CITY OF CAMBRIDGE

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139

MAIN OFFICE (617) 349-4343 **RESIDENTIAL VALUATION (617) 349-4110**

ASSESSING DEPARTMENT

Sally Powers, Director
Kevin T. McDevitt, MAA, CRA
Faith D. McDonald, CMA, RMA, MAA, CA-S

December 15, 1995

TO: James P. Maloney, Finance Director

FROM: Sally Powers, Director of Assessment

SUBJECT: Council Order #1, dated 11/6/95 RE: POSSIBILITY OF OFFERING RELIEF TO TAXPAYERS WHO RECEIVE DRASTIC ASSESSMENT INCREASES.

The first line of relief available to taxpayers is, of course, appeal of the valuation itself. For cases where the Assessors agree there has been an overvaluation of property, the City funds annually the "Overlay Reserve" account for making adjustments to tax bills. A property must be demonstrably assessed in excess of fair market value for such an adjustment to be made, however, all taxpayers should keep in mind their right to question the property assessment.

There are other vehicles for providing relief to taxpayers from Overlay Account funds in existing State statutes. All of these require some life condition for qualification: aged, widowed, blind, or veteran. They generally also have an income and/or asset limit for qualification and maximum exemption amounts. For homeowners over 65, with an income of $40,000 or less, no asset limit, there is a tax deferral program. This program allows taxpayers to enter into a contract with the City to defer up to 100% of each year's real estate taxes until their property changes hands. The *TAX FACTS* booklet published by the Assessing Department provides more information about all these tax exemptions.

There is also the Chapter 59, Section 5, Clause 18 "hardship" exemption, which allows assessors to abate taxes which a homeowner is *unable* to pay, "by reason of age, infirmity and poverty..."

The complexities of real estate markets are such that, even with annual trending, it is not possible to meet the Massachusetts Department of Revenue's certification requirements by simply adjusting an existing, base value for each property. I appreciate the appeal of the adjustment method from the perspective of the financial stability provided the property owner. However, it ultimately leads to disproportionate assessment and the resulting unfair distribution of the tax burden. This was the approach taken in the past and it was this approach to assessing which ultimately led to the the *Sudbury* decision by the State's Supreme Judicial Court in 1974, which in turn led to enactment in 1979 of the legislation which is presently in place for assessment oversight by the D.O.R.

The State legislation governing the local property tax does not allow tax relief on the basis of assessment change, outside of that offered through the exemptions described above.

12.

CITY OF CAMBRIDGE
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EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

January 8, 1996

To The Honorable, The City Council:

With reference to Awaiting Report Item No. 5, regarding the possibility of offering relief to taxpayers with drastic assessment increases, received from Sally Powers, Director of Assessment.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec
attachment

~~ATTS~~ S-1

Consent Agenda #12

Relative to Awaiting Report Item Number Five, regarding the possibility of offering relief to taxpayers with drastic assessment increases.

For original order see
1995 - City Manager request
492

In City Council January 8, 1996

Chartered right exercised by
Councillor Toomey.