CCM-101

City of Cambridge

Consent Agenda Item #1A

IN CITY COUNCIL

March 18, 2002

ORDERED: That the City Council authorize the use of $1,000,000 from the School Stabilization Fund to offset the FY2002 School Budget.

In City Council March 18, 2002.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- D Margaret Drury

D. Margaret Drury
City Clerk

Consent Agenda #1B

IN CITY COUNICL
CITY OF CAMBRIDGE
March 18, 2002

INTRODUCED BY CITY MANAGER ROBERT W. HEALY

AN ORDER CONCERNING APPROPRIATIONS FOR THE FISCAL YEAR BEGINNING JULY 1, 2001

ORDERED: That in addition to sums previously appropriated by the City Council for the fiscal period 2001-02 the following sum is hereby appropriated in the Public Investment Fund of the City of Cambridge:

FUNCTION	DEPARTMENT OR PROGRAM	SALARY & WAGES	OTHER ORDINARY MAINTENANCE	TRAVEL & TRAINING	EXTRAORDINARY EXPENDITURES	APPROPRIATIONS
General Government	Finance (Assessing)				$75,000.00	$75,000.00

BE IT FURTHER ORDERED: That the above acceptance and appropriation in the Public Investment Fund to be financed by estimated revenues drawn from the following sources:

FINANCING PLAN	REVENUE
Free Cash	$75,000.00

In City Council March 18, 2002.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- D Margaret Drury

D. Margaret Drury
City Clerk

Consent Agenda #1C

IN CITY COUNICL
CITY OF CAMBRIDGE
March 18, 2002

INTRODUCED BY CITY MANAGER ROBERT W. HEALY

AN ORDER CONCERNING APPROPRIATIONS FOR THE FISCAL YEAR BEGINNING JULY 1, 2001

ORDERED: That in addition to sums previously appropriated by the City Council for the fiscal period 2001-02 the following sum is hereby appropriated in the General Fund of the City of Cambridge:

FUNCTION	OTHER DEPARTMENT OR PROGRAM	SALARY & WAGES	ORDINARY MAINTENANCE	TRAVEL & TRAINING	EXTRAORDINARY EXPENDITURES	APPROPRIATIONS
General Government	Law Department		$185,000			$185,000.00

BE IT FURTHER ORDERED: That the above acceptance and appropriation in the General Fund to be financed by estimated revenues drawn from the following sources:

FINANCING PLAN	REVENUE
Free Cash	$185,000.00

In City Council March 18, 2002.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- D Margaret Drury

D. Margaret Drury
City Clerk

Consent Agenda #1D

IN CITY COUNCIL
CITY OF CAMBRIDGE
March 18, 2002

INTRODUCED BY CITY MANAGER ROBERT W. HEALY

AN ORDER CONCERNING AN APPROPRIATION FOR THE FISCAL YEAR BEGINNING JULY 1, 2001

ORDERED: That the following transfer be made in the General Fund of the City of Cambridge:

FROM	AMOUNT	TO	AMOUNT
Finance (Assessing) Salary & Wages Account	$80,000	Finance (Assessing) Other Ordinary Maintenance Account	$80,000.00

REASON: outside appraisal assistance.

In City Council March 18, 2002.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- D Margaret Drury

D. Margaret Drury
City Clerk

CCM-101

City of Cambridge

Consent Agenda Item #1E

IN CITY COUNCIL

March 18, 2002

ORDERED: That the City Council classifies property within the City of Cambridge into five property classes allowed for the purpose of allocating the property tax levy.

In City Council March 18, 2002.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- D. Margaret Drury, City Clerk.

A true copy; D Margaret Drury
ATTEST:-

D. Margaret Drury
City Clerk

CCM-101

City of Cambridge

Consent Agenda Item #1F

IN CITY COUNCIL

March 18, 2002

ORDERED: That the City Council hereby adopts a minimum residential factor of 56.4042%, the legal minimum permitted for Cambridge.

In City Council March 18, 2002.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- D Margaret Drury

D. Margaret Drury
City Clerk

CCM-101

City of Cambridge

Consent Agenda Item #1G

IN CITY COUNCIL

March 18, 2002

ORDERED: That the City Council approves a twenty (20) percent residential exemption for owner occupied homes.

In City Council March 18, 2002.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- D Margaret Drury

D. Margaret Drury
City Clerk

CCM-101

City of Cambridge

Consent Agenda Item #1H

IN CITY COUNCIL

March 18, 2002

ORDERED: That the City Council in accordance with the General Laws, Section 4 of Chapter 73 of the Acts of 1986, hereby increase by 100% the normal value of the statutory exemptions for fiscal year 2002.

In City Council March 18, 2002.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- D Margaret Drury

D. Margaret Drury
City Clerk

CCM-101

City of Cambridge

Consent Agenda Item #11

IN CITY COUNCIL

March 18, 2002

ORDERED: That the City Council vote to increase the Fiscal Year 2001 exemption allowed under General Laws Chapter 59, Section 5, Clause 17D by 4.9% from $200.88 to $210.72 ($9.84).

In City Council March 18, 2002.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- D Margaret Drury

D. Margaret Drury
City Clerk

CCM-101

City of Cambridge

Consent Agenda Item #1J

IN CITY COUNCIL

March 18, 2002

ORDERED: That this City Council go on record approving to double the income limit for deferral of taxes by elderly homeowners.

In City Council March 18, 2002.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- D Margaret Drury

D. Margaret Drury
City Clerk

C. C. 106

Consent Agenda #1A

City of Cambridge

MASSACHUSETTS

In City Council March 18, 2002, 2002

$1,000,000 from the School Stabilization Fund to offset the FY02 School Budget

YEA	NAY	ABSENT	PRESENT	
✓				Vice Mayor Henrietta Davis
✓				Ms. Marjorie C. Decker
✓				Mr. Anthony D. Galluccio
✓				Mr. David P. Maher
✓				Mr. Brian Murphy
✓				Mr. Kenneth E. Reeves
✓				Ms. Denise Simmons
✓				Mr. Timothy J. Toomey, Jr.
✓				Mayor Michael A. Sullivan
9	0	0	0	

C. C. 106

City of Cambridge

MASSACHUSETTS

In City Council March 18, 2002

Appropriation of $75,000 to the Finance Department Capital Fund, and authorize the use of $75,000 in Free Cash to finance the appropriation

YEA	NAY	ABSENT	PRESENT	
✓				Vice Mayor Henrietta Davis
✓				Ms. Marjorie C. Decker
✓				Mr. Anthony D. Galluccio
✓				Mr. David P. Maher
✓				Mr. Brian Murphy
✓				Mr. Kenneth E. Reeves
✓				Ms. Denise Simmons
✓				Mr. Timothy J. Toomey, Jr.
✓				Mayor Michael A. Sullivan
9	0	0	0	

Consent Agenda #1C

C. C. 106

City of Cambridge

MASSACHUSETTS

In City Council March 18, 2002

Appropriation $185,000 to the Law Department Other Ordinary Maintenance Account and authorize the use of $185,000 in Free Cash to finance the appropriation

YEA	NAY	ABSENT	PRESENT	
✓				Vice Mayor Henrietta Davis
✓				Ms. Marjorie C. Decker
✓				Mr. Anthony D. Galluccio
✓				Mr. David P. Maher
✓				Mr. Brian Murphy
✓				Mr. Kenneth E. Reeves
✓				Ms. Denise Simmons
✓				Mr. Timothy J. Toomey, Jr.
✓				Mayor Michael A. Sullivan
9	0	0	0	

Consent Agenda #1D.

C. C. 106

City of Cambridge

MASSACHUSETTS

In City Council March 18 , 2002

Transfer $80,000 from the Finance Department (Assessor's) Salary & Wages Account to the Finance Department (Assessor's) Other ORdinary Maintenance Account

YEA	NAY	ABSENT	PRESENT	
✓				Vice Mayor Henrietta Davis
✓				Ms. Marjorie C. Decker
✓				Mr. Anthony D. Galluccio
✓				Mr. David P. Maher
✓				Mr. Brian Murphy
✓				Mr. Kenneth E. Reeves
✓				Ms. Denise Simmons
✓				Mr. Timothy J. Toomey, Jr.
✓				Mayor Michael A. Sullivan
9	0	0	0	

C. C. 106

Consent Agenda #1E

City of Cambridge

MASSACHUSETTS

In City Council March 18, 2002

Classify property into five classes

YEA	NAY	ABSENT	PRESENT	
✓				Vice Mayor Henrietta Davis
✓				Ms. Marjorie C. Decker
✓				Mr. Anthony D. Galluccio
✓				Mr. David P. Maher
✓				Mr. Brian Murphy
✓				Mr. Kenneth E. Reeves
✓				Ms. Denise Simmons
✓				Mr. Timothy J. Toomey, Jr.
✓				Mayor Michael A. Sullivan
9	0	0	0	

C. C. 106

Consent Agenda #1F

City of Cambridge

MASSACHUSETTS

In City Council March 18, 2002

Adopt a minimum residential factor of 56.4042%

YEA	NAY	ABSENT	PRESENT	
✓				Vice Mayor Henrietta Davis
✓				Ms. Marjorie C. Decker
✓				Mr. Anthony D. Galluccio
✓				Mr. David P. Maher
✓				Mr. Brian Murphy
✓				Mr. Kenneth E. Reeves
✓				Ms. Denise Simmons
✓				Mr. Timothy J. Toomey, Jr.
✓				Mayor Michael A. Sullivan
9	0	0	0	

Consent Agenda #1G

C. C. 106

City of Cambridge

MASSACHUSETTS

In City Council March 18, 2002

Approve the maximum residential exemption factor of 20% for owner occupied homes

YEA	NAY	ABSENT	PRESENT	
✓				Vice Mayor Henrietta Davis
✓				Ms. Marjorie C. Decker
✓				Mr. Anthony D. Galluccio
✓				Mr. David P. Maher
✓				Mr. Brian Murphy
✓				Mr. Kenneth E. Reeves
✓				Ms. Denise Simmons
✓				Mr. Timothy J. Toomey, Jr.
✓				Mayor Michael A. Sullivan
9	0	0	0	

Consent Agenda #1H

C. C. 106

City of Cambridge

MASSACHUSETTS

In City Council March 18, 2002

Double the normal value of the statutory exemptions for FY2002

YEA	NAY	ABSENT	PRESENT	
✓				Vice Mayor Henrietta Davis
✓				Ms. Marjorie C. Decker
✓				Mr. Anthony D. Galluccio
✓				Mr. David P. Maher
✓				Mr. Brian Murphy
✓				Mr. Kenneth E. Reeves
✓				Ms. Denise Simmons
✓				Mr. Timothy J. Toomey, Jr.
✓				Mayor Michael A. Sullivan
9	0	0	0	

C. C. 106

Consent Agenda #11

City of Cambridge

MASSACHUSETTS

In City Council March 18, 2002

Increase the FY2002 exemption allowed under MGL Chapter 59, Section 5, Clause 17D from $200.88 to $210.72

YEA	NAY	ABSENT	PRESENT	
✓				Vice Mayor Henrietta Davis
✓				Ms. Marjorie C. Decker
✓				Mr. Anthony D. Galluccio
✓				Mr. David P. Maher
✓				Mr. Brian Murphy
✓				Mr. Kenneth E. Reeves
✓				Ms. Denise Simmons
✓				Mr. Timothy J. Toomey, Jr.
✓				Mayor Michael A. Sullivan
9	0	0	0	

Consent Agenda #1J

C. C. 106

City of Cambridge

MASSACHUSETTS

In City Council March 18, 2002

Increase the income limit for deferral of real estate taxes by elderly persons

YEA	NAY	ABSENT	PRESENT	
✓				Vice Mayor Henrietta Davis
✓				Ms. Marjorie C. Decker
✓				Mr. Anthony D. Galluccio
✓				Mr. David P. Maher
✓				Mr. Brian Murphy
✓				Mr. Kenneth E. Reeves
✓				Ms. Denise Simmons
✓				Mr. Timothy J. Toomey, Jr.
✓				Mayor Michael A. Sullivan
9	0	0	0	

SUMMARY:

The establishment of the current year (FY2002) property tax rate by the Board of Assessors with the approval of the Massachusetts Department of Revenue, normally occurs in September. As the City Council will recall, the establishment of the actual FY02 property tax rate was delayed by the recertification of property values by the Massachusetts Department of Revenue. The FY02 first half bills issued last fall were estimates based upon fifty percent of an owner's FY01 net tax bill.

The FY02 budget adopted by the City Council last May called for a tax levy increase of 6.4% to $189,910,725. However, as a result of several changes since the adoption of the Budget last May, the tax levy will now increase by 7.5%. The additional 1% increase is essentially attributable to $900,000 in reduced revenues (primarily hotel/motel room taxes) and $936,000 in property tax supported supplemental appropriations. The gross levy, including the CPF surcharge, is increasing by $13,421,000. However, the net tax levy, including CPF surcharge, is increasing by only $4,688,000 or 2.7%. This is the result of $8,733,000 in taxes and CPF surcharges being paid for the first time by property newly added to the tax rolls.

For FY2002, the total assessed value of taxable property in the City of Cambridge totals $16,837,087,126, a 32.5% increase over FY2001 values. Table I and II below break out new tax and value growth by property types.

TABLE I
New Construction Break Down in FY2002
(Includes Community Preservation Fund Surcharge for FY2002)

Property Class	New Value	FY2002 Taxes Paid by New Value
Commercial Property	$406,984,296	$7,885,036
Residential Property	$121,508,560	$877,291
Total New Growth	**$528,492,856**	**$8,762,327**

TABLE II
Assessed Value
(In Millions)

	FY98	FY99	FY00	FY01	FY02
Commercial Property	$2,495	$3,561	$3,990	$4,701	$6,215
Personal Property	$249	$256	$275	$293	$305
Residential Property	$4,760	$5,725	$6,773	$7,709	$10,317
Total Assessed Value	**$7,504**	**$9,542**	**$11,038**	**$12,703**	**$16,837**

As the City Council is aware, state law allows the City to increase its tax levy by an amount equal to the total value of newly constructed or renovated property multiplied times the prior year tax rates. For FY2002, this enables the City to increase its levy capacity by an additional $10,638,457 to $217,907,204. The FY2002 excess levy capacity for the City will be

$30,502,204, an increase of $6.7 million over FY2001. In addition to the increased levy capacity resulting from new construction, funds previously raised from the tax levy and now raised from the CPF surcharge are exempt from the limits of Proposition 2½, resulting in approximately $4,500,000 of additional levy capacity. Table III presents an analysis of the tax levy; the tax levy limit and excess levy capacity of the past 5-years.

TABLE III
Tax Levy/Tax Levy Limit/Excess Levy Capacity
(In Thousands)

	Actual FY98	Actual FY99	Actual FY00	Actual FY01	Estimated FY02
Levy Limit	$166,515	$177,754	$189,475	$202,213	$217,907
Actual Levy	$154,353	$159,000	$164,000	$178,485	$187,438
% Levy Increase over Prior Year	4.2%	3.0%	3.1%	8.8%	5.0%
Excess Levy Capacity	$12,162	$18,754	$25,475	$23,728	$30,469

In addition to providing greater flexibility under Proposition 2½, tax, payments from newly constructed properties also work to mitigate tax increases on existing properties. Table IV below indicates FY2002 increases in average tax bills from FY2001, while Table V shows what those changes would have been had there been no new construction during the past year. Table VI shows how the CPF surcharge has a neutral impact on the taxpayer.

Analysis of Residential Tax Increases/Decreases

TABLE IV
Change in Average Tax Bills
(Includes Community Preservation Fund Surcharge for FY2002)

	FY01 Tax Bill	FY02 Tax Bill	Dollar Change	Percent Change
1-Family	$4,296	$4,580	$284	6.6%
2-Family	$3,238	$3,375	$137	4.2%
3-Family	$3,234	$3,404	$170	5.3%
Condominium	$1,665	$1,684	$19	1.1%

TABLE V
Change in Average Tax Bills without New Construction
(Includes Community Preservation Fund Surcharge for FY2002)

	FY02 Avg Tax with New Construction	FY02 Avg Tax with No New Construction	Dollar Change	Net Percent Change	Gross Percent Change
1-Family	$4,580	$4,645	$65	1.4%	8%
2-Family	$3,375	$3,421	$46	1.4%	5.6%
3-Family	$3,404	$3,464	$60	1.8%	7.1%
Condominium	$1,684	$1,701	$17	1.0%	2.1%

Table VI
Impact of Community Preservation Fund Surcharge on FY2002 Bills

	Avg Tax	Avg CPF Surcharge Amt	FY02 Tax Plus Surcharge	Avg Tax Bill w/o CPF Surcharge	Difference
1-Family	$4,468	$112	$4,580	$4,576	$4
2-Family	$3,298	$77	$3,375	$3,376	-$1
3-Family	$3,326	$78	$3,404	$3,404	$0
Condominium	$1,656	$28	$1,684	$1,690	-$6

During FY2002, the City was required to submit to a tri-annual valuation certification process performed by the Massachusetts Department of Revenue. While the City maintains a policy of revaluing property on an annual basis, property values need to be certified by the Department of Revenue every third year only.

For the certification process, sales of property that occurred during calendar years 1998, 1999 and 2000 were analyzed. Most closely reviewed were 208 calendar year 2000 sales of 1, 2 and 3 families as well as 563 calendar year 2000 sales of condominiums. For single family sales average values indicated a 33% increase over the previous year, two family homes increased on average 31% and three family homes increased in value an average 32%. Condominium values rose citywide by an average of 29%. Attachments 1 and 2 to this report detail average value and tax changes by district and housing type. The increased property values resulted in a lower tax rate as well as higher residential exemption. As a result, a total of 8,975 (54%) residential properties, including condominiums, will see either no change or a property tax reduction in FY2002, while 7,723 (46%) residential properties will experience an increase. Table VI below breaks out the number of residential properties receiving a tax increase or decrease in greater detail.

TABLE VII
Increase/Decrease in Property Tax Bills
FY2001 to FY2002
(Includes 1-3 Family and Condominiums)

	Condos	Houses	Total	Percent
Dec of 26% +	1,002	518	1,520	9%
Dec of 10-25%	1,735	2,038	3,773	23%
Dec of 0-9%	1,684	1,998	3,682	22%
Inc of 1-9%	1,308	1,501	2,809	17%
Inc of 10-25%	1,330	1,394	2,724	16%
Inc of 26% +	1,452	738	2,190	13%

Apartment building values also continue to increase. Income and expense reports from apartment buildings were studied, and market and expense tables were developed in order to value these properties using the income approach.

For commercial and industrial properties income and expense returns for the 2000 calendar year were compared to 1999 returns. From this analysis, factors were developed to adjust commercial values by use and assessing district.

REQUIRED VOTES:

- ***Authorize the transfer of $1,000,000 from the School Stabilization Fund to the General Fund to offset the FY2002 School Budget.*** The School Stabilization Fund currently has a balance of $1,300,000. The transfer of $1,000,000 will offset a one-time loss of state aid to the School Department.

- ***Appropriate $75,000 to the Finance Department Capital Fund.*** These Funds will be used to reimburse the Finance Department Capital account for funds expended on reprogramming the real estate tax billing system to accommodate the Community Preservation Fund surcharge.

- ***Appropriate $185,000 to the Law Department Other Ordinary Maintenance.*** These funds will be used to provide for legal fees associated with the City's lawsuit regarding redistricting.

- ***Transfer $80,000 from the Finance Department (Assessor's) Salary & Wages Account to the Finance Department (Assessor's) Other Ordinary Maintenance Account.*** The hiring of outside professional appraisal assistance to complete the state mandated recertification of property values necessitates the transfer of these funds. The funds are available in the Salary & Wages Account as a result of the vacancy in the position of Director of Assessments.

- ***Classify Property and Establish the Minimum Residential Factor.*** Since 1984, the City Council has voted annually to follow state law allowing the classification of property according to use (residential or commercial) and to allocate the legal maximum portion of the tax levy to the commercial class. State law allows the residential portion of the tax levy to be as low as 50% of what it would be if there were a single equalized rate. However, there are two exceptions to the 50% minimum:

  1. The residential percent of the levy cannot drop to less than its lowest level since classification was initially voted by the City Council (34.5615% in 1985); and

  2. The 50% level does not cause the commercial class to bear a portion of the levy greater than 175% of what they would bear if there were on equalized rate.

The City Council sets the levy distribution each year by voting for a Minimum Residential Factor. The result of voting for the Minimum Residential Factor of 56.4042% will be a residential property share of the tax levy of 34.5615%, which brings the commercial levy to 168.9% of what it would be with an equalized tax rate.

- ***Establish Residential Exemptions.*** State law enables cities and towns to grant owner occupants of residential properties a deduction of up to 20% of the average residential parcel value before the tax rate is applied. I am once again recommending that the City Council adopt the Maximum Residential Exemption of 20%, as it has done in the past. This will result in a deduction of $111,824 from the assessed value of each owner occupied property. The residential exemption serves to reduce the effective tax rate on lower valued properties while raising it on higher valued properties. Since the same amount is deducted from every value, its impact is greatest on the lower valued properties. The residential exemption is paid for by raising the residential tax rate sufficiently to cover the number of taxpayers claiming the residential exemption. For FY2002 there are approximately 12,150 resident exemptions on the Assessing Department files. If Cambridge did not adopt a residential exemption, the residential tax rate would be $6.28 instead of $7.22. The higher tax rate results in a "break-even" value over which the higher valued residential properties are assessed for higher taxes than would be the case if there were no residential exemption. In FY2002, the break-even value is $852,120.

- ***Double Statutory Exemptions.*** State legislation requires cities and towns to grant a variety of tax exemptions to elderly taxpayers, blind taxpayers, veterans, and surviving spouses who qualify by virtue of residency, income and assets. There are also two pieces of legislation, which authorize cities and towns to increase the amounts of these exemptions. The first allows cities and towns to double the statutory amounts for taxpayers whose tax bills have increased over the prior year's bill. The City Council must vote annually for this increase. I am recommending that the Council do this for FY2002 as it has since FY1987. The second, enacted in 1995, allows cities and towns to increase the amount of the exemption of a senior citizen 70 or older, surviving spouse, or minor with a deceased parent by the increase in the cost-of-living as measured by the Consumer Price Index (CPI). The CPI increase for FY2002, which was published by the DOR for exemption purpose, is 4.9%. Applying this percentage increase to the FY2001 exemption of $200.88 raises the exemption of $210.72.

- ***Increase Income Limit for Tax Deferral.*** Another form of tax relief available to property owners under state law is Clause 41A of Section 3, Chapter 59. This statute allows taxpayers over 65 years old to defer tax payment until they are deceased or the property is transferred. The statutory income limit for this deferral is $20,000, which may be increased to $40,000 by local legislative action. I am recommending that the City Council take this action.

<u>CONCLUSION:</u>

The delay in the establishment of the actual property tax rate and the implementation of the Community Preservation Fund (CPF) surcharge combine to make fiscal year 2002 somewhat different from previous years. Normally, the City Council votes the classification of property in the fall. After the classification vote has been taken, the establishment of the tax rate is a fairly simple mathematical calculation – the tax levy required to support the budget divided by the total assessed valuation by class equals the tax rate. For FY2002, the CPF surcharge of 3% is then added (with certain residential exemptions) to tax bills. As was shown earlier, the impact of the CPA surcharge was essentially neutral on taxpayers, roughly from a $4.00 increase to the average single-family tax bill to a $6.00 reduction in the average tax bill of a condominium. The neutral impact on taxpayers is the result of switching funding of CPA eligible projects from the tax levy to the surcharge, reducing the residential tax rate from $7.39 to $7.22 and reducing the commercial tax rate from $19.26 to $18.81. By adopting the surcharge, the City is now eligible for additional state funds for CPA purposes beginning next fiscal year. It is estimated that combined local CPA surcharge and mostly state funds will exceed $9,000,000 in FY2003.

The action to classify property in order to establish the FY2002 rate is the final delayed step in a financial cycle that began almost one year ago with the submittal of the budget to the City Council. Within six weeks, the City Council will be receiving the City Manager's proposed FY2003 budget. While we operate in very different economic time from those of a year ago, we can begin to focus on the FY2003 budget safe in the knowledge that because of our excess levy capacity Cambridge continues its own fiscal destiny for FY2003 and beyond.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec
Attachment

Average Tax Bills
1-3 Family Houses

CHANGES BY NEIGHBORHOOD FY 2001 TO FY 2002
Includes 3% CPF Surcharge for FY 2002

	ONE FAMILY HOUSES							TWO FAMILY HOUSES							THREE FAMILY HOUSES							
DIST	AVG 01 VAL	AVG 02 VAL	AVG 01 TAX	AVG 02 TAX	VALUE CHNGE	TAX CHNGE	#	AVG 01 VAL	AVG 02 VAL	AVG 01 TAX	AVG 02 TAX	VALUE CHNGE	TAX CHNGE	#	AVG 01 VAL	AVG 02 VAL	AVG 01 TAX	AVG 02 TAX	VALUE CHNGE	TAX CHNGE	#	DIST
1	217,874	268,717	1,241	1,145	23%	-8%	391	268,548	310,170	1,709	1,453	15%	-15%	317	321,751	382,368	2,200	1,990	19%	-10%	269	1
2	238,662	306,689	1,433	1,427	29%	0%	203	246,141	349,056	1,502	1,743	42%	16%	209	318,830	455,013	2,173	2,530	43%	16%	184	2
3	481,491	626,626	3,675	3,807	30%	4%	202	480,189	638,988	3,663	3,899	33%	6%	246	543,862	733,991	4,250	4,605	35%	8%	159	3
4	522,522	655,966	4,053	4,025	26%	-1%	203	576,344	736,267	4,550	4,622	28%	2%	133	600,364	798,589	4,772	5,086	33%	7%	72	4
5	1,323,120	1,477,087	11,443	10,131	12%	-11%	45	1,445,812	1,956,588	12,575	13,697	35%	9%	26	1,431,625	1,721,500	12,444	11,949	20%	-4%	4	5
6	825,158	1,125,099	6,847	7,514	36%	10%	345	769,926	1,094,809	6,337	7,288	42%	15%	139	738,926	964,871	6,051	6,322	31%	4%	73	6
7	266,909	352,627	1,694	1,769	32%	4%	644	321,634	423,082	2,199	2,293	32%	4%	711	387,214	490,383	2,804	2,794	27%	0%	229	7
8	421,092	483,966	3,117	2,746	15%	-12%	130	446,515	576,454	3,352	3,434	29%	2%	310	491,963	693,533	3,771	4,304	41%	14%	73	8
9	743,295	1,013,804	6,091	6,686	36%	10%	200	644,306	1,023,535	5,177	6,758	59%	31%	17	249,300	396,400	1,531	2,095	59%	37%	1	9
10	1,645,002	2,364,891	14,414	16,733	44%	16%	294	1,775,149	2,391,064	15,615	16,928	35%	8%	47	2,257,200	2,930,300	20,064	20,938	30%	4%	1	10
11	802,567	1,023,680	6,638	6,759	28%	2%	172	673,354	1,088,086	5,445	7,238	62%	33%	51	850,224	1,123,563	7,078	7,502	32%	6%	17	11
12	308,024	419,762	2,073	2,268	36%	9%	193	329,945	427,583	2,276	2,327	30%	2%	215	336,019	497,520	2,332	2,847	48%	22%	155	12
13	332,961	441,309	2,304	2,429	33%	5%	223	392,846	513,504	2,856	2,965	31%	4%	263	455,125	575,914	3,431	3,430	27%	0%	199	13
15	520,036	554,627	4,030	3,271	7%	-19%	33															15
16	392,650	550,200	2,855	3,238	40%	13%	2	452,220	643,000	3,404	3,928	42%	15%	5	485,740	742,560	3,714	4,669	53%	26%	5	16
17	403,347	498,294	2,953	2,852	24%	-3%	34	332,965	572,777	2,304	3,406	72%	48%	26	403,140	699,480	2,951	4,349	74%	47%	5	17
18	373,589	498,727	2,679	2,856	33%	7%	140	393,000	476,881	2,858	2,693	21%	-6%	127	419,442	570,946	3,102	3,393	36%	9%	72	18
19	692,412	942,098	5,621	6,153	36%	9%	57	591,827	683,032	4,693	4,226	15%	-10%	164	677,044	888,981	5,480	5,758	31%	5%	16	19
21	415,447	461,303	3,065	2,577	11%	-16%	74	461,363	509,035	3,489	2,932	10%	-16%	43	500,318	601,306	3,848	3,618	20%	-6%	17	21

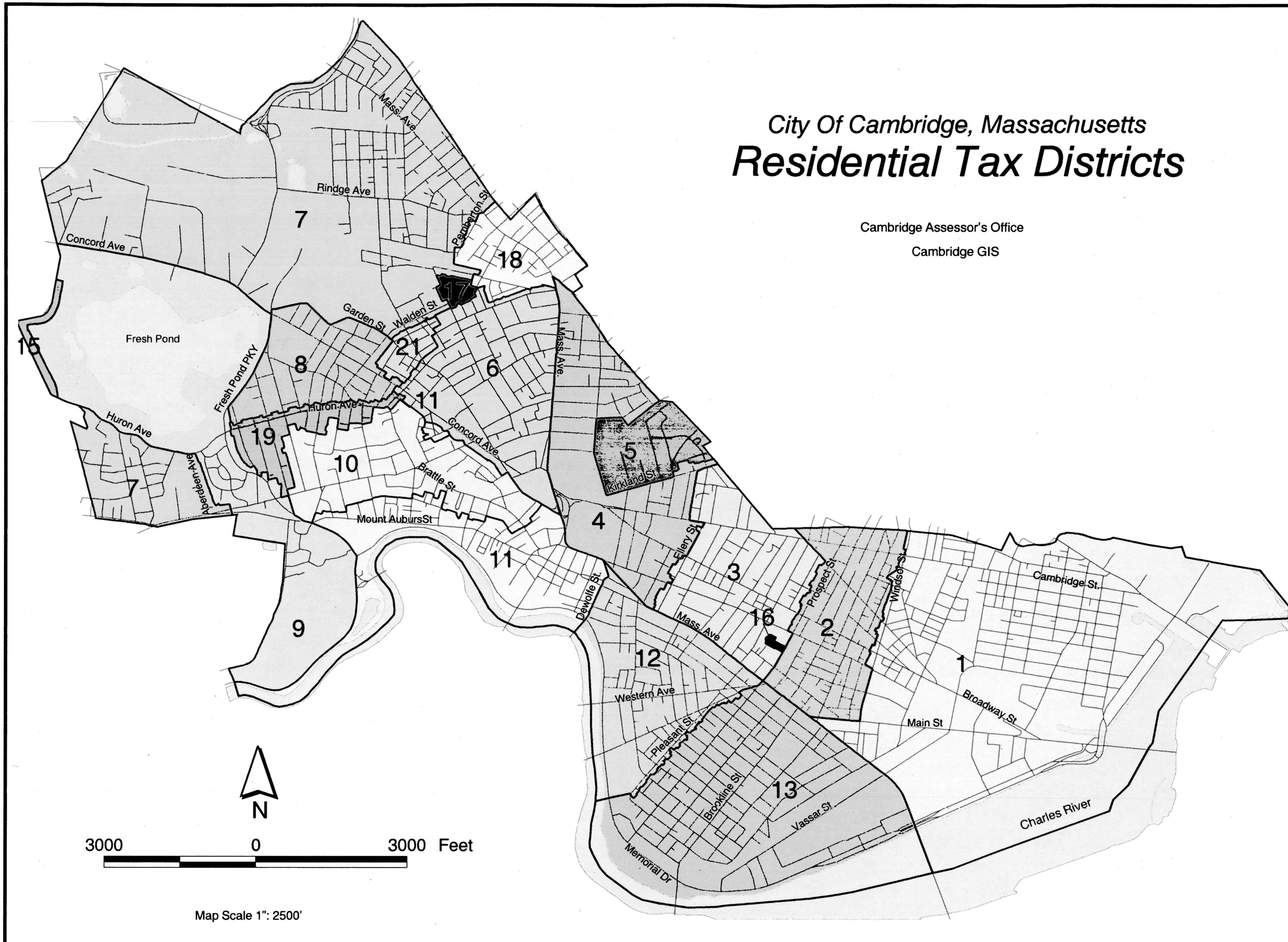
Attachment 1

3/14/2002

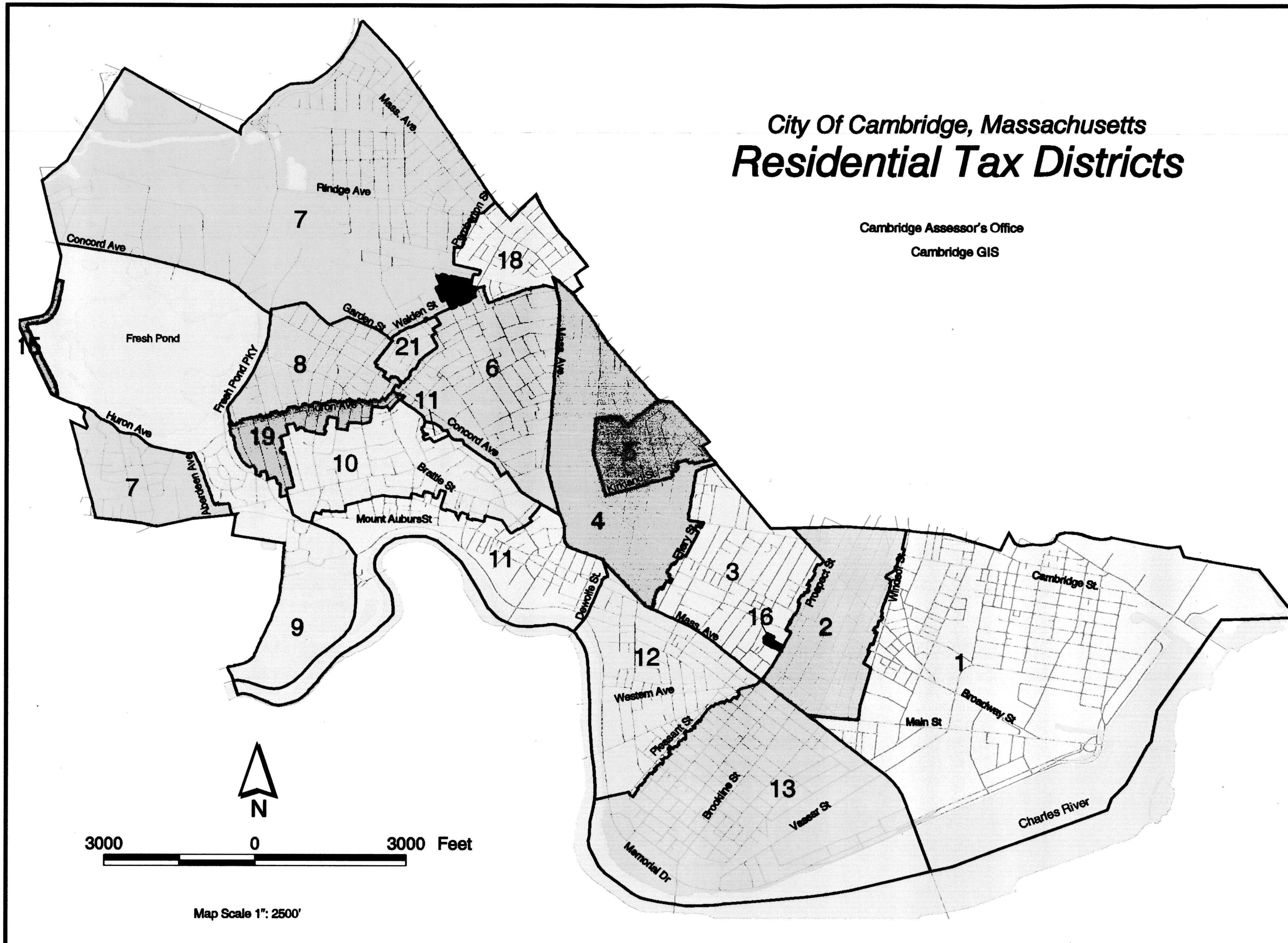
Average Condo Tax Bill

	Changes By Neighborhood FY 2001 to FY 2002 Includes 3% CPA Surcharge for FY 2002						
	CONDOMINIUM UNITS						
DIST	AVG 01 VAL	AVG 02 VAL	AVG 01 TAX	AVG 02TAX	VALUE CHANGE	TAX CHANGE	#
1	346,799	431,275	2,431	2,354	24.4%	-3%	1012
2	167,031	237,804	772	915	42.4%	19%	295
3	216,546	274,863	1,229	1,191	26.9%	-3%	1663
4	230,700	298,301	1,360	1,365	29.3%	0%	791
5	545,560	712,000	4,266	4,442	30.5%	4%	5
6	235,742	310,928	1,406	1,459	31.9%	4%	1588
7	203,494	280,606	1,109	1,234	37.9%	11%	876
8	291,271	373,520	1,919	1,924	28.2%	0%	201
9	303,247	354,111	2,029	1,780	16.8%	-12%	36
10	774,713	1,061,387	6,381	7,040	37.0%	10%	31
11	534,071	679,578	4,160	4,200	27.2%	1%	502
12	255,493	330,443	1,589	1,604	29.3%	1%	475
13	216,153	280,775	1,226	1,235	29.9%	1%	600
16	133,033	206,000	458	679	54.8%	48%	3
17	203,440	317,750	1,108	1,510	56.2%	36%	20
18	284,467	365,923	1,856	1,868	28.6%	1%	246
19	404,354	515,447	2,963	2,980	27.5%	1%	103
20	255,641	328,294	1,590	1,588	28.4%	0%	17
21	295823	383591	1,961	1,999	29.7%	2%	44

Attachment 2



Attachment 3



City Of Cambridge, Massachusetts
Residential Tax Districts
Cambridge Assessor's Office
Cambridge GIS
Mass. Ave.
Rindge Ave
7
Concord Ave
18
Garden St
Walden St
Fresh Pond
21
8
6
Fresh Pond PKY
Mass. Ave
11
Huron Ave
19
Concord Ave
10
Kirkland St
Brattle St
7
Aberdeen Ave
Mount AubursSt
4
Ellery St
11
3
Prospect St
Windsor St
Cambridge St.
Dewolfe St
16
2
9
Mass. Ave
12
1
Western Ave
Broadway St
Main St
Pleasant St
Brookline St
13
Vassar St
Charles River
Memorial Dr
N
3000
0
3000 Feet
Map Scale 1": 2500'

CITY OF CAMBRIDGE • EXECUTIVE DEPARTMENT

Robert W. Healy, City Manager *Richard C. Rossi, Deputy City Manager*

March 18, 2002

To The Honorable, The City Council:

Recommendation:

1. That the City Council authorize the use of $1,000,000 from the School Stabilization Fund to offset the FY02 School Budget.

2. That the City Council authorize the appropriation of $75,000 to the Finance Department Capital Fund, and authorize the use of $75,000 in Free Cash to finance the appropriation.

3. That the City Council appropriate $185,000 to the Law Department, Other Ordinary Maintenance Account, and authorize the use of $185,000 in Free Cash to finance the appropriation.

4. That the City Council transfer $80,000 from the Finance Department (Assessor's) Salary & Wages Account to the Finance Department Other Ordinary Maintenance Account.

5. That the City Council classify property within the City of Cambridge into the five classes allowed for the purpose for allocating the property tax. It is further recommended that the City Council adopt a minimum residential factor of 56.4042%.

6. That the City Council approve the maximum residential exemption of 20% for owner occupied homes, which showed result in a residential tax rate of $7.22 and a commercial tax rate of $18.81 upon final approval by the Massachusetts Department of Revenue.

7. That the City Council vote to double the normal value of the statutory exemptions.

8. That the City Council vote to increase the exemption allowed under Massachusetts General Laws (M.G.L.) Chapter 59, Section 5, Clause 17B from $200.88 to $210.72 as allowed by state statue.

9. That the City Council vote to increase the income limit for the deferral of real estate taxes for elderly persons from $20,000 to $40,000 as allowed under M.G.L. Chapter 59, Section 5, Clause 41A.

795 Massachusetts Avenue, Cambridge, Massachusetts 02139
Voice: 617.349.4300 Fax: 617.349.4307 TTY: 617.349.4242 Web: www.ci.cambridge.ma.us

F-25

Consent Agenda #1

Property Tax Rate Classification

In City Council March 18, 2002

1A. ORDER ADOPTED.
9-0-0.
1B. ORDER ADOPTED.
9-0-0.
1C. ORDER ADOPTED.
9-0-0.
1D. ORDER ADOPTED.
9-0-0.
1E. ORDER ADOPTED.
9-0-0.
1F. ORDER ADOPTED.
9-0-0.
1G. ORDER ADOPTED.
9-0-0.
1H. ORDER ADOPTED.
9-0-0.
1I. ORDER ADOPTED.
9 0 0.
1J. ORDER ADOPTED.
9-0-0.