



CITY OF CAMBRIDGE

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139

MAIN OFFICE (617) 349-4343

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ASSESSING DEPARTMENT

Sally Powers, Director

Kevin T. McDevitt, MAA, CRA

Faith D. McDonald, CMA, RMA, MAA, CA-S

MEMORANDUM

TO: Robert W. Healy, City Manager

FROM: Sally Powers, Director of Assessment

SUBJ: Council Order #27, dated 4/12/93

DATE: April 28, 1993

Council Order # 27, copy attached, requested a full report on FY94 values, including methods, summaries, area by area, sales analyses, and land valuation methods.

FY94 values will not be in place prior to July, 1993, as the Assessors await the following calendar 1992 data:

1. Deed transactions from the Registry. So far, the Registry of Deeds in East Cambridge has provided us with copies of deeds recorded through November, 1992. December deeds should be ready by the end of April.
2. Sales verification. For all sales, an inspection is requested and a sales verification form issued. The sales verification process for residential properties involves three notices to the buyers requesting a property inspection and completion of the sales verification questionnaire. If there has been no response to the third notice, the property receives an exterior data review, and the arms-length nature of the transaction is determined on the basis information on the deed and the sale's comparability with sales of similar properties.

To date, approximately 50% of the 1992 sales have been through the full verification process. Another approximately 40% have received first or second inspection requests, and the remaining 10% will be started at the beginning of May.

3. Responses to income and expense questionnaires for commercial properties. The assessors send income and expense (I & E) information requests to commercial

property owners each December, requesting information as of January 1. We generally do not get a good sample of returns prior to April 15, when businesses must have their data ready for the IRS. The calendar 1992 responses are currently being data entered for subsequent analysis.

Once the above data has been fully collected and verified, the following methods will be applied to update the FY93 values to reflect the calendar year 1992 market:

1, 2, and 3 family houses and condos. Assessment/sale ratio studies will be undertaken which compare the FY93 values to continuing market trends. Where 1992 sales activity indicates movement upward or downward from the FY93 level of assessment by neighborhood and class, FY93 values will be adjusted to reflect this trend in the FY94 values.

Vacant residentially zoned land values will be adjusted using the same factor as that derived for the one-family houses in the same neighborhood.

Apartment buildings. So far, there has been little apartment building market activity seen in the 1992 sales. For each apartment building sale, two analyses will be made: first, a comparison of the sale price with the FY93 assessed value, and second, a comparison of the sale price to net operation income (N.O.I.) of the building. The purpose of the latter comparison is explore whether an adjustment to values should be made based upon market derived capitalization rates.

Commercial property. Each of the few commercial property sales will be analyzed in the same way as briefly described above for apartment buildings. The more important analysis, though, is of the I & E data submitted for calendar year 1992. Comparisons will be made by class and by assessment district of rent levels and vacancy rates occurring during 1992 with those observed during 1991 and used when applying the income approach to value for FY93. Adjustment factors for FY94 will be derived from these comparisons where movement has been observed in the rental market from 1991 to 1992.

In the absence of sales of commercially zoned vacant land, commercial land values will adjusted to reflect changes in FY94 commercial values by district.



EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

CITY OF CAMBRIDGE
CAMBRIDGE, MASSACHUSETTS 02139

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12.

May 3, 1993

To The Honorable, The City Council:

Please find attached a response to Awaiting Report Item No. 36, regarding the procedures used by the Assessors Office in determining assessed values for fiscal year 1994, received from Sally Powers, Director of Assessment, concerning this issue.

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Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Healy", written over a horizontal line.

Robert W. Healy
City Manager

RWH/mev
attachment

8-215

Awaiting Report Item No. 36 regarding
the procedures used by the Assessor's
Office in determining assessed values
for fiscal year 1994.

*for original order see
Finance 1993 # 54.*

In City Council,

May 3, 1993

Placed on file