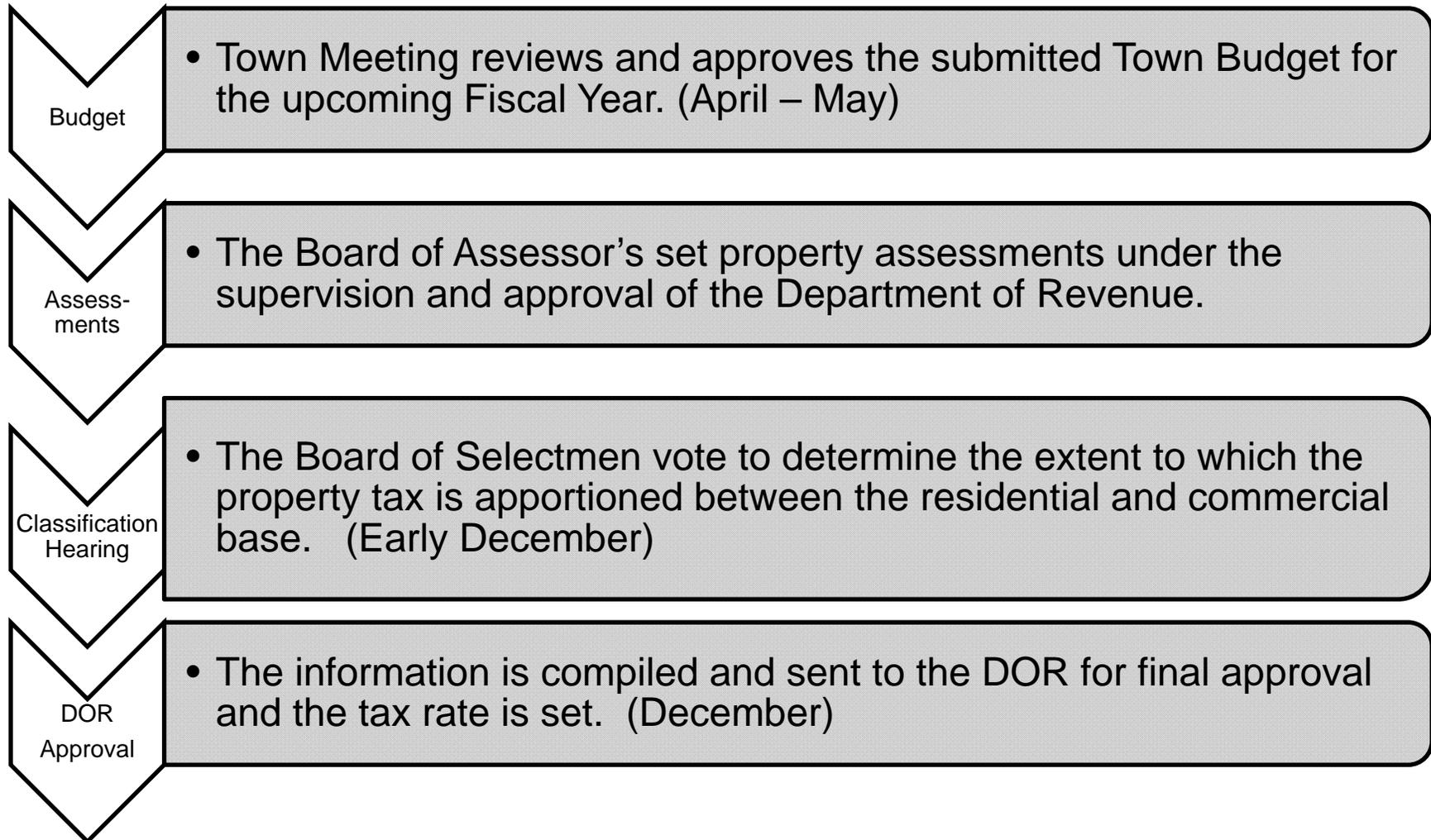
*Monday, December 19, 2011*

**Presented by the  
Framingham Board of Assessors**

# **FY2012 Classification Hearing**

- **Tax Levy Process**
- **Valuation Procedures & Techniques**
- **Overall Value Change from Fiscal 2011-2012**
- **New Growth Collected from Building Permits & Cyclical Inspections**
- **Five Year History of New Growth**
- **Five Year History of the Average Single Family Tax Bill**
- **Development of a Single Tax Rate**
- **Application of the CIP Shift to the Tax Rate**
- **Tax Rates Scenarios with 1% Incremental shifts**
- **Local & Similar Communities Tax Rates**

# Tax Levy Process



# Valuation Process (Residential)

- Period of Review (January 1<sup>st</sup>, 2010 to December 31<sup>st</sup>) for Fiscal Year 2012
- Review all deeds filed for Framingham at the Middlesex County Registry of Deeds
- The DOR does not allow short or foreclosed sales to be the primary basis for the valuation of residential properties
- Verify & Inspect all property sales for accuracy.

# Valuation Process (Residential)

- The town is divided into specific neighborhoods in which sales are located
- Sales are then analyzed and valuation models are developed and employed to adjust the whole neighborhood accordingly
- Each neighborhood is adjusted in accordance to the sales activity within its area

# Valuation Process (C & I)

- Commercial properties transfer less frequently and can be unique properties
- Income & potential income must be used to measure the value of properties
- The Board of Assessor's sends an annual survey to all commercial/industrial owners requesting lease & rental information

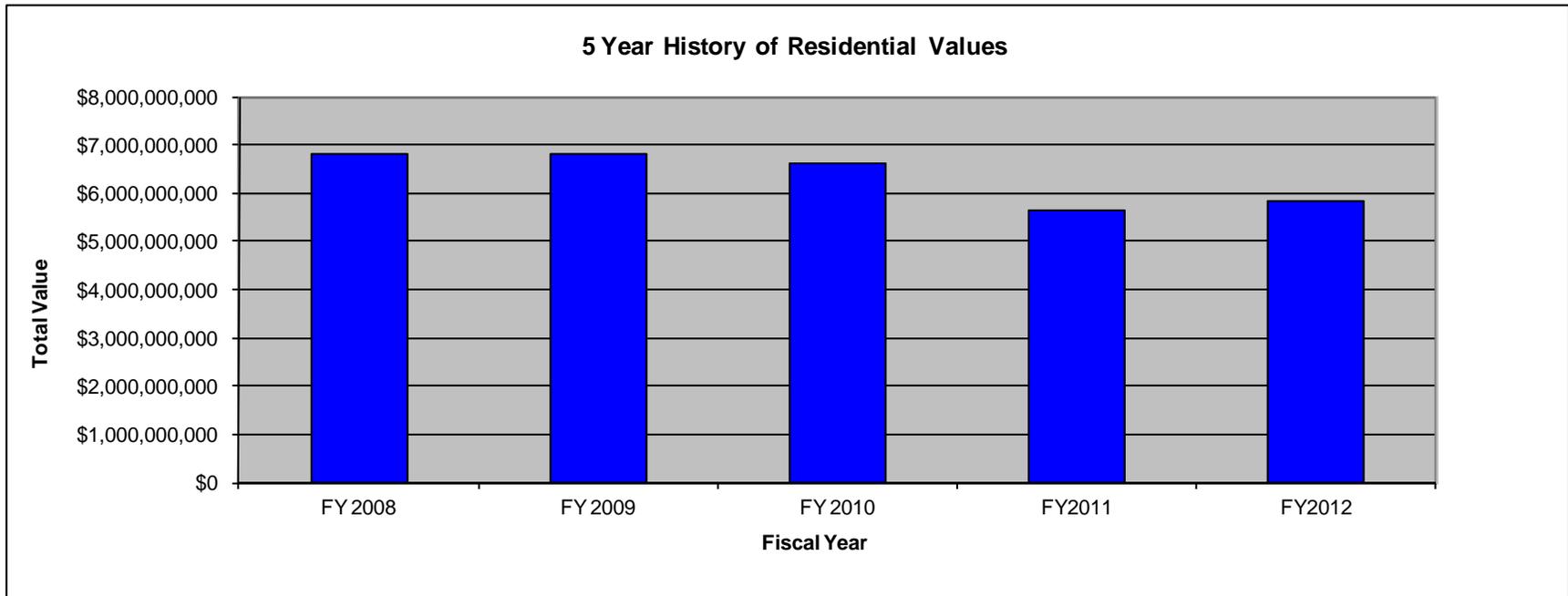
# Valuation Process (C & I)

- The information is then categorized by use and analyzed
- Additional sources are used to formulate information which include:
  - Property Owners/Managers
  - Commercial Brokers and Appraisers
  - Costar (Commercial MLS)
  - Regional Publications reporting market trends by quarter for Framingham surrounding submarkets

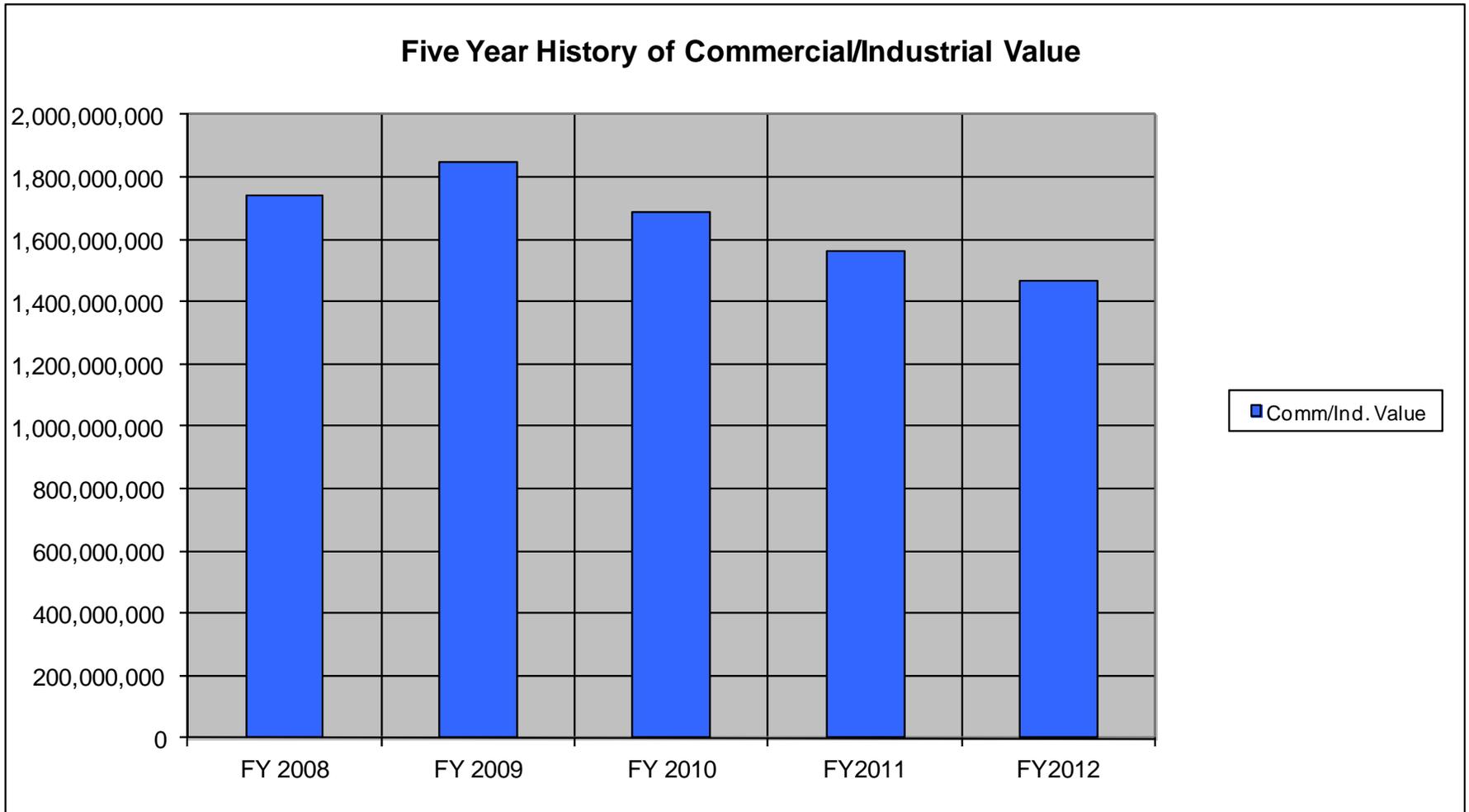
# Valuation Process (C & I)

- Once market data is established the properties are adjusted with the new data to develop the assessed value
- This is done on an annual basis (for both the commercial and residential properties) under the supervision of the Department of Revenue
- DOR approval is required prior to the Classification Hearing

# Residential Property Value Chart



# Commercial & Industrial Property Value History



# Value Change From FY 2011 – FY 2012

PROPERTY CLASS	FY2011		FY2012		OVERALL CHANGE	
	ASSESSED VALUATION	% OF TOTAL	ASSESSED VALUATION	% OF TOTAL	ASSESSED VALUATION	% OF TOTAL
RESIDENTIAL (R)	5,628,822,015	75.46%	5,816,343,243	77.24%	187,521,228	3.33%
OPEN SPACE (O)	0	0.00%	0	0.00%	0	0.00%
<b>TOTAL R O :</b>	<b>5,628,822,015</b>	<b>75.46%</b>	<b>5,628,822,105</b>	<b>75.46%</b>	<b>187,521,228</b>	<b>3.33%</b>
COMMERCIAL (C)	1,313,175,863	17.60%	1,215,435,396	16.14%	-97,740,467	-7.44%
INDUSTRIAL (I)	251,056,800	3.37%	249,626,900	3.32%	-1,429,900	-0.57%
PERSONAL (P)	266,559,086	3.57%	248,330,938	3.30%	-18,228,148	-6.84%
<b>TOTAL C I P :</b>	<b>1,830,791,749</b>	<b>24.54%</b>	<b>1,713,393,234</b>	<b>22.76%</b>	<b>-117,398,515</b>	<b>-6.41%</b>
<b>TOTAL TOWN :</b>	<b>7,459,613,764</b>	<b>100.00%</b>	<b>7,529,736,477</b>	<b>100.00%</b>	<b>70,122,713</b>	<b>0.94%</b>

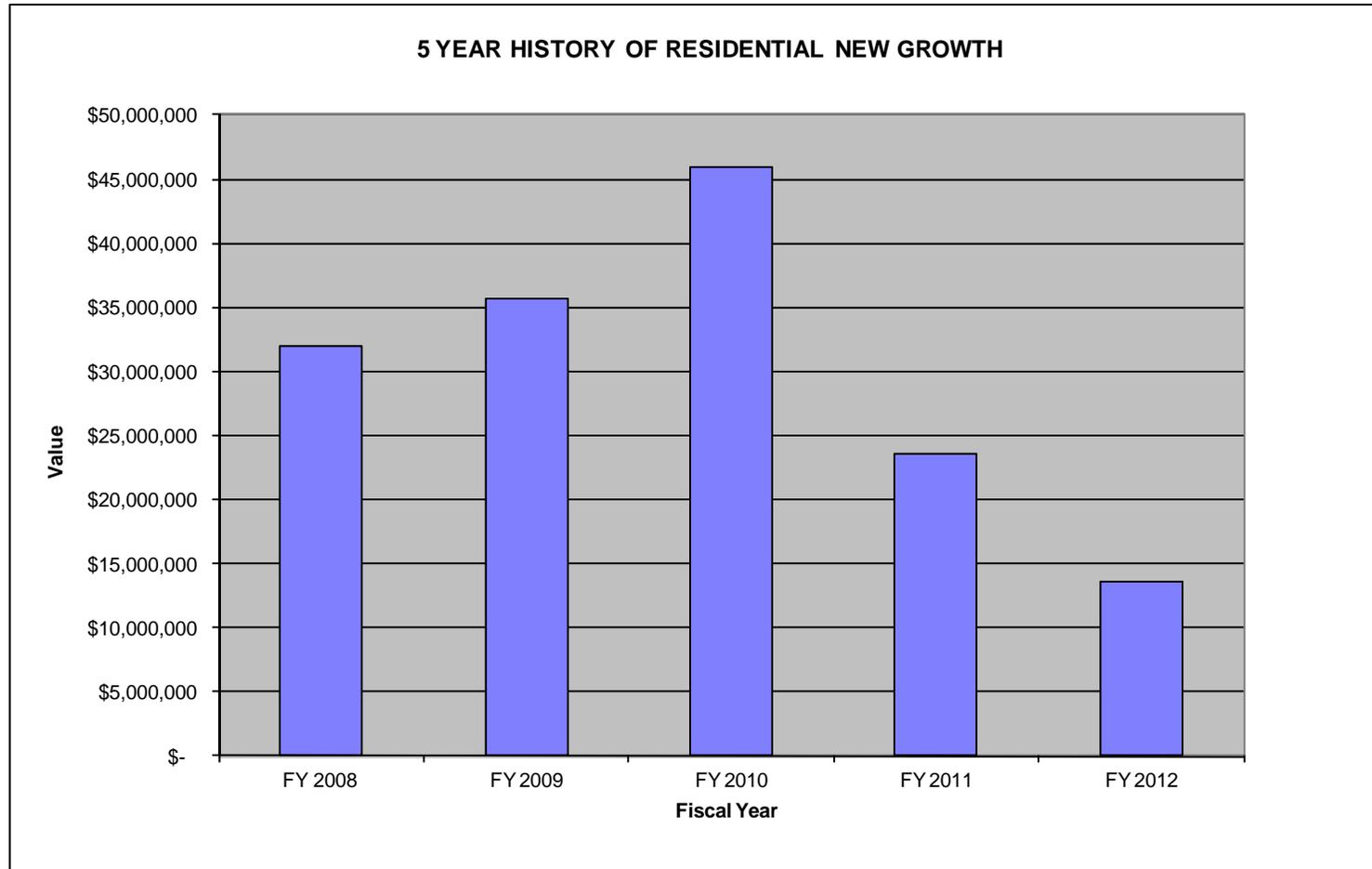
# Surrounding / Similar Communities Percent Change

Town	2011	2012	Change
Brookline	\$ 13,550,832,800	\$ 13,824,754,700	2.02%
Burlington	\$ 2,880,926,535	\$ 2,948,417,550	2.34%
Cambridge	\$ 14,823,583,710	\$ 15,018,134,007	1.31%
<b>Framingham</b>	<b>\$ 5,628,822,015</b>	<b>\$ 5,816,343,243</b>	<b>3.33%</b>
Marlborough	\$ 3,068,007,247	\$ 3,014,994,435	-1.73%
Natick	\$ 4,833,540,545	\$ 4,763,038,360	-1.46%
Needham	Not Approved		
Newton	\$ 18,113,668,363	\$ 18,276,909,150	0.90%
Southborough	\$ 1,642,445,709	\$ 1,660,192,647	1.08%
Waltham	\$ 5,635,369,835	\$ 5,650,931,885	0.28%
Wayland	\$ 2,752,145,687	\$ 2,769,863,897	0.64%
** Department of Revenue Tax Rate Recapitulation **			

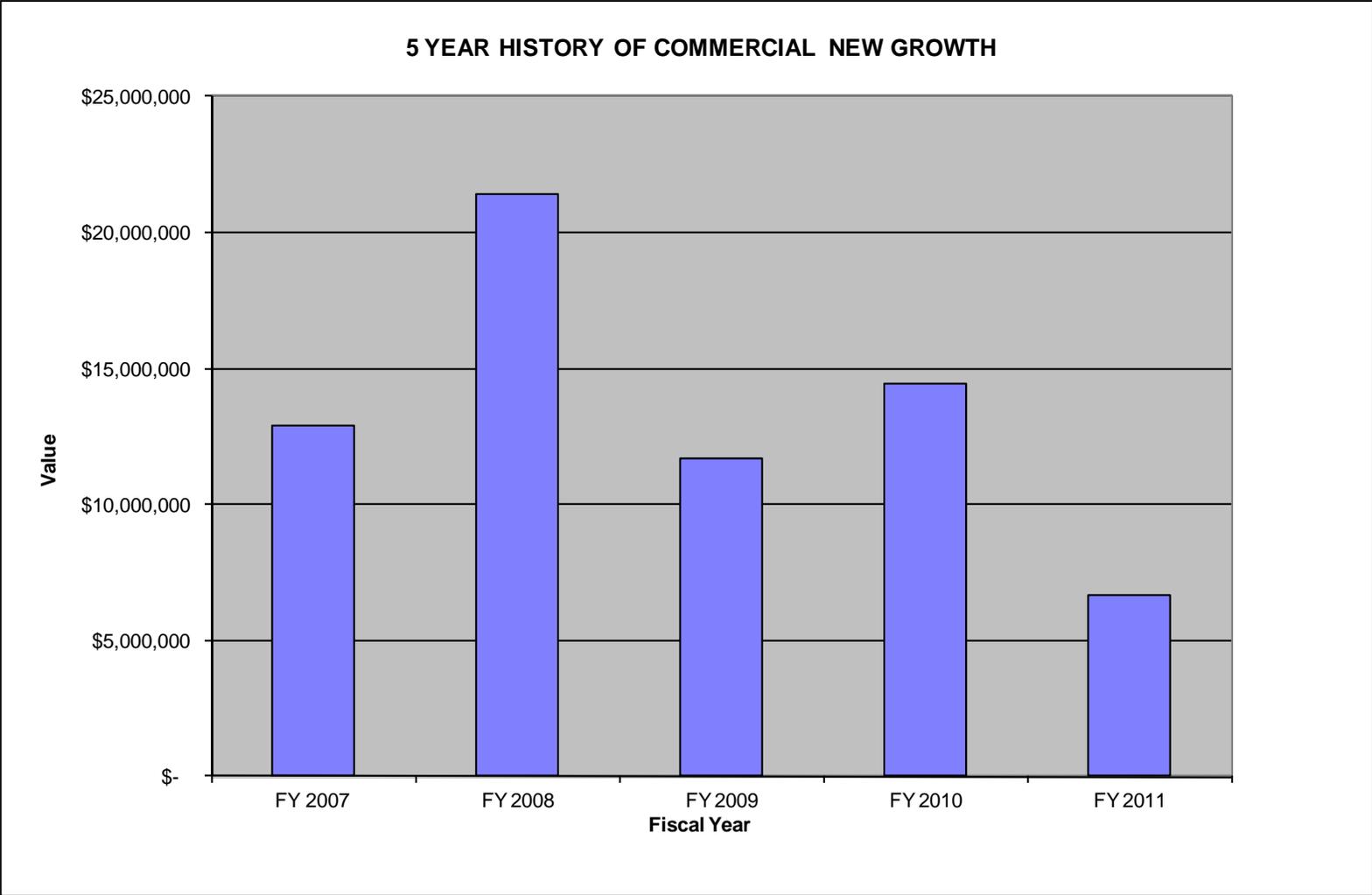
# FY 2012 New Growth

PROPERTY CLASS	NEW GROWTH VALUE	% OF TOTAL NEW GROWTH	PRIOR YEAR TAXRATE	NEW GROWTH LEVY	% NEW GROWTH
RESIDENTIAL (R)	\$13,659,201	27.38%	\$16.03	\$218,957	14.00%
OPEN SPACE (O)	\$0	0.00%	\$16.03	\$0	0.00%
<b>TOTALS R O :</b>	<b>\$13,659,201</b>	<b>27.38%</b>		<b>\$218,957</b>	<b>14.00%</b>
COMMERCIAL (C)	\$4,980,600	9.98%	\$37.11	\$184,830	11.82%
INDUSTRIAL (I)	\$15,426,900	30.92%	\$37.11	\$572,492	36.61%
PERSONAL PROPERTY (P)	\$15,827,996	31.72%	\$37.11	\$587,377	37.56%
<b>TOTALS C I P :</b>	<b>\$36,235,496</b>	<b>72.62%</b>		<b>\$1,344,699</b>	<b>86.00%</b>
<b>TOTALS ALL PROPERTY</b>	<b>\$49,894,697</b>	<b>100.00%</b>		<b>\$1,563,656</b>	<b>100.00%</b>

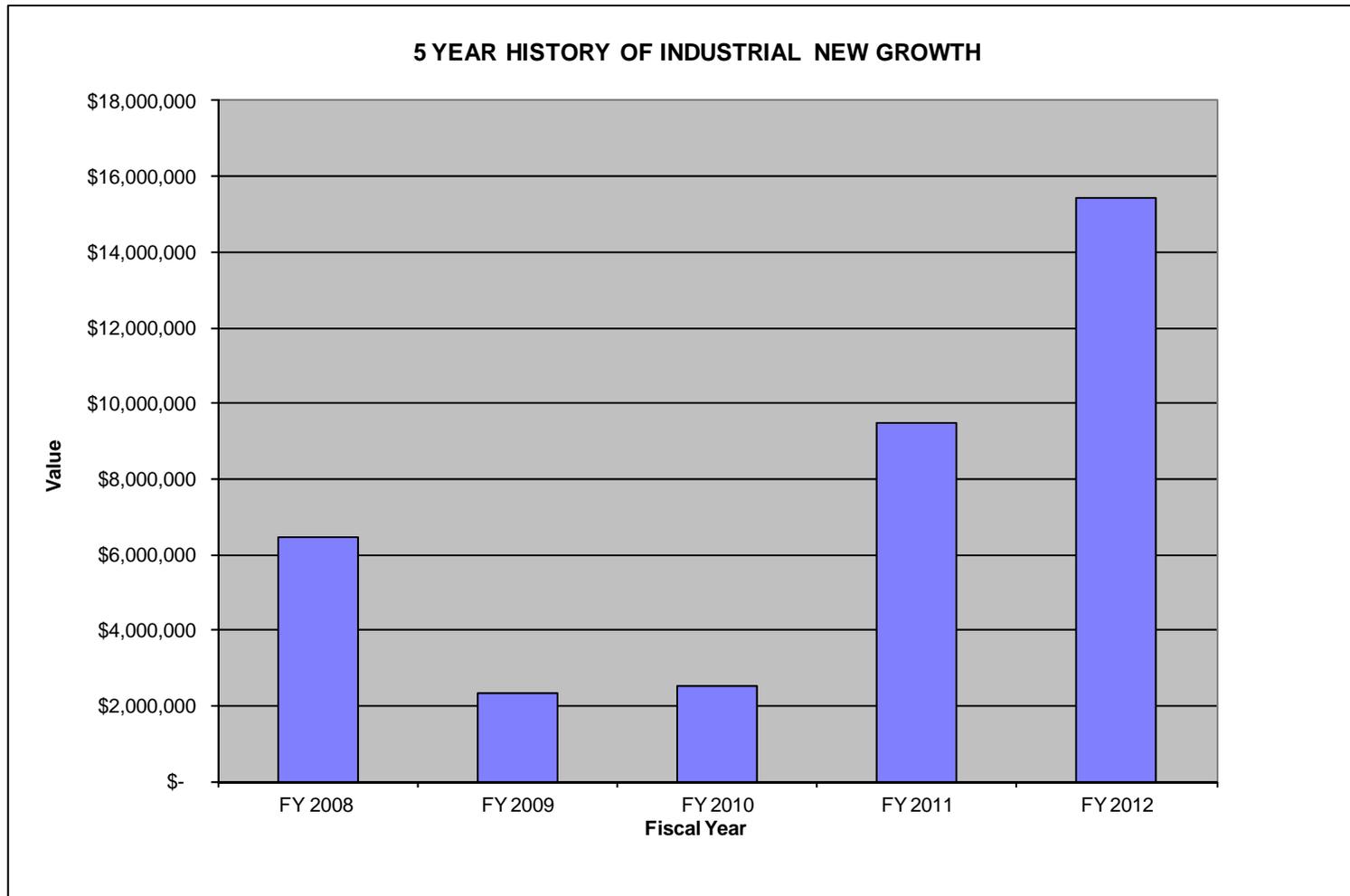
# Residential New Growth Chart



# Commercial New Growth Chart



# Industrial New Growth Chart



# Town of Framingham Annual Tax 5 Year Average For Single Family Homes

<b>Fiscal Year</b>	<b>Total Value Single Family Parcels</b>	<b>Number of Single Family Parcels</b>	<b>Average Single Family Value</b>	<b>Tax Rate</b>	<b>Average Tax Bill</b>	<b>Tax Bill Change</b>
2012	\$4,556,448,100	13,368	\$340,847	\$16.90	\$5,760.32	\$563.17
2011	\$4,331,822,600	13,361	\$324,214	\$16.03	\$5,197.15	\$218.43
2010	\$4,575,143,100	13,343	\$342,887	\$14.52	\$4,978.72	\$244.22
2009	\$4,921,956,600	13,338	\$369,018	\$12.83	\$4,734.50	(\$86.14)
2008	\$5,124,572,300	13,320	\$384,728	\$12.53	\$4,820.64	

\* Fiscal Year 2012 analysis assumes that the tax rate will be based upon the maximum allowable shift

# FY 2012 Calculation of the Tax Rate

## Step 1 – Establish Property Values

Total Value of all  
Property Classes  
\$ 7,529,736,477

```
graph TD; A["Total Value of all Property Classes  
$ 7,529,736,477"] --- B["Residential Value  
$ 5,816,343,243  
(77.244%)"]; A --- C["C. I. P. Value  
$ 1,713,393,234  
(22.756%)"];
```

Residential Value  
\$ 5,816,343,243  
(77.244%)

C. I. P. Value  
\$ 1,713,393,234  
(22.756%)

# FY 2012 Calculation of the Tax Rate

## Step 2 – Determine Uniform Tax Rate (Single Rate for all Classes)

$$\begin{aligned} &\text{Tax Levy/Total Value} \\ &= \text{Rate} \\ &\$ 163,320,829 / \\ &\$ 7,529,736,477 \end{aligned}$$

Single Tax Rate of  
\$21.69  
(.02169)

# FY 2012 Calculation of the Tax Rate

## Step 3 – Application of the Shift

- Estimate C.I.P of 1.75
- C.I.P Percentage Total Value x Shift:
  - $(22.756\% \times 1.75 = 39.82\% \text{ Share})$
- New C.I.P Share Multiplied by the Levy
  - $(39.82\% \times \$163,320,829 = \$65,034,354.11)$
- New CIP Taxes divided by Total CIP Value
  - $(\$ 65,034,354.11 / \$ 1,713,393,234 = .03796)$
- C.I.P Tax Rate of \$37.96

# FY 2012 Calculation of the Tax Rate

## Step 3 – Application of the Shift

- Estimated CIP Shift of 1.75
- Establish Effective Residential Shift :
  - (100% - 39.82% CIP Share = 60.18%)
- New Residential Share Multiplied by the Levy
  - (60.18% x \$ 163,320,829 = \$98,286,474.89)
- New Residential Share divided by Total Residential Value
  - (\$ 98,286,474.89 /\$ 5,816,343,243 = .01690)
- Residential Tax Rate of \$16.90

# FY 2012 Calculation of the Tax Rate

## Step 4 – Results

Estimated  
1.75 Shift

```
graph TD; A[Estimated 1.75 Shift] --> B[Residential Tax Rate $16.90 (60.18%)]; A --> C[C. I. P. Value $37.96 (39.82%)]
```

Residential Tax Rate  
\$16.90  
(60.18%)

C. I. P. Value  
\$37.96  
(39.82%)

# Tax Rates w/1% Shifts

FY 2012 Average Single Family Property Value					\$340,847	
FY 2012 Total Number of Single Family Parcels					13,361	
FY 2011 Average Single Family Property Value					\$324,214	
FY 2011 Average Single Family Property Tax					\$5,197.15	
<b>FY 2011 Tax Rates</b>						
FY 2011 Residential Tax Rate		<u>\$16.03</u>		FY 2011 CIP Tax Rate		<u>\$37.11</u>
	Single-Family	Single-Family				
RATE SHIFT	AVG FY 2012 TAX BILL	AVG FY 2012 CHANGE	R.O. % OF LEVY	C.I.P. % OF LEVY	R.O. TAX RATE	C.I.P. TAX RATE
65%	\$5,977.41	\$780.26	62.45%	37.55%	\$17.54	\$35.79
66%	\$5,955.63	\$758.48	62.23%	37.77%	\$17.47	\$36.01
67%	\$5,933.85	\$736.70	62.00%	38.00%	\$17.41	\$36.22
68%	\$5,912.07	\$714.92	61.77%	38.23%	\$17.35	\$36.44
69%	\$5,890.29	\$693.14	61.54%	38.46%	\$17.28	\$36.66
70%	\$5,868.51	\$671.36	61.32%	38.68%	\$17.22	\$36.87
71%	\$5,846.73	\$649.58	61.09%	38.91%	\$17.15	\$37.09
72%	\$5,824.96	\$627.81	60.86%	39.14%	\$17.09	\$37.31
73%	\$5,803.18	\$606.03	60.63%	39.37%	\$17.03	\$37.52
74%	\$5,781.40	\$584.25	60.41%	39.59%	\$16.96	\$37.74
75%	\$5,759.62	\$562.47	60.18%	39.82%	\$16.90	\$37.96

# FY 2012 Tax Rates For Local Cities and Towns

Community    Split Rate    Res Rate    C.I.P Rate

Framingham*	Yes	\$ 16.90	\$ 37.12
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Ashland	Yes	\$ 16.57	\$ 30.80
Burlington	Yes	\$ 11.55	\$ 30.80
Holliston	No	\$ 18.32	
Hopkinton	No	\$ 17.05	
Marlborough	No	\$ 14.80	\$ 29.04
Maynard	No	Not approved	
Natick	No	\$ 13.91	

Community    Split Rate    Res Rate    C.I.P Rate

Needham	No	Not approved	
Sherborn	No	\$ 18.22	
Southborough	No	\$ 16.14	
Sudbury	Yes	\$ 17.60	\$ 22.95
Waltham	Yes	\$ 13.09	\$ 30.43
Wayland	No	\$ 19.01	
Westborough	No	\$ 19.21	