CCM-101

City of Cambridge

Agenda Item No. 1(A)

IN CITY COUNCIL

June 8, 1987

ORDERED:

That the City Council classify property within the City of Cambridge into five property classes allowed for the purpose of allocating the property tax levy and that the City Council hereby establishes a residential factor of 66.5145%.

In City Council June 8, 1987.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- John E. Flynn, Deputy City Clerk.

A true copy;

ATTEST:- John E Flynn

John E. Flynn, Deputy City Clerk.

City of Cambridge

MASSACHUSETTS

AGENDA ITEM NO. 1(A)   In City Council June 8 1987

RE: CLASSIFICATION OF PROPERTY WITHIN THE CITY INTO FIVE PROPERTY CLASSES ALLOWED FOR THE PURPOSE OF ALLOCATING THE PROPERTY TAX LEVY & ADOPTION OF A RESIDENTIAL FACTOR OF 66.5145%, THE MINIMUM PERMITTED

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy	X			
Mr. Francis H. Duehay	X			
Ms. Saundra Graham	X			
Mrs. Sheila T. Russell	X			
Mr. David E. Sullivan	X			
Mr. Alfred Vellucci	X			
Mr. William H. Walsh	X			
Ms. Alice K. Wolf	X			
Mayor Walter J. Sullivan	X			
	9	0	0	0

COUNCILLOR DANEHY MADE A MOTION FOR SUSPENSION OF THE RULES IN ORDER TO MOVE RECONSIDERATION, HOPING THAT THE SAME WOULD NOT PREVAIL. THE QUESTION THEN CAME ON SUSPENSION AND ON A VOICE VOTE THE RULES WERE SUSPENDED. THE QUESTION NOW CAME ON RECONSIDERATION AND ON A ROLL CALL VOTE RECONSIDERATION FAILED.

4. The following information was derived from the Residential Factor Computation Report. Please indicate in Column D the new percentage shares (accurate to 4 digits to right of decimal point) of the tax levy resulting from your selected residential factor. If a residential factor of "1" has been selected, you may leave Column D blank. The full value tax share for each of your property classes that your community will employ are listed under Column C.

A Class	B Certified Full Cash Value of Assessments Total Tax Levy	C Percentage Full Value Shares of	D New Percentage Shares of Total Tax Levy
1. Residential	$ 3,578,489,420	59.8907%	39.8360
2. Open Space	0	0.0000	
3. Commercial	1,728,000,780	28.9204	43.3806
4. Industrial	519,006,820	8.6863	13.0295
5. Personal Property	149,534,722	2.5026	3.7539
Totals	$ 5,975,031,742	100.0000	100.000

5. I hereby attest that notice was given to taxpayers that a public hearing on the issue of adopting the tax levy percentages for fiscal year 19 87 would be held on June 8, 1987 (date), 5:30 P.M. (time), at City Hall (place), by Public Information Notice (describe type of notice)

Cambridge Chronicle 6/4/87

Deputy City Clerk

6. It is hereby attested that on June 8, 1987 (date) 5:30 P.M. (time), at City Hall (place) a public hearing was held on the issue of adopting the tax levy percentages for fiscal year 1987, that the Board of Assessors presented information and data relevant to making such a determination and the fiscal effect of the available alternatives at the hearing and that the percentages set forth above were duly adopted in public session on June 8, 1987 (date) (and approved by Mayor on June 8, 1987 (date)

City Councillors or Aldermen

Mayor

LA5 (5-87)

CCM-101

City of Cambridge

Agenda Item No. 1(B)

IN CITY COUNCIL

June 8, 1987

ORDERED:

That the City Council approve a ten (10) percent residential exemption for owner-occupied homes, which will produce a residential tax rate of $9.81, while, the commercial, industrial and personal property tax will be $20.76.

In City Council June 8, 1987.
Adopted by a yea and nay vote:-
Yeas 8; Nays 1; Absent 0.
Attest:- John E. Flynn, Deputy City Clerk.

A true copy;

ATTEST:- John E. Flynn

John E. Flynn, Deputy City Clerk.

G.P. 104

City of Cambridge

MASSACHUSETTS

In City Council June 8 1987

AGENDA ITEM NO. 1(B)

RE: APPROVAL OF A TEN PERCENT RESIDENTIAL EXEMPTION FOR OWNER-OCCUPIED HOMES, WHICH WILL PRODUCE A RESIDENTIAL TAX RATE OF $9.81, WHILE THE COMMERCIAL INDUSTRIAL & PERSONAL PROPERTY RATE WILL BE $20.76

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy	X			
Mr. Francis H. Duehay	X			
Ms. Saundra Graham	X			
Mrs. Sheila T. Russell	X			
Mr. David E. Sullivan		X		
Mr. Alfred Vellucci	X			
Mr. William H. Walsh	X			
Ms. Alice K. Wolf	X			
Mayor Walter J. Sullivan	X			
	8	1	0	0

COUNCILLOR DANEHY MADE A MOTION FOR SUSPENSION OF THE RULES IN ORDER TO MOVE RECONSIDERATION, HOPING THAT THE SAME WOULD NOT PREVAIL. THE QUESTION THEN CAME ON SUSPENSION AND ON A VOICE VOTE THE RULES WERE SUSPENDED. THE QUESTION NOW CAME ON RECONSIDERATION AND ON A ROLL CALL VOTE RECONSIDERATION FAILED.

CCM-101

City of Cambridge

Agenda Item No. 1(C)

IN CITY COUNCIL
June 8, 1987

ORDERED:

That the City Council hereby accepts Clause 17D of Chapter 59, Section 5 of the General Laws of the Commonwealth of Massachusetts as amended by Section 1 of Chapter 73 of the Acts of 1986, which pertains to real estate exemption for surviving spouses, minors, and aged persons.

In City Council June 8, 1987.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- John E. Flynn, Deputy City Clerk.

A true copy;

ATTEST:- John E. Flynn
John E. Flynn, Deputy City Clerk.

C. . 104

City of Cambridge

MASSACHUSETTS

In City Council JUNE 8 198 7

AGENDA ITEM NO. 1(C)

RE: CITY COUNCIL ACCEPT CLAUSE 170 OF CHAPTER 59, SECTION 5 OF THE GENERAL LAWS AS AMENDED BY SECTION 1 OF CHAPTER 73 OF THE ACTS OF 1986, PERTAINING TO REAL ESTATE EXEMPTION FOR SURVIVING SPOUSES, MINORS & AGED PERSONS.

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy	X			
Mr. Francis H. Duehay	X			
Ms. Saundra Graham	X			
Mrs. Sheila T. Russell	X			
Mr. David E. Sullivan	X			
Mr. Alfred Vellucci	X			
Mr. William H. Walsh	X			
Ms. Alice K. Wolf	X			
Mayor Walter J. Sullivan	X			
	9	0	0	0

COUNCILLOR DANEHY MADE A MOTION FOR SUSPENSION OF THE RULES IN ORDER TO MOVE RECONSIDERATION, HOPING THAT THE SAME WOULD NOT PREVAIL. THE QUESTION THEN CAME ON SUSPENSION AND ON A VOICE VOTE THE RULES WERE SUSPENDED. THE QUESTION NOW CAME ON RECONSIDERATION AND ON A ROLL CALL VOTE RECONSIDERATION FAILED

City of Cambridge

Agenda Item No. 1(D)

IN CITY COUNCIL

June 8, 1987

ORDERED:

That the City Council hereby accepts Clause 41C of Chapter 59, Section 5 of the General Laws of the Commonwealth of Massachusetts as amended by Section 3 of Chapter 73 of the Acts of 1986 which pertains to real estate exemptions for persons aged 70 or older.

In City Council June 8, 1987.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- John E. Flynn, Deputy City Clerk.

A true copy;

ATTEST:- John E. Flynn
John E. Flynn, Deputy City Clerk.

City of Cambridge

MASSACHUSETTS

In City Council June 8 1987

AGENDA ITEM NO. 1(D)

RE: CITY COUNCIL ACCEPT CLAUSE 41C OF CHAPTER 59, SECTION 5 OF THE GENERAL LAWS AS AMENDED BY SECTION 3 OF CHAPTER 73 OF THE ACTS OF 1986, PERTAINING TO REAL ESTATE EXEMPTIONS FOR PERSONS AGED 70 OR OLDER

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy	X			
Mr. Francis H. Duehay	X			
Ms. Saundra Graham	X			
Mrs. Sheila T. Russell	X			
Mr. David E. Sullivan	X			
Mr. Alfred Vellucci	X			
Mr. William H. Walsh	X			
Ms. Alice K. Wolf	X			
Mayor Walter J. Sullivan	X			
	9	0	0	0

COUNCILLOR DANEHY MADE A MOTION FOR SUSPENSION OF THE RULES IN ORDER TO MOVE RECONSIDERATION, HOPING THAT THE SAME WOULD NOT PREVAIL. THE QUESTION THEN CAME ON SUSPENSION AND ON A VOICE VOTE THE RULES WERE SUSPENDED. THE QUESTION NOW CAME ON RECONSIDERATION AND ON A ROLL CALL VOTE RECONSIDERATION FAILED.

CCM-101

City of Cambridge

Agenda Item No. 1(E)

IN CITY COUNCIL

June 8, 1987

ORDERED:

That the City Council in accordance with the General Laws, Section 4 of Chapter 73 of the Acts of 1986, hereby double the normal value of statutory exemptions for FY-1987.

In City Council June 8, 1987.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- John E. Flynn, Deputy City Clerk.

A true copy;

ATTEST:- John E. Flynn
John E. Flynn, Deputy City Clerk.

City of Cambridge

MASSACHUSETTS

In City Council JUNE 8 1987

AGENDA ITEM NO. 1(E)
RE: IN ACCORDANCE WITH STATE LAW, THE COUNCIL VOTE TO DOUBLE THE NORMAL VALUE OF STATUTORY EXEMPTIONS FOR FY87. (GENERAL LAWS, SECTION 4 OF CHAPTER 73 OF THE ACTS OF 1986)

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy	X			
Mr. Francis H. Duehay	X			
Ms. Saundra Graham	X			
Mrs. Sheila T. Russell	X			
Mr. David E. Sullivan	X			
Mr. Alfred Vellucci	X			
Mr. William H. Walsh	X			
Ms. Alice K. Wolf	X			
Mayor Walter J. Sullivan	X			
	9	0	0	0

COUNCILLOR DANEHY MADE A MOTION FOR SUSPENSION OF THE RULES IN ORDER TO MOVE RECONSIDERATION, HOPING THAT THE SAME WOULD NOT PREVAIL. THE QUESTON THEN CAME ON SUSPENSION AND ON A VOICE VOTE THE RVOTE THE RULES WERE SUSPENDED. THE QUESTION NOW CAME ON RECONSIDERATION AND ON A ROLL CALL VOTE RECONSIDERATION FAILED.

C. C. 106

City of Cambridge

CITY COUNCIL HEARING SCHEDULE

Monday, June 8, 1987	4:00 P. M.	Regular City Council Meeting. (Sullivan Chamber)
	5:30 P. M.	The City Council has scheduled a public hearing relative to establishing the FY87 property tax rates. (Sullivan Chamber)
Monday, June 15, 1987	5:00 P. M.	Regular City Council Meeting. (Sullivan Chamber)
	6:00 P. M.	The City Council has scheduled a public hearing to discuss a previously adopted City Council order regarding problems associated with the vacant lot at the corner of Watson and Brookline Streets. (Sullivan Chamber)
	7:00 P. M.	The City Council has scheduled a public hearing with regard to violations of the Noise Ordinance on the part of Star Market in Porter Square. (Sullivan Chamber)
Tuesday, June 16, 1987	5:30 P. M.	The Committee on Rent Control will meet to continue discussions on the following items: 1. The proposed revision to Regulation 72.03 to base fair net operating income for all units in the City on 1967 rents and expenses. (Sullivan Chamber) 2. The advisability of allowing tenants of three (3) years standing the right to recieve removal permits in order that they may purchase said units. (Sullivan Chamber) 3. To review the terms and qualifications of Rent Control Board members. (Sullivan Chamber)

A true copy;

ATTEST:- John E. Flynn

John E. Flynn, Deputy City Clerk.

C.F. 108

City of Cambridge

MASSACHUSETTS

In City Council June 8, 1987

AGENDA ITEM NO. 1(A)
RE: CLASSIFICATION OF PROPERTY WITHIN THE CITY INTO FIVE PROPERTY CLASSES ALLOWED FOR THE PURPOSE OF ALLOCATING THE PROPERTY TAX LEVY & ADOPTION OF A RESIDENTIAL FACTOR OF 66.5145%, THE MINIMUM PERMITTED

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Saundra Graham	✓			
Mrs. Sheila T. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Alfred Vellucci	✓			
Mr. William H. Walsh	✓			
Ms. Alice K. Wolf	✓			
Mayor Walter J. Sullivan	✓			
C. Danehy Moves Susp. Reconsideration fails.	9	0	0	0

C. C. 108

City of Cambridge

MASSACHUSETTS

In City Council June 8, 1987

AGENDA ITEM NO. 1(B)
RE: APPROVAL OF A TEN PERCENT RESIDENTIAL EXEMPTION FOR OWNER-OCCUPIED HOMES, WHICH WILL PRODUCE A RESIDENTIAL TAX RATE OF $9.81, WHILE THE COMMERCIAL INDUSTRIAL & PERSONAL PROPERTY RATE WILL BE $20.76.

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Saundra Graham	✓			
Mrs. Sheila T. Russell	✓			
Mr. David E. Sullivan		✓		
Mr. Alfred Vellucci	✓			
Mr. William H. Walsh	✓			
Ms. Alice K. Wolf	✓			
Mayor Walter J. Sullivan	✓			
C. Danehy Moved susp. Rec. Fails.	8	1	0	0

CCM-101

City of Cambridge

Agenda Item No. 1(A)

IN CITY COUNCIL

June 8, 1987

ORDERED:

That the City Council classify property within the City of Cambridge into five property classes allowed for the purpose of allocating the property tax levy and that the City Council hereby establishes a residential factor of 66.5145%.

In City Council June 8, 1987.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- John E. Flynn, Deputy City Clerk.

A true copy;

ATTEST:- John E Flynn
John E. Flynn, Deputy City Clerk.

CCM-101

City of Cambridge

Agenda Item No. 1(B)

IN CITY COUNCIL

June 8, 1987

ORDERED:

That the City Council approve a ten (10) percent residential exemption for owner-occupied homes, which will produce a residential tax rate of $9.81, while, the commercial, industrial and personal property tax will be $20.76.

In City Council June 8, 1987.
Adopted by a yea and nay vote:-
Yeas 8; Nays 1; Absent 0.
Attest:- John E. Flynn, Deputy City Clerk.

A true copy;

ATTEST:- John E. Flynn
John E. Flynn, Deputy City Clerk.

CCM-101

City of Cambridge

Agenda Item No. 1(C)

IN CITY COUNCIL
June 8, 1987

ORDERED:

That the City Council hereby accepts Clause 17D of Chapter 59, Section 5 of the General Laws of the Commonwealth of Massachusetts as amended by Section 1 of Chapter 73 of the Acts of 1986, which pertains to real estate exemption for surviving spouses, minors, and aged persons.

In City Council June 8, 1987.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- John E. Flynn, Deputy City Clerk.

A true copy;
ATTEST:- John E. Flynn
John E. Flynn, Deputy City Clerk.

CCM-101

City of Cambridge

Agenda Item No. 1(D)

IN CITY COUNCIL

June 8, 1987

ORDERED:

That the City Council hereby accepts Clause 41C of Chapter 59, Section 5 of the General Laws of the Commonwealth of Massachusetts as amended by Section 3 of Chapter 73 of the Acts of 1986 which pertains to real estate exemptions for persons aged 70 or older.

In City Council June 8, 1987.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- John E. Flynn, Deputy City Clerk.

A true copy;

ATTEST:- John E. Flynn
John E. Flynn, Deputy City Clerk.

CCM-101

City of Cambridge

Agenda Item No. 1(E)

IN CITY COUNCIL

June 8, 1987

ORDERED:

That the City Council in accordance with the General Laws, Section 4 of Chapter 73 of the Acts of 1986, hereby double the normal value of statutory exemptions for FY-1987.

In City Council June 8, 1987.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- John E. Flynn, Deputy City Clerk.

A true copy;

ATTEST:- John E. Flynn
John E. Flynn, Deputy City Clerk.

C. C. 108

City of Cambridge

MASSACHUSETTS

In City Council June 8, 1987

AGENDA ITEM NO. 1(C) 17D

RE: CITY COUNCIL ACCEPT CLAUSE 170 OF CHAPTER 59, SECTION 5 OF THE GENERAL LAWS AS AMEMDED BY SECTION 1 OF CHAPTER 73 OF THE ACTS OF 1986, PERTAINING TO REAL ESTATE EXEMPTION FOR SURVIVING SPOUSES, MINORS & AGED PERSONS.

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Saundra Graham	✓			
Mrs. Sheila T. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Alfred Vellucci	✓			
Mr. William H. Walsh	✓			
Ms. Alice K. Wolf	✓			
Mayor Walter J. Sullivan	✓			
	9	0	0	0

C. Danehy
Moved Susp.
Recon. Fails.

C. C. 108

City of Cambridge

MASSACHUSETTS

In City Council June 8, 1987

AGENDA ITEM NO. 1(D)
RE: CITY COUNCIL ACCEPT CLAUSE 41C OF CHAPTER 59, SECTION 5 OF THE GENERAL LAWS AS AMENDED BY SECTION 3 OF CHAPTER 73 OF THE ACTS OF 1986, PERTAINING TO REAL ESTATE EXEMPTIONS FOR PERSONS AGED 70 OR OLDER

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Saundra Graham	✓			
Mrs. Sheila T. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Alfred Vellucci	✓			
Mr. William H. Walsh	✓			
Ms. Alice K. Wolf	✓			
Mayor Walter J. Sullivan	✓			
	9	0	0	0

C. Danehy
Moved Susp.
Recon. Fails.

C.C. 108

City of Cambridge

MASSACHUSETTS

In City Council June 8, 1987

AGENDA ITEM NO. 1(E)

RE: IN ACCORDANCE WITH STATE LAW, THE COUNCIL VOTE TO DOUBLE THE NORMAL VALUE OF STATUTORY EXEMPTIONS FOR FY87.

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Saundra Graham	✓			
Mrs. Sheila T. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Alfred Vellucci	✓			
Mr. William H. Walsh	✓			
Ms. Alice K. Wolf	✓			
Mayor Walter J. Sullivan	✓			
	9	0	0	0

C. Danehy moved Susp. Recon: Fails

PUBLIC NOTICE
TO
TAXPAYERS AND CITIZENS OF
THE CITY OF CAMBRIDGE, MASSACHUSETTS

RE: FY87 PROPERTY REVALUATION PROGRAM

The City of Cambridge has completed its triennial state-certified property revaluation program. The program has been reviewed by the State Department of Revenue and preliminary certification has been granted.

Assessors are required by Massachusetts law to value all real and personal property within their community. They value every property, from single-family residences to the largest of commercial and industrial enterprises.

Every three years Assessors must submit these values to the state Department of Revenue for certification. Assessors must also maintain the values in the years between certifications. This is done so that each property taxpayer in the community pays his or her fair share of the cost of local government - no more or less - in proportion to the amount of money the property is worth.

Valuation in Massachusetts is based on "full and fair cash value," the amount a willing buyer would pay a willing seller on the open market. Assessors must collect, record, and analyze a great deal of information about property and market characteristics in order to estimate the fair market value of all taxable properties in their communities.

The Assessor does not create value. Rather, he/she has the legal responsibility to discover and reflect the changes that are occurring in the marketplace.

The City urges all taxpayers to determine whether their assessments are fair and equitable. If you have a question regarding your assessment, you MUST file an abatement application within thirty days of the mailing of your bill. This is the first but critical step in the appeal process. If the City denies your abatement application (or grants an abatement you deem inappropriate), you may then appeal to the State Appellate Tax Board.

There are three basic approaches to determine value for assessment purposes. The Income Approach values property based upon the capitalization of the net operating income from rentals. The Cost Approach determines what a structure would cost to rebuild, deducts an appropriate amount for depreciation, and adds a value for land. The Market Approach utilizes sales (i.e., market) data of similar properties to estimate value of unsold properties.

5/27/87

The City has employed various methods in the reassessment process, depending on the type of property. Commercial properties were valued principally by the Income Approach -- the income expected to be generated by the rentals. Rent controlled multi-family properties were also valued by the income method, utilizing maximum rents approved by the Cambridge Rent Control Board. Condominiums are valued using the market approach. Units which sold within a building are used to value other units in that building, adjusting for differing characteristics; if there are no or insufficient sales within a building, sales from comparable buildings are used.

For the valuation of one, two, and three family properties, the City used a direct market analysis method, utilizing a computerized multiple linear regression technique. Multiple regression is a statistical method which attempts to find correlations between the prices of properties which sold and various characteristics of those sold properties. An advantage of multiple regression analysis (MRA) lies in its ability to sift through many different property characteristics to find underlying statistical relationships and to suggest the most accurate collection of variables to use in the valuation process. Further, MRA analyzes the relative importance of the property attributes objectively, rather than by subjective judgement integral to some other approaches . These advantages serve Cambridge well because of its extreme physical heterogeneous and high variability of prices within short distances.

Cambridge market analysis utilized a data base of approximately 530 sales in 1984 and 1985. This method is heavily district oriented. These districts are intended to represent "submarkets" of the City's real estate market and generally reflect the City's traditional neighborhood structure.

For the land portion of value, the most important facts are district location and lot area, with secondary weights going to relative street quality and certain specific lot determinants, such as rear lots or an abutting commercial activity.

The most significant value determinants for buildings are location, building size, quality, and condition, with other variables playing lesser roles in the final value estimates.

Building quality grade is a measure of overall quality, encompassing design, materials, and workmanship, at the time of construction. Building condition is a reflection of physical maintenance and renovations (such as roofs, heating systems, kitchens, baths, etc.).

Land Values Whether we are looking at Cambridge within the Metropolitan area or the Boston area within the nation as a whole, land values are a high percentage of total value.

While we focus upon developing total assessments that ares as accurate as possible, the law requires that a land value and buildings value be determined and printed on tax bills. Land values in a city like Cambridge can be difficult to determine accurately as a separate entity. In the final analysis, however, the taxpayer should focus upon total value in determining whether his or her assessment is fair.

Assessments and Changes in Tax Bills The period 1984-1986 saw extraordinary increases in the value of real estate throughout eastern Massachusetts. Cambridge experienced property appreciation rates that were even greater than the Metropolitan Boston averages. While these value increases are ultimately reflected in tax assessments, they do not automatically mean increases in tax bills.

Whether you experience a tax bill increase depends primarily on three factors: First, did the tax levy increase? (The tax levy is the total amount of city revenue raised from property taxes.) After several years of smaller increases (3%) than was allowed under Proposition 2-1/2, Cambridge's tax levy this year will increase 11%. While new development in the City (200 Million) will absorb some of this increase the average tax bill is likely to escalate nearly ten percent to cover this levy increase. Six Million Dollars of the additional tax levy provides support for the City's Comprehensive Health Care System, Employee Group Health Insurance and Solid Waste Disposal.

Secondly, the average assessment increase is approximately sixty-five percent, although the actual change varies widely by area of the City and by type of property.

The third factor in the tax picture is relationship between total commercial and total residential values. The City has in recent years exercised its option to tax commercial and residential properties at different tax rates, with commercial property being taxed at the maximum permitted by law. It is the City's intention to classify in a similar manner this year. In any event, due to the increase in the total valuation the tax rate per $1000 will decrease for all classes.

Conclusion: The Board of Assessors and City Officials have made every effort to achieve fair and equitable assessments for all taxpayers and will be available to answer your questions. The property value printouts will be available in libraries and the City Hall. The local newspapers will be printing the values upon final certification.

This revaluation program has generated new property assessments - effective for January 1, 1986 - which will be the basis of real estate taxes for the Fiscal Year 1987, beginning July 1, 1986 and ending June 30, 1987. The Spring tax bill, reflecting and indicating your new assessment, will be mailed in mid June and will be payable within thirty days after the date of mailing. Assessing personnel will answer questions pertaining to the new values or statutory exemptions by telephone and by appointment for more specific information. Abatement applications are available from the Assessors Office, Room 201 of City Hall (498-9007). Questions concerning the new assessment should be directed to the Revaluation Office, Room 307 (498-9075).

CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
TEL. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

June 8, 1987

To the Honorable, the City Council:

Recommendation

1. That the City Council classify property within the City of Cambridge into five property classes allowed for the purpose of allocating the property tax levy. It is further recommended that the City Council adopt a residential factor of 66.5%, the minimum permitted.

2. That the City Council approve a ten percent residential exemption for owner-occupied homes, which will produce a residential tax rate of $9.81, while the commercial industrial and personal property rate will be $20.76.

3. That the City Council accept clause 17D of Chapter 59, Section 5 of the General Laws as amended by Section 1 of Chapter 73 of the Acts of 1986, which pertains to real estate exemption for surviving spouses, minors, and aged persons.

4. That the City Council accept clause 41C of Chapter 59, Section 5 of the General Laws as amended by section 3 of Chapter 73 of the Acts of 1986, which pertains to real estate exemptions for persons aged 70 or older.

5. That the City Council in accordance with state law vote to double the normal value of statutory exemptions for FY1987.

Background

Since FY1984 the City Council has followed the state law which allows municipalities to classify property according to use for the purpose of allocating the property tax. The classification law provides that the minimum residential tax rate after classification can result in no less than 65% of what the total tax burden would be on residential properties if all classes were equally taxed. Additionally, the tax burden on commercial and industrial property cannot be no more than 150%of what it would be if all classes were taxed at the same rate. Last year, the City Council adopted the minimum allowable residential factor (65.149%) and also established a ten percent exemption for owner occupied homes.

In March and April of this year the City Council held a series of hearings regarding the FY187 values and tax rate. At that time the final values were not known and it appeared that there would be a significant shift in the tax levy from commercial to residential taxpayers. That expected shift, along with an $8.4 million tax levy increase led staff to estimate a $398 tax bill increase for the "mythical" average owner occupied residential property.

Since that time the City has received preliminary approval from the State Department of Revenue on the FY1987 values. The final property values for 1987 total $5 97 billion, an increase of $2.35 billion over FY1986. Residential values in total are up 68 pecent, while commercial values have increased 61 percent over last year. This final value represents very good news to the residential taxpayer in Cambridge. Rather than having a substantial shift in the tax burden from commercial to residential, the final values will allow the City to adopt a residential classification factor of 66.5 - a modest increase from last years 65.149%. Classification, along with residential exemption, results in a residential tax rate for FY1987 of $9.81 while the commercial tax rate will be $20.76. Enclosed is a copy of the Public Notice Document printed in both Cambridge newspapers in explanation of how the FY87 Revaluation Program occurred.

IMPACT ON RESIDENTIAL PROPERTY OWNERS. As the Council is aware, the average single family, three family, condominium, and multi unit residential property owner paid less in taxes in 1986 than they did in 1981. At the same time the average two family owner paid only $28 more in 1986 than they had in 1981. For FY1987 the average tax bills for the various residential categories will increase over FY1986 us follows:

City Wide
Average Tax Bills

	FY86	FY87	Change
Single Family*	2,321	2,544	223
Two Family*	1,950	2,162	212
Three Family*	1,835	2,250	415
Condominiums*	1,135	1,269	134
4 to 8 Units	1,829	1,894	65
9 Plus Units	11,295	11,941	745

While the average residential taxpayer will pay more in FY1987 than they did in FY1986, the increase is largely attributable to the significant increase in the FY1987 property tax levy. It should also be noted that many property owners will continue to pay less in taxes than they did in 1981, or only slightly more as the table below indicates.

* = Assumes owner occupancy.

The tables that follow compare FY86 exemptions with FY1987 exemptions

Clause 17D Serving spouse, minor or person over the age of 70

		Number of Exemptions	Value of Exemptions	Cost to City
FY1986	Actual	101	175	17,675
FY1987	Estimate	200	350	70,000
Net Additional Cost to City				52,325

Clause 22 Various categories of Veterans and Surviving relatives of Veterans

		Number of Exemptions	Value of Exemptions	Cost to City
FY1986	Actual	396	175	69,300
FY1987	Estimate	396	350	138,600
Net Additional Cost to City				69,300

Clause 22A Various categories of Veterans

		Number of Exemptions	Value of Exemptions	Cost to City
FY1986	Actual	2	350	700
FY1987	Estimate	2	700	1,400
Net Additional Cost to City				700

Clause 22E 100% Disabled Veterans

		Number of Exemptions	Value of Exemptions	Cost to City
FY1986	Actual	10	525	5,250
FY1987	Estimate	10	1,050	10,500
Net Additional Cost to City				5,250

Clause 37A Legally Blind Persons

Number of Value of Cost

to

Exemptions Exemptions

City

FY1986	Actual	47	500	23,500
FY1987	Estimate	47	1,000	47,000
Net Additional Cost to City				23,500

	FY81	FY87	Change
Single Family	$ 2,429	$2,544	+ 115
Two Family	1,930	2,162	+ 232
Three Family	2,048	2,250	+ 202
Condominiums	1,891	1,269	- 622
4 to 8 Units	3,326	1,829	-1,432
9 Plus Units	21,410	11,941	-9,459

Classification, annual revaluation, residential exemption, new commercial development and conservative expenditure growth in City programs have combined to limit the taxes our residential citizens must pay. Perhaps the clearest indication of the success of the City's financial, tax, and development policies can be seen when taxes on residential property are compared with those of other Massachusetts communities. Cambridge has the second lowest residential tax rate within route 128, which means that residential taxpayers in every other neighboring community pay more in taxes for similarly assessed property than Cambridge residents do. The table below gives three examples:

Value of Home	Cambridge	Boston	Somerville	Arlington
100,000	739	1,063	1,327	1,724
200,000	1,720	2,265	2,654	3,448
300,000	2,701	3,467	3,981	5,172
400,000	3,682	4,669	5,308	6,896

The comparisons above are dramatic. A $200,000 owner occupied home in Cambridge pays $934 less than in Somerville, $545 less than one in Boston, and $1,728 less than one in Arlington. The bottom line is that residential taxpayers in Cambridge pay less taxes comparatively than any other municipality within greater Boston, except Woburn.

STATUTORY EXEMPTIONS

State laws regarding statutory exemptions for the elderly have been liberalized for FY1987 which will allow more elderly residents to qualify for a statutory exemption. This change in the law, along with the law that allows the City Council to double the value of exemptions in a year in which state certification occurs, means that many of the City's elderly residents will pay no more in taxes than they did in FY1986. For FY1987, I am recommending that the value of the statutory exemptions be increased by 100 percent to the maximum allowable figure. While the combined effect of the change in the law and the one time doubling of the value of the exemptions will increase the tax levy by approximately $467,000, it is my opinion that this tax break for the elderly is well deserved.

Clause 41C Elderly Persons over age of 70 with some income and net worth restrictions

		Number of Exemptions	Value of Exemptions	Cost to City
FY1986	Actual	87	500	43,500
FY1987	Estimate	360	1,000	360,000
Net Additional Cost to City				316,500

As can be seen from the numbers the two areas where the number of eligible taxpayers are expected to increase clause 17D and clause 41C both of which aid the elderly. It should be noted that state law regarding exemption increases states that if the value of the exemption is increased during a certification year the recipient can only get an exemption that reduces their tax bill to an amount equal to the prior year.

CONCLUSION. The FY 1987 proposed tax rate leaves Cambridge with the second lowest residential taxs in the Metropolitan Boston area. The tax rate, combined with the City Council's acceptance of the state laws that liberalize the eligibility for elderly exemptions and the doubling of the value of those exemptions means that the vast majority of the City's residential taxpayers who are over the age of 70 will pay no more in taxes in 1987 than those they did in 1986. In fact, most likely they will pay less than they did in 1981. This is a remarkable achievement. Our low residential taxes are the direct result of the financial policies of the City Council. The success of these policies can be seen clearly this week, not only in the establishment of the low tax rate, but also in the increase of our bond rating. The City has achieved an amazing financial and economic recovery during the past five years; I am comfortable that the policies established by the City Council will allow Cambridge to maintain its enviable financial condition.

Very truly yours,

Robert W. Healy
City Manager

Agenda Item No. 1 F-258

Re: establishment of the tax rate.

In City Council,

June 8, 1987

Referred to Public Hearing
on June 8 1987 at 5:30 pm.
Five Orders Adopted as
Follows:

A Order Adopted 9-0-0-0
B Order Adopted 8-1-0-0
C Order Adopted 9-0-0-0
D Order Adopted 9-0-0-0
E Order Adopted 9-0-0-0