

BASIC STEPS IN CLASSIFICATION:

1. Full and Fair Cash Value Breakdown into Four Classes and Personal Property. Determine the share of the tax levy in each class by dividing the value in each class by the Total Valuation.
2. Find the maximum allowable tax to be borne by Commercial, Industrial, and Personal Property. (150% x Total Share of Levy in Classes 3, 4 and Personal Property)
3. Minimum allowable tax to be borne by Residential and Open Space 100% - answer from Step 2.
4. Minimum Residential Factor (to be determined by the Commissioner)
MRF = % from Step 3 divided by [% for Class 1 + % for Class 2
5. Determine the portion of the tax levy to be borne by each class at either the minimum residential factor or a higher factor.
6. Computation of the tax levy for each class.
7. Computation of the tax rates for each class.
8. Computation of the tax rates if a Residential Exemption is used.

ADDITIONAL STEPS IF YOU WANT TO COMPARE YOUR COMMUNITY
BEFORE AND AFTER REVALUATION

9. Old Valuation breakdown into Four Classes and Personal Property. Determine the share of the levy for each class before revaluation by dividing the old value in each class by the Total Valuation.
10. Divide the % for Class 1 from Step 9 by the % for Class 1 from Step 1. This will tell you what residential factor is necessary in order to maintain the status quo in the Residential Class. If this % is less than the Minimum Residential Factor, you cannot use it and the MRF is the closest you can get to maintaining the status quo.

City of Cambridge

AGENDA ITEM NO. 5/A (1ST ROLL CALL)

MASSACHUSETTS

In City Council December 5, 1983

RE: CITY MANAGER'S RECOMMENDATION THAT THE CITY COUNCIL CLASSIFY PROPERTY IN CAMBRIDGE INTO THE FIVE PROPERTY CLASSES ALLOWED FOR THE PURPOSE OF ALLOCATING THE PROPERTY TAX LEVY, INCLUSIVE OF COUNCILLOR DUEHAY'S AMENDMENT (WHICH HAD PASSED ON A VOICE VOTE) TO SET THE RESIDENTIAL TAX RATE AT \$15.56 PER \$1,000. OF VALUATION & THE COMMERCIAL/ INDUSTRIAL TAX RATE AT \$35.95 PER \$1,000., AS OPPOSED TO THE CITY MANAGER'S ORIGINAL RECOMMENDATION THAT THE COUNCIL ADOPT A RESIDENTIAL FACTOR OF 70.9%, WHICH WOULD RESULT IN A RESIDENTIAL TAX RATE OF \$17.00 PER \$1,000. & A COMMERCIAL/INDUSTRIAL TAX RATE OF \$33.12 PER \$1,000.

	YEA	NAY	ABSENT	PRESENT
Mr. Daniel J. Clinton				✓
Mr. Thomas W. Danehy				✓
Mr. Francis H. Duehay	✓			
Ms. Sandra Graham	✓			
Mr. Leonard J. Russell				✓
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan				✓
Mr. Wylie	✓			
Mayor Vellucci			✓	

4 0 1 4

Order as amended - Passed or withdrawn

2

City of Cambridge

MASSACHUSETTS

In City Council December 5, 1983

AGENDA ITEM NO. 5 (2nd Roll Call)

RE: VOTE OF THE CITY COUNCIL TO RECONSIDER COUNCILLOR DUEHAY'S AMENDMENT TO THE CITY MANAGER'S RECOMMENDATIONS ON THE RESIDENTIAL & COMMERCIAL/INDUSTRIAL TAX RATES. SAID AMENDMENT CALLING FOR A RESIDENTIAL TAX RATE OF \$15.56 PER \$1,000. OF VALUATION & A COMMERCIAL/INDUSTRIAL TAX RATE OF \$35.95 PER \$1,000. OF VALUATION.

	YEA	NAY	ABSENT	PRESENT
Mr. Daniel J. Clinton		✓		
Mr. Thomas W. Danehy		✓		
Mr. Francis H. Duehay	✓			
Ms. Sandra Graham	✓			
Mr. Leonard J. Russell		✓		
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan		✓		
Mr. Wylie	✓			
Mayor Vellucci			✓	

4 4 1

Motion to reconsider vote of City Council to adopt the order as amended -

Failed

#3

Motion to Reconsider

City of Cambridge

AGENDA ITEM NO. 5 (3rd Roll Call)

MASSACHUSETTS

In City Council December 5, 1983

RE: VOTE OF THE CITY COUNCIL TO RECONSIDER THE RECOMMENDATIONS OF THE CITY MANAGER AS SUBMITTED, TO CLASSIFY CAMBRIDGE PROPERTY INTO THE FIVE PROPERTY CLASSES ALLOWED FOR THE PURPOSE OF ALLOCATING THE PROPERTY TAX LEVY & HIS FURTHER RECOMMENDATION THAT THE COUNCIL ADOPT A RESIDENTIAL FACTOR OF 70.9%, RESULTING IN A RESIDENTIAL TAX RATE OF \$17.00 PER \$1,000. OF VALUATION & A COMMERCIAL/INDUSTRIAL TAX RATE OF \$33.12 PER \$1,000. OF VALUATION.

	YEA	NAY	ABSENT	PRESENT
Mr. Daniel J. Clinton	✓			
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Sandra Graham	✓			
Mr. Leonard J. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan	✓			
Mr. Wylie	✓			
Mayor Vellucci			✓	

8 0 1

Reconsideration

Carried

Motion of Councilor Walter J. Sullivan.

#4

City of Cambridge

AGENDA ITEM NO. 5A(4th Roll Call)

MASSACHUSETTS

In City Council December 5, 198 3

RE: FINAL VOTE OF THE CITY COUNCIL TO ADOPT THE RECOMMENDATIONS OF THE CITY MANAGER AS SUBMITTED TO CLASSIFY CAMBRIDGE PROPERTY INTO THE FIVE PROPERTY CLASSES ALLOWED FOR THE PURPOSE OF ALLOCATING THE PROPERTY TAX LEVY & TO ADOPT HIS FURTHER RECOMMENDATION THAT THE COUNCIL ADOPT A RESIDENTIAL FACTOR OF 70.9%, RESULTING IN A RESIDENTIAL TAX RATE OF \$17.00 PER \$1,000. OF VALUATION & TO ADOPT A COMMERCIAL/ INDUSTRIAL TAX RATE OF \$33.12 PER \$1,000. OF VALUATION

	YEA	NAY	ABSENT	PRESENT
Mr. Daniel J. Clinton	✓			
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Sandra Graham		✓		
Mr. Leonard J. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan	✓			
Mr. Wylie	✓			
Mayor Vellucci			✓	

9 1 1

[Handwritten signature]
PP
A

Final Vote on #1
Recommendation as submitted
by the City Manager

Roll Call #2

City of Cambridge

MASSACHUSETTS

In City Council

December 5, 1983

AGENDA ITEM NO. 5 (B)

RE: CITY MANAGER'S RECOMMENDATION THAT THE CITY COUNCIL NOT APPROVE A TEN PERCENT RESIDENTIAL EXEMPTION FOR OWNER OCCUPIED HOMES.

	YEA	NAY	ABSENT	PRESENT
Mr. Daniel J. Clinton	✓			
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Sandra Graham	✓			
Mr. Leonard J. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan	✓			
Mr. Wylie	✓			
Mayor Vellucci			✓	

8 0 1

Roll Call #8
City of Cambridge

MASSACHUSETTS

In City Council December 5, 1984

AGENDA ITEM NO. 5 (C)

RE: CITY MANAGER'S RECOMMENDATION THAT THE CITY COUNCIL ACCEPT CLAUSE 17C OF CHAPTER 59, SECTION 5 OF THE GENERAL LAWS AS AMENDED BY SECTION 2, CHAPTER 653 OF THE ACTS OF 1982, WHICH PERTAINS TO REAL ESTATE EXEMPTIONS FOR SURVIVING SPOUSES, MINORS & AGED PERSONS.

	YEA	NAY	ABSENT	PRESENT
Mr. Daniel J. Clinton	✓			
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Sandra Graham	✓			
Mr. Leonard J. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan	✓			
Mr. Wylie	✓			
Mayor Vellucci			✓	

8 0 1

- Order Adopted -

Roll Call #4
City of Cambridge

MASSACHUSETTS

In City Council

December 5, 1983

AGENDA ITEM NO. 5 (D)

RE: CITY MANAGER'S RECOMMENDATION THAT THE CITY COUNCIL ACCEPT CLAUSE 37A OF CHAPTER 59, SECTION 5 OF THE GENERAL LAWS AS AMENDED BY CHAPTER 258, OF THE ACTS OF 1982, WHICH PERTAINS TO REAL ESTATE EXEMPTIONS TO PERSONS WHO ARE LEGALLY BLIND.

	YEA	NAY	ABSENT	PRESENT
Mr. Daniel J. Clinton	✓			
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Sandra Graham	✓			
Mr. Leonard J. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan	✓			
Mr. Wylie	✓			
Mayor Vellucci			✓	

8 0 1

- Order Adopted -

Roll Call #5

City of Cambridge

MASSACHUSETTS

In City Council December 5, 1983

AGENDA ITEM NO. 5 (E)

RE: CITY MANAGER'S RECOMMENDATION THAT THE CITY COUNCIL ACCEPT CLAUSE 41B OF CHAPTER 59, SECTION 5 OF THE GENERAL LAWS AS AMENDED BY SECTION 5, OF CHAPTER 653 OF THE ACTS OF 1982, WHICH PERTAINS TO REAL ESTATE EXEMPTIONS FOR PERSONS AGED SEVENTY OR OLDER.

	YEA	NAY	ABSENT	PRESENT
	✓			
Mr. Daniel J. Clinton	✓			
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Sandra Graham	✓			
Mr. Leonard J. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan	✓			
Mr. Wylie	✓			
Mayor Vellucci			✓	

8 0 1

Poll Case #16

City of Cambridge

MASSACHUSETTS

In City Council December 5, 1983

AGENDA ITEM NO. 5 (F)

RE: CITY MANAGER'S RECOMMENDATION THAT THE CITY COUNCIL ACCEPT SECTION 8 OF CHAPTER 653 OF THE ACTS OF 1982, WHICH PROVIDES FOR ADDITIONAL EXEMPTIONS IN THE YEAR A CITY OR TOWN IS FIRST CERTIFIED AS ASSESSING AT FULL AND FAIR CASH VALUE.

	YEA	NAY	ABSENT	PRESENT
Mr. Daniel J. Clinton	✓			
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Sandra Graham	✓			
Mr. Leonard J. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan	✓			
Mr. Wylie	✓			
Mayor Vellucci			✓	

8 0 1

Order Adopted.

Agenda #5

City of Cambridge

MASSACHUSETTS

In City Council December 5, 1983

AGENDA ITEM NUMBER FIVE (2)

Roll Call #2

	YEA	NAY	ABSENT	PRESENT
Mr. Daniel J. Clinton	✓			
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Sandra Graham	✓			
Mr. Leonard J. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan	✓			
Mr. Wylie	✓			
Mayor Vellucci			✓	

8 0 1

Order Adopted

Agenda #5

City of Cambridge

MASSACHUSETTS

In City Council

December 5, 1983

AGENDA ITEM NUMBER FIVE (3)

Roll Call #3

	YEA	NAY	ABSENT	PRESENT
Mr. Daniel J. Clinton	✓			
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Sandra Graham	✓			
Mr. Leonard J. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan	✓			
Mr. Wylie	✓			
Mayor Vellucci			✓	

8 0 1

- Debra Helgeson

Agenda #5

City of Cambridge

MASSACHUSETTS

In City Council December 5, 1983

AGENDA ITEM NUMBER FIVE (4)

Roll Call #4

	YEA	NAY	ABSENT	PRESENT
Mr. Daniel J. Clinton	✓			
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Sandra Graham	✓			
Mr. Leonard J. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan	✓			
Mr. Wylie	✓		✓	
Mayor Vellucci				

8 0 1

Order Adopted

Agenda #5

City of Cambridge

MASSACHUSETTS

In City Council

December 5, 1983

AGENDA ITEM NUMBER FIVE (5)

Roll Call #5

	YEA	NAY	ABSENT	PRESENT
Mr. Daniel J. Clinton	✓			
Mr. Thomas W. Danahy	✓			
Mr. Francis H. Duehay	✓			
Ms. Sandra Graham	✓			
Mr. Leonard J. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan	✓			
Mr. Wylie	✓			
Mayor Vellucci			✓	

8 0 1

*Order
Adopted*

Agenda Five

City of Cambridge

MASSACHUSETTS

In City Council December 5, 1983

AGENDA ITEM NUMBER FIVE (6)

Roll Call #6

	YEA	NAY	ABSENT	PRESENT
Mr. Daniel J. Clinton	✓			
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Sandra Graham	✓			
Mr. Leonard J. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan	✓			
Mr. Wylie	✓			
Mayor Vellucci			✓	

8 0 1

*Order
Adopted*



City of Cambridge

IN CITY COUNCIL

December 5, 1983

ORDERED:

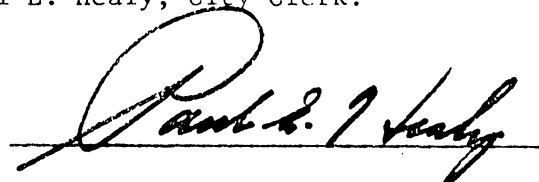
That the City of Cambridge adopt a Residential Factor of 70.8629%, with no discount granted to the open space category, for purposes of setting the Fiscal 1984 tax rates; such factor will result in the following percentage shares of the total tax levy:

Class 1 Residential:	40.1185%
Class 2 Open Space:	0%
Class 3 Commercial:	37.1281%
Class 4 Industrial:	17.6068%
Class 5 Personal Property:	<u>5.1466%</u>
TOTAL	100.0000%

In City Council December 5, 1983.
 Adopted by a yea and nay vote:-
 Yeas 7; Nays 1; Absent 1.
 Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-


 Paul E. Healy, City Clerk.



City of Cambridge

#12

IN CITY COUNCIL

December 5, 1983

ORDERED:

That the City Council go on record accepting the recommendation of the City Manager NOT to adopt the 10% Residential Exemption.

In City Council December 5, 1983.
Adopted by a yea and nay vote:-
Yeas 8; Nays 0; Absent 1.
Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-

Paul E. Healy, City Clerk.



City of Cambridge

#3

IN CITY COUNCIL

December 5, 1983

ORDERED:

That the Cambridge City Council herewith accepts Clause 37A of Chapter 59, Section 5 of the General Laws as amended by Chapter 258, of the Acts of 1982, which pertains to real estate exemptions to persons who are legally blind, as recommended in the City Manager's report of December 5, 1983.

In City Council December 5, 1983.
Adopted by a ye and nay vote:-
Yeas 8; Nays 0; Absent 1.
Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in cursive script, reading "Paul E. Healy", written over a horizontal line.

Paul E. Healy, City Clerk.



City of Cambridge

#4

IN CITY COUNCIL

December 5, 1983

ORDERED:

That the Cambridge City Council herewith accepts Clause 17C of Chapter 59, Section 5 of the General Laws, as amended by Section 2, Chapter 653 of the Acts of 1982, which pertains to real estate exemptions for surviving spouses, minors and aged persons, as recommended in the City Manager's report of December 5, 1983.

In City Council December 5, 1983.
Adopted by a yea and nay vote:-
Yeas 8; Nays 0; Absent 1.
Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in cursive script, reading "Paul E. Healy", written over a horizontal line.

Paul E. Healy, City Clerk.



City of Cambridge

#6

IN CITY COUNCIL

December 5, 1983

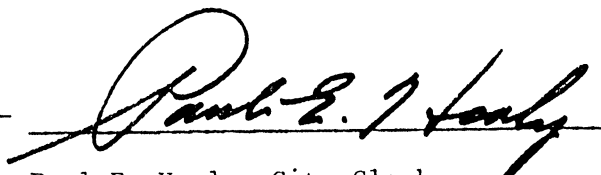
ORDERED:

That the Cambridge City Council accept Section 8 of Chapter 653 of the Acts of 1982, which provides for additional exemptions in the year a city or town is first certified as assessing at full and fair cash value, as recommended in City Manager's report of December 5, 1983.

In City Council December 5, 1983.
Adopted by a yea and nay vote:-
Yeas 8; Nays 0; Absent 1.
Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-


Paul E. Healy, City Clerk.



City of Cambridge

#3

IN CITY COUNCIL

December 5, 1983

ORDERED:

That the Cambridge City Council herewith accepts Clause 41B of Chapter 59, Section 5 of the General Laws as amended by Section 5, of Chapter 653 of the Acts of 1982, which pertains to real estate exemptions for persons aged 70 or older, as recommended in City Manager's report of December 5, 1983.

In City Council December 5, 1983.
Adopted by a ye and nay vote:-
Yeas 8; Nays 0; Absent 1.
Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in cursive script, reading "Paul E. Healy", written over a horizontal line.

Paul E. Healy, City Clerk.

(Original as submitted)



City of Cambridge

IN CITY COUNCIL

December 5, 1983

ORDERED:

That the City of Cambridge NOT adopt the 10% Residential Exemption.

That the City Council go on record accepting the recommendation of the City Manager NOT to adopt the 10% Residential Exemption.



City of Cambridge

IN CITY COUNCIL

December 5, 1983

ORDERED:

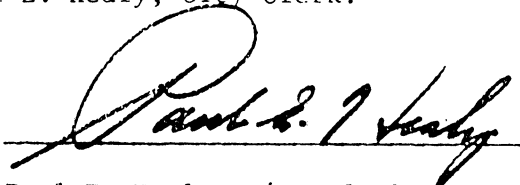
That the City of Cambridge adopt a Residential Factor of 70.8629%, with no discount granted to the open space category, for purposes of setting the Fiscal 1984 tax rates; such factor will result in the following percentage shares of the total tax levy:

Class 1 Residential:	40.1185%
Class 2 Open Space:	0%
Class 3 Commercial:	37.1281%
Class 4 Industrial:	17.6068%
Class 5 Personal Property:	<u>5.1466%</u>
TOTAL	100.0000%

In City Council December 5, 1983.
 Adopted by a yea and nay vote:-
 Yeas 7; Nays 1; Absent 1.
 Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-


 Paul E. Healy, City Clerk.



City of Cambridge

IN CITY COUNCIL

December 5, 1983

ORDERED:

That the City Council go on record accepting the recommendation of the City Manager NOT to adopt the 10% Residential Exemption.

In City Council December 5, 1983.
Adopted by a yea and nay vote:-
Yeas 8; Nays 0; Absent 1.
Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in cursive script that reads "Paul E. Healy".

Paul E. Healy, City Clerk.



City of Cambridge

IN CITY COUNCIL

December 5, 1983

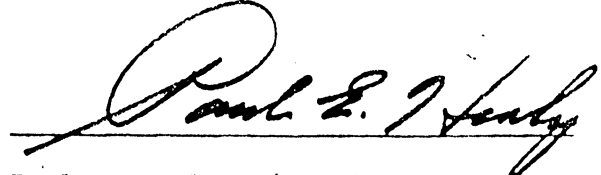
ORDERED:

That the Cambridge City Council herewith accepts Clause 37A of Chapter 59, Section 5 of the General Laws as amended by Chapter 258, of the Acts of 1982, which pertains to real estate exemptions to persons who are legally blind, as recommended in the City Manager's report of December 5, 1983.

In City Council December 5, 1983.
Adopted by a yeas and nays vote:-
Yeas 8; Nays 0; Absent 1.
Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-


Paul E. Healy, City Clerk.



City of Cambridge

IN CITY COUNCIL

December 5, 1983

ORDERED:

That the Cambridge City Council herewith accepts Clause 17C of Chapter 59, Section 5 of the General Laws, as amended by Section 2, Chapter 653 of the Acts of 1982, which pertains to real estate exemptions for surviving spouses, minors and aged persons, as recommended in the City Manager's report of December 5, 1983.

In City Council December 5, 1983.
Adopted by a yea and nay vote:-
Yeas 8; Nays 0; Absent 1.
Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in cursive script, reading "Paul E. Healy", written over a horizontal line.

Paul E. Healy, City Clerk.



City of Cambridge

IN CITY COUNCIL

December 5, 1983

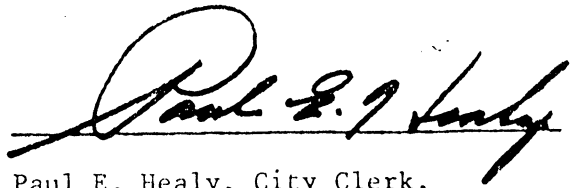
ORDERED:

That the Cambridge City Council herewith accepts Clause 41B of Chapter 59, Section 5 of the General Laws as amended by Section 5, of Chapter 653 of the Acts of 1982, which pertains to real estate exemptions for persons aged 70 or older, as recommended in City Manager's report of December 5, 1983.

In City Council December 5, 1983.
Adopted by a ye and nay vote:-
Yeas 8; Nays 0; Absent 1.
Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-


Paul E. Healy, City Clerk.



City of Cambridge

IN CITY COUNCIL

December 5, 1983

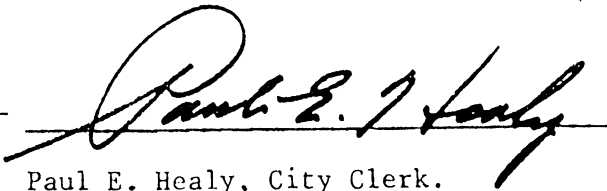
ORDERED:

That the Cambridge City Council accept Section 8 of Chapter 653 of the Acts of 1982, which provides for additional exemptions in the year a city or town is first certified as assessing at full and fair cash value, as recommended in City Manager's report of December 5, 1983.

In City Council December 5, 1983.
Adopted by a yea and nay vote:-
Yeas 8; Nays 0; Absent 1.
Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-


Paul E. Healy, City Clerk.



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139

Tel. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

December 5, 1983

To the Honorable, the City Council:

RECOMMENDATION:

1. That the City Council classify property within Cambridge into the 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 70.9% which will result in a residential tax rate of \$17.00 and a commercial, industrial, and personal property tax rate of \$33.12.
2. That the City Council not approve a ten percent residential exemption for owner occupied homes.
3. That the City Council accept Clause 17C of Chapter 59, Section 5 of the General Laws as amended by Section 2, Chapter 653 of the Acts of 1982, which pertains to real estate exemptions for surviving spouses, minors and aged persons.
4. That the City Council accept Clause 37A of Chapter 59, Section 5 of the General Laws as amended by Chapter 258, of the Acts of 1982, which pertains to real estate exemptions to persons who are legally blind.
5. That the City Council accept Clause 41B of Chapter 59, Section 5 of the General Laws as amended by Section 5, of Chapter 653 of the Acts of 1982, which pertains to real estate exemptions for persons aged 70 or older.
6. That the City Council accept Section 8 of Chapter 653 of the Acts of 1982, which provides for additional exemptions in the year a city or town is first certified as assessing at full and fair cash value.

SUMMARY:

Under Massachusetts Law, municipalities have the ability to classify property according to use for the purpose of allocating the property tax. In the past, the City Council has expressed its desire to classify property, in order to offset the impact of full market assessment on residential property. With this in mind, the impact notices sent to all property owners this past fall, assumed property classification.

4. The following information was derived from the Minimum 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	B	C	D
Class	Certified Full Cash Value of Assessments	Percentage Full Value Shares of Total Tax Levy	New Percentage Shares of Total Tax Levy
1. Residential	\$ 1,642,906,491	56.6201 %	40.1185
2. Open Space	_____	_____	0
3. Commercial	780,442,027	26.8967	37.1281
4. Industrial	370,100,269	12.7549	17.6068
5. Personal Property	108,181,902	3.7283	5.1466
Totals	\$ 2,901,630,689	100.0000 %	100.0000

5. These percentages, adopted on 12/5/83 (date), are submitted by

City Councillors or Aldermen

Daniel J. Clinton

David E. Sullivan

William A. Wylie

Thomas W. Donohue

Robert J. Sullivan

Samuel Graham

James H. Doherty

[Signature]
Mayor

6. I hereby attest that a public hearing on the issue of adopting the percentages above was called and held on 12/5/83 (date) 6:00 P.m. (time), at City Hall (place) after notice to all taxpayers was given in the following manner: Display advertisement, Cambridge Chronicle (12/1/83); Front page articles, Cambridge Chronicle (11/23/83 and 12/1/83)

[Signature]
City Clerk

DEPARTMENT OF REVENUE
BUREAU OF LOCAL ASSESSMENT
CLASSIFICATION TAX ALLOCATION

for FY84

Cambridge
City

Return to:

Linda Paulauskas
Bureau of Local Assessment
Box 7032
Department of Revenue
100 Cambridge Street
Boston, Massachusetts 02204

INSTRUCTIONS FOR COMPLETING THIS FORM ARE ATTACHED

1. The selected Residential Factor is - - - - - 70.8629 %

IF YOU DESIRE EACH CLASS TO MAINTAIN 100% OF ITS
FULL VALUE TAX SHARE INDICATE A RESIDENTIAL FACTOR
OF "1" AND GO TO QUESTION 3.

2. In computing your residential factor was a discount granted
to Open Space? Yes No

If Yes, what is the percentage discount? - - - %

3. Was a residential exemption adopted?

Yes No

If Yes, please complete the following:

Class I Total Assessed Value \$	<u> </u>	X	<u> </u>	=	<u> </u>
Class I Total Parcel Count *			Selected Res. Exemption %.		Residential Exemption

* Include All Parcels with a Mixed-Use Residential Designation

To the City Council (cont.)

December 5, 1983

The 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 can be no more than 150% of what it would be if all classes were taxed at the same rate. to review the actual formula used in determining the tax allocation, attachment A should be reviewed.

The recommended residential factor of 70.9% results in a residential tax rate of \$17.00 and a commercial/industrial tax rate of \$33.12. While the residential tax rate will be the same as that shown on the impact notices, the commercial/industrial rate is \$1.35 higher than that shown on the impact notices. This increase is due primarily to reductions in value on rent controlled properties during the impact hearing process, as well as reductions in commercial and industrial values.

If the full benefit of classification were granted to residential properties the residential rate would be \$15.56, while the commercial/industrial rate would become \$35.95. Additionally, if the City Council chose not to classify property, the equalized tax rate for all property would be \$23.99. What follows is a detailed discussion of my recommendations concerning classification, residential exemptions, and statutory exemptions for widows, veterans, the elderly and the blind.

ISSUES:

Impact Hearings: Since the new value impact notices were mailed on September 23rd, the City has held approximately 1,500 residential hearings and 400 commercial hearings. These hearings resulted in about 1,300 residential value adjustments and 350 commercial adjustments.

While the hearing process took longer than expected, I am confident that the vast majority of taxpayers felt that they were fairly and courteously treated, even if some were unsatisfied with their final value. The long hearing process was a deliberate one, extended to avoid a return to the abatement problems the City has faced in the past.

Classification: Cambridge is committed to expanding its economic base to both provide employment opportunities and strengthen its fiscal base. Through the City's development effort, we have provided development which insures compatibility between public and private objectives. Our efforts in this regard are paying off; we are enjoying a surge of development activity which will contribute greatly toward providing the City with a stable financial picture in the years to come. Few cities in the Commonwealth can share our confidence in the financial future.

The recommended tax rate reflects first of all a commitment to transfer to Cambridge citizens the fiscal benefits of a strong, local economy. Indeed, while the classification law was originally designed to mitigate an expected shift in tax burden from the commercial to the residential factor, Cambridge's

particular circumstances permit shifting in the opposite direction; the commercial sector will pay approximately \$2 million more in taxes than it did last year. However, a large percentage of this dollar increase is directly attributable to new commercial development.

Secondly, the proposed rates demonstrate the reality of our competitive situation with Boston. Cambridge enjoys a somewhat unique position in the market for new commercial development. We do not compete head-on with Boston. Nevertheless, Cambridge represents a viable alternative to Boston for many types of Commercial activity, so it is in Cambridge's long term interest to maintain a competitive position relative to Boston. The proposed commercial tax rate of \$33.12 is 2 percent above Boston's rate of \$32.57. Though tax represents only one element of total tenant's costs, they are a significant element and one which tends to assume a symbolic dimension.

Of no less symbolic importance is the recommendation that the commercial rate be set somewhat below the maximum of \$35.95. Although the reduction is only 8 percent, it reinforces the City's constructive and supportive development policies.

It should also be noted that while the first impression of the City's commercial sector might be dominated by the image of large new development, primarily general and technical office space, the reality is much different. The City's economy is extremely heterogeneous, and includes a wide variety of business, large and small, old and new. While minor differences in property taxes may seem irrelevant to a new office tenant paying \$20 plus per square foot, any tax savings would be significant to a firm operating on small margins. A less than maximum commercial tax rate is a small, but important contribution to the viability of many Cambridge businesses, and thus to the overall health of the Cambridge economy.

10% RESIDENTIAL EXEMPTION: The tax classification law provides for, at local option, the so-called "10% Residential Exemption". The basic intent of this provision is 1.) to give owner-occupied residential property a tax benefit at the expense of non-owner occupied properties; and 2.) to give lower valued properties a relatively larger benefit than higher valued properties. Residential exemptions, like classification, must be voted on by the City Council each year.

The mechanics of calculating the exemption appears straight-forward; calculate the average value of all residential properties (\$110,000). Deduct 10% of this average value (\$11,000) from all owner-occupied properties. Since the total tax levy paid by the residential sector does not change, but since the total residential value has decreased, re-calculate the residential tax rate (\$18.28).

Assessing the tax impact of the exemption is not so simple. Two general statements can be made: First, the tax bills of all non-owner-occupied properties will rise 7.5%. Secondly, the tax bills of all owner-occupied properties valued at over \$157,000 (approximately) will increase, with the higher the value the higher the increase, conversely, those under \$157,000 will decrease, with the lower the value the larger the decrease.

To the City Council (cont.)

December 5, 1983

SOME EXAMPLES: (X indicates owner-occupied)

<u>VALUE OF PROPERTY</u>	<u>WITHOUT EXEMPTIONS</u>	<u>WITH EXEMPTIONS</u>
50,000	850	914
50,000 (X)	850	713
100,000	1,700	1,828
100,000 (X)	1,700	1,627
157,000	2,669	2,870
157,000 (X)	2,669	2,669
250,000	4,250	4,570
250,000 (X)	4,250	4,369

These numbers make it apparent that the benefit at the low end of the value scale, while not significant, might nevertheless be of some merit, particularly to a lower income household. But, as one approaches \$100,000, the amount of tax savings involved becomes almost inconsequential.

If one considers the underlying policy objectives of the law and considers the impact of the law in the Cambridge context, one must consider that the 10% exemption accomplishes little for the City. First, the exemption supposedly encourages home ownership. In Cambridge the amounts of money appear much too small to affect the price of housing, or the ability of prospective owners to afford a particular house. Secondly, the exemption purports to be an "income-redistribution" device, assuming that as a general rule the value of housing correlates with the owner's income. In Cambridge this relationship between income and housing value does not hold true across the board; because of the extraordinary value increases in most of the City over the last ten years, many people of modest income find themselves owning houses of higher value. Further, the largest group of housing in the \$30-60,000 range where the benefits of the exemption are greatest, consists of condominiums; many of these owners are not in the lower income category. It might also be added that those areas plus condominiums which would benefit the most from the exemption, are precisely the areas which have generally enjoyed tax reductions from revaluation.

Finally, implementation of the 10% exemption would produce administrative difficulties which would result in further delays in mailing out tax bills. In particular, there is no simple way of identifying owner occupants who would qualify for the exemption. Any approach to this problem would take a minimum of 6 - 8 weeks to complete.

In sum, the 10% exemption would appear to offer little benefit to Cambridge. While some of the shifted tax dollars involved would undoubtedly find their way to intended recipients, many would not. Also, administrative costs would out-weigh the exemption benefits. For these reasons, plus the fact that Cambridge with a \$17.00 residential tax rate will have the lowest residential rate in the Greater Boston area (see table following), I recommend that the

To the City Council (cont.)

December 5, 1983

10% exemption not be adopted.

<u>CITY</u>	<u>RESIDENTIAL</u>	<u>INDUSTRIAL</u>	<u>COMMERCIAL</u>
Boston	\$17.10	\$32.54	\$32.54
Brookline	25.71	32.24	32.24
Newton *	21.84	35.90	35.90
Arlington	23.43	23.43	23.43
Belmont	21.20	21.20	21.20
Cambridge	17.00	33.12	33.12

* This is 1983 tax rate, 1984 rate has not been set yet.

ABATEMENTS/EXEMPTIONS: There are several actions that I am recommending that the City Council take with regards to the statutorily allowed abatements or exemptions which cover widows, veterans, the blind and the elderly. My recommendation is that the City Council, in separate votes, accept the following:

1. Clause 17C of Chapter 59, Section 5 of the General Laws as amended by Section 2, Chapter 653 of the Acts of 1982.
2. Clause 37A of Chapter 59, Section 5 of the General Laws as amended by Section 258 of the Acts of 1982.
3. Clause 41B of Chapter 59, Section 5 of the General Laws as amended by Section 5 of Chapter 653 of the Acts of 1982.
4. Section 8 of Chapter 653 of the Acts of 1982.

A description of what each of these actions change is as follows:

Clause 17C: Clause 17C will replace Clause 17 of the same chapter and pertains to exemptions for surviving spouses, minors and aged persons. Under the old clause (17) a person's total estate could not exceed \$20,000, including domicile, and the exemption was \$2,000 off the property's value, or \$175,000, whichever was greater. In Cambridge's case, because our tax rate was \$198 per thousand dollars of valuation, the exemption of \$2,000 was equal to \$396. Under the new Clause (17C) the estate must not exceed \$40,000, and the first \$60,000 of the domicile is excluded. However, the exemption is a flat \$175. Therefore, a person who qualified for an abatement in this category in FY 1983 and got an abatement of \$396 will get an abatement for only \$175 in future years. While this results in a lower abatement for persons in this category, the alternative would be to retain Clause 17, which limits an estate to \$20,000 including domicile. These actions would result in no property owner in Cambridge qualifying for an exemption in this category.

The state will reimburse the City for exemptions given in this category at a rate fixed equal to the dollar amount granted in FY 1983.

To the City Council (cont.)

December 5, 1983

Clause 37A: Clause 37A will replace Clause 37 and pertains to persons who are legally blind. Under the old Clause (37) a blind person owning property received a valuation exemption of \$5,000 (\$990 in Cambridge because of \$198 tax rate) or \$437.50, whichever is greater. Under the new clause (37A) a legally blind person will get a flat exemption of \$500. Therefore, a person who qualified for an abatement in this category in FY 1983 and received an abatement of \$990 will receive one of \$500 in future years. If the City Council does not accept this clause, the legally blind would qualify for an abatement of \$437.50, under the existing Clause 37. The state will reimburse Cambridge at a rate of \$87.50 for each exemption granted in this category.

Clause 41B: Clause 41B will replace Clause 41, of the same Chapter and pertains to persons aged 70 or older. Under the old clause (41) an applicant could have a maximum combined yearly income of \$6,000, if single, or \$7,000, if married and received an exemption of \$4,000 valuation (\$792 in Cambridge because of \$198 tax rate) or \$500.00 whichever was greater. The applicant filed under one of two options: Option A: not including the value of a domicile in the estate total, a single applicant could have an estate of \$17,000 and a married applicant could have an estate of \$20,000. Option B: including the value of the domicile in the estate, a single applicant could have an estate of \$40,000 and a married applicant could have an estate of \$45,000.

Under the new clause (41B), the maximum earnings for a single person have been raised to \$10,000 and for a married person to \$12,000, plus minimum Social Security receipts. (For FY 1984 \$1,940 for a worker, \$970 for a spouse, for a total of \$2,910) Additionally, the applicant's estate, if single, shall not be in excess of \$20,000, or if married, in excess of \$23,000, with any income producing portion of the domicile being included in the total of the estate. Specifically, an applicant with a two family valued at \$100,000 would have to include 50% or \$50,000 of that value in his/her estate and an applicant with a three family valued at \$100,000 would have to include \$66,000 of that value in his/her estate. However, an applicant with a single family home valued at \$150,000 would not be required to include any of that value in their estate. Unfortunately, Clause 41B eliminates a majority of elderly multi-family homeowners in Cambridge from eligibility from an exemption that they have received in the past. However, if the City Council chose not to accept Clause 41B and retain Clause 41, even more elderly would be ineligible for this exemption, because of the lower income ceiling. One option open to low income elderly homeowners who now find themselves ineligible for this exemption would be to file for an exemption under Clause 17C (see above). However, this will entitle them to an exemption of only \$175, compared to one of \$792 (\$4,000 of valuation times the old tax rate of \$198) that they received in FY 1983.

An additional option, open to property owners over the age of 65, would be to file for a tax deferral. Under this option a homeowner over the age of 65, with a maximum earnings of \$20,000 per year, may be exempted from paying taxes provided that taxes plus interest will accrue and that taxes plus interest due to the City will be paid either upon sale of the property in question or upon the death of the homeowner, by his/her heirs.

Section 8, Chapter 653 of the Acts of 1982: This act authorizes cities and towns in Massachusetts which accept it to grant an additional exemption in the year that the City first is certified at full and fair cash value assessment. This is a one year additional exemption only, and must be approved by the City Council. The additional exemption may not be for more than 60% of what the taxpayer would ordinarily qualify for, and the additional exemption is not reimbursed by the state. Because most property owners who have received an abatement in the past will receive lower ones now that the City has achieved full and fair market assessments, I am recommending that the City Council vote the full 60% one time additional exemption. The table below shows the fiscal impact to the City.

STATUTORY ABATEMENT SUMMARY

TYPE	<u>NO. GRANTED</u> <u>FY 1983</u>	<u>FY 83</u> <u>ABATEMENT</u>	<u>TOTAL</u> <u>FY83 ABATED</u>	<u>EST. '84</u> <u>GRANTED</u>	<u>FY '84</u> <u>ABATEMENT</u>	<u>+60%</u>	<u>FY 84</u> <u>TOTAL</u>
Widow Clause 17	171	\$396	\$67,716				
Widow Clause 17C				171	\$175	\$105	\$47,880
Veteran Clause 22	417	\$396	\$165,132	417	\$175	\$105	\$116,760
Blind Clause 37	42	\$990	\$41,580				
Blind Clause 37A				42	\$500	\$300	\$33,600
Elderly Clause 41	399	\$792	\$316,008				
Elderly Clause 41B				150	\$500	\$300	\$120,000
Totals	1,029		\$590,436	780			\$318,240

As can be seen, the estimated abatement cost to the City in FY 1984 will fall by approximately \$270,000, even with the additional 60% exemption allowance. The reason for this, as stated above, is primarily due to the full value assessment of properties. While I am sure many property owners who have received abatements in the past will be confused by these changes, there is little that Cambridge can do to alleviate the reductions and restrictions, as all abatements are subject to state law and review by the State Department of Revenue.

CONCLUSION: The certification of the revaluation program by the state is the final step in bringing Cambridge into compliance with Proposition 2½. I am pleased to say, once again, that because of this and other actions taken by the City, Cambridge faces a stable financial future. The revaluation effort does not end here, however. In fact, this is really only the beginning. Revaluation has provided Cambridge with the fairest and most equitable assessment system that it has had in several decades. This system must now be improved even further, and will have to be recertified by the state at a minimum of every three years.

348 Franklin Street
Cambridge, Massachusetts 02139
December 5, 1983

To the Honorable, The Cambridge City Council:

Today the Cambridge City Council will consider implementation of 100% valuation. That discussion will include consideration of residential property tax exemptions.

The City Manager has recommended that the state-wide formulation for residential tax exemptions not be adopted. I concur. This statute, as implemented in Cambridge would constitute, ~~more~~ more than anything else, an incentive for further condominium conversion. Less well-to-do tenants of our city would be made less welcome, and the realtors and property speculators would be big winners.

I have drafted an alternative residential exemption concept which makes sense for the City of Cambridge. It would require a home rule petition and thus could not be implemented this tax year. It contains a number of points which I believe that you will find attractive.

Under this proposal, the city would be permitted to grant residential exemptions of up to ten per cent of the property tax for owner occupied buildings containing up to six units. The city could elect to restrict the concept, in its annual vote, to smaller buildings. It could place dollar limitations on the exemption in each size of building, and could give greater advantage to smaller buildings.

The exemption would be applied to the entire building, not just the owner's apartment as in the state-wide version. It would be granted on condition that, for ten years, the building not be converted to condominiums, that it remain owner occupied, and that it not be subdivided, which would protect the backyards against conversion to luxury townhouses.

This exemption would encourage Cambridge's equivalent of the single-family home: the small rental building. It would provide tenant protection which does not presently exist against condominium conversion in the smallest buildings. It would provide what amounts to a conservation easement on back yards.

The exemption would require that a beneficiary enter into an agreement with the city which would be automatically renewable from year to year. The terms of that agreement would make tax benefits due and payable should the conditions which I have described be violated during a period of ten years.

I would appreciate your comments and suggestions. Let's get together and create something which will be of good to the city.

Sincerely,



Robert J. La Tremouille

THE COMMONWEALTH OF MASSACHUSETTS

IN THE YEAR ONE THOUSAND NINE HUNDRED AND EIGHTY-THREE

AN ACT AUTHORIZING THE CITY OF CAMBRIDGE TO ENACT A RESIDENTIAL REAL PROPERTY EXEMPTION DIFFERENT FROM THAT CREATED UNDER THE GENERAL LAWS, CHAPTER 59, SECTION 5C

Whereas the City of Cambridge wishes to enact an exemption for real property classified as class one, residential under the General Laws, chapter 59, section 2A, and

Whereas special circumstances in the City of Cambridge make application of the residential real property exemption created under the General Laws, Chapter 59, section 5C inappropriate,

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Effective Date, Revocation, and Reacceptance.

a. This act shall take effect in the City of Cambridge upon its passage and such passage shall be deemed to constitute the initial acceptance of this act by the City of Cambridge. Tax exemptions created by implementation of this act shall first accrue not earlier than the first full tax year after said effective date.

b. Once this act has been accepted, it may be repealed or revoked, or otherwise nullified by a majority vote of the Cambridge City Council or on a ballot measure submitted to the registered voters of the City of Cambridge in accordance with the procedures of the General Laws, chapter 43, sections 37 through 40. If this act is repealed, revoked, or otherwise nullified, the rights and liabilities created as a result of agreements entered into under this act shall remain in force in accordance with the terms of said agreements for the purpose of sustaining any proper tax bill, action, suit or prosecution with regard thereto. After repeal, revocation, or other nullification, no further such agreements shall be entered into and provisions of existing agreements calling for automatic extension shall be rendered null and void.

c. If repealed, revoked, or otherwise nullified, this act may be reaccepted in one of the following ways:

1. by a majority vote of the members of the Cambridge City Council, or
2. by initiative petition and vote pursuant to the procedures of the General Laws, chapter 43, sections 37 through 40.

d. First accrual or reaccrual of tax exemptions may be delayed, accelerated or be applied to partial years for good cause shown subject to the approval of the commissioner, and subject to any conditions which the commission may reasonably apply.

SECTION 2. Definitions. For the purposes of this act, the following definitions shall apply:

a. "Parcel" shall mean a unit of real property as defined by the assessors in accordance with the deed for such property governing the property on November 1, 1983, except that "parcel" shall not include condominium units.

b. In cases where property has been converted into condominium units by submission to the provisions of the General Laws, chapter 183A in accordance with section 16 thereof, "parcel" shall refer to that unit of real property as defined by the assessors in accordance with the last valid deed for the said property prior to November 1, 1983 which was also prior to submission of the property to the provisions of the General Laws, chapter 183A. No parcel which has been converted to condominium units shall qualify for the exemption created by this act unless and until the property in its entirety has returned to conformance with said prior deed by removal from the provisions of the General Laws, chapter 183A through the method provided in section 19 thereof.

c. "Tax year in question" shall mean that tax year during which the taxpayer receives the benefits of the exemption created by this act as implemented by the agreement between the taxpayer and the City of Cambridge.

SECTION 3. Exemptions for residential real property.

a. With respect to each parcel of real property classified as Class One, residential under the General Laws, chapter 59, section 2A, there shall be an exemption equal to not more than ten per cent of its assessed value in accordance with the provisions of this act. This exemption shall be in addition to any exemptions allowable under the General Laws, chapter 59, section 5; provided, however, that in no instance shall the taxable valuation of such property after all applicable exemptions be reduced below ten per cent of its full and fair cash valuation, except through the applicability of the General Laws, chapter 58, section 8A, and the General Laws, Chapter 59, section 5, clause eighteenth. Where under the provisions of the General Laws, Chapter 59, section 5, the exemption is based upon an amount of tax rather than on valuation, the reduction of taxable valuation for purposes of the preceding sentence shall be computed by dividing the said amount of tax by the residential class tax rate and multiplying the result by one thousand dollars.

b. The residential real property exemption shall apply to parcels which are solely residential and which contain not more than six units.

c. Prior to the first accrual or reaccrual of tax exemptions under this act the Cambridge City Council shall establish the following:

1. The maximum number of units in qualifying buildings should that number be less than six.

2. The percentage of assessed value in qualifying buildings which shall be exempted from taxation should that percentage be less than ten per cent. Each qualifying parcel shall be granted the same percentage exemption as other qualifying parcels containing the same number of units except that maximum dollar limits may be established for exemptions received by parcels containing the same number of units. Each qualifying parcel shall receive a percentage exemption equal to or greater than the percentage exemption received by qualifying parcels containing a greater number of units, subject to maximum dollar limits as might be established.

d. Provisions established by the Cambridge City Council under section 3.c. may be changed by the Cambridge City Council prior to any tax year in which the change shall be effective but only if adequate time exists for taxpayer notice and withdrawal under section 5, below.

SECTION 4. Application of Exemption. The following provisions must be satisfied in order for a parcel to qualify for the exemption:

a. The owners must be real persons and must be bona-fide occupants of one and not more than one housing unit of the housing units contained in the parcel.

b. In consideration for receipt of the residential exemption, all owners shall enter into the following agreement with the City of Cambridge:

1. The parcel shall not be changed in use, divided, or transferred so as to remove it from qualification for the exemption prior to or during the tax year in question nor during the following ten tax years, except that, in the event of a transfer as the result of the death of all owners, the provisions of section 4.a. shall be suspended for six months, or until further transfer of ownership, whichever shall occur first.

2. Should the parcel be changed in use, divided, or transferred so as to remove it from qualification for the exemption prior to or during the tax year in question, or during the following ten tax years, the tax savings resulting from the agreement shall become immediately due and payable to the City of Cambridge. No further benefits shall accrue until such time as the parcel once again qualifies for this exemption, and until a new agreement has become effective in accordance with the provisions of paragraph 3 below.

3. The agreement shall automatically renew from year to year. The owners may elect prior to a given tax year that the agreement not be renewed for that tax year and future tax years by giving written notice to the City of Cambridge. Filing of said notice shall not release the property from the above restrictions insofar

as those restrictions apply as consideration for exemptions received. Prior to subsequent tax years owners may further elect that the property return to the benefits and responsibilities created by this act by once again entering into the agreement.

4. The agreement shall, in accordance with its terms, be binding on all present and future owners of the property.

SECTION 5. Forms, time limits, notification.

a. The City of Cambridge shall prepare forms for the above described agreements and notices, and shall establish reasonable time limits for the filing thereof.

b. At a reasonable time prior to the first full tax year during which this act shall be in operation, whether as a result of acceptance or reacceptance, the City of Cambridge shall provide adequate copies of these forms to all taxpayers in the city together with a concise, clear explanation of the rights and responsibilities created by this act. Additional copies of these documents shall be provided by the city to all interested persons upon request, for the payment of a reasonable fee should the City of Cambridge decide to charge a fee.

c. In the event of a change in the exemption, the City of Cambridge shall provide notice of the change to all affected owners in sufficient time prior to the first tax year affected to permit withdrawal from the program by owners who wish to do so.

d. All forms and time requirements shall be submitted to the commissioner for approval or modification as the commissioner may deem appropriate for the fulfillment of the purposes of this act.

SECTION 6. Records

a. The City of Cambridge shall retain each agreement for as long as rights and responsibilities created by the agreement remain in effect and for a period of ten years thereafter.

b. Notice of restrictions created as a result of these agreements shall be included by the City of Cambridge in the public restriction tract index created by the General Laws, chapter 184, section 33.

c. All tax bills or notices issued by the City of Cambridge for properties receiving exemptions under this act shall have appended thereto, in a form approved by the commissioner, a statement of benefits received by the property during the tax year governed by the bill or notice and during the preceding ten tax years.

d. The certificate of liens created under the General Laws, chapter 60, section 23, shall, as appropriate, include a statement of benefits received by the property which are subject to being made due and payable in accordance with the terms of the agreement.

348 Franklin Street
Cambridge, Massachusetts 02139
December 5, 1983

To the Honorable, The Cambridge City Council:

Today the Cambridge City Council will consider implementation of 100% valuation. That discussion will include consideration of residential property tax exemptions.

The City Manager has recommended that the state-wide formulation for residential tax exemptions not be adopted. I concur. This statute, as implemented in Cambridge would constitute, more than anything else, an incentive for further condominium conversion. Less well-to-do tenants of our city would be made less welcome, and the realtors and property speculators would be big winners.

I have drafted an alternative residential exemption concept which makes sense for the City of Cambridge. It would require a home rule petition and thus could not be implemented this tax year. It contains a number of points which I believe that you will find attractive.

Under this proposal, the city would be permitted to grant residential exemptions of up to ten per cent of the property tax for owner occupied buildings containing up to six units. The city could elect to restrict the concept, in its annual vote, to smaller buildings. It could place dollar limitations on the exemption in each size of building, and could give greater advantage to smaller buildings.

The exemption would be applied to the entire building, not just the owner's apartment as in the state-wide version. It would be granted on condition that, for ten years, the building not be converted to condominiums, that it remain owner occupied, and that it not be subdivided, which would protect the backyards against conversion to luxury townhouses.

This exemption would encourage Cambridge's equivalent of the single-family home: the small rental building. It would provide tenant protection which does not presently exist against condominium conversion in the smallest buildings. It would provide what amounts to a conservation easement on back yards.

The exemption would require that a beneficiary enter into an agreement with the city which would be automatically renewable from year to year. The terms of that agreement would make tax benefits due and payable should the conditions which I have described be violated during a period of ten years.

I would appreciate your comments and suggestions. Let's get together and create something which will be of good to the city.

Sincerely,



Robert J. La Tremouille

THE COMMONWEALTH OF MASSACHUSETTS

IN THE YEAR ONE THOUSAND NINE HUNDRED AND EIGHTY-THREE

AN ACT AUTHORIZING THE CITY OF CAMBRIDGE TO ENACT A RESIDENTIAL REAL PROPERTY EXEMPTION DIFFERENT FROM THAT CREATED UNDER THE GENERAL LAWS, CHAPTER 59, SECTION 5C

Whereas the City of Cambridge wishes to enact an exemption for real property classified as class one, residential under the General Laws, chapter 59, section 2A, and

Whereas special circumstances in the City of Cambridge make application of the residential real property exemption created under the General Laws, Chapter 59, section 5C inappropriate,

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Effective Date, Revocation, and Reacceptance.

a. This act shall take effect in the City of Cambridge upon its passage and such passage shall be deemed to constitute the initial acceptance of this act by the City of Cambridge. Tax exemptions created by implementation of this act shall first accrue not earlier than the first full tax year after said effective date.

b. Once this act has been accepted, it may be repealed or revoked, or otherwise nullified by a majority vote of the Cambridge City Council or on a ballot measure submitted to the registered voters of the City of Cambridge in accordance with the procedures of the General Laws, chapter 43, sections 37 through 40. If this act is repealed, revoked, or otherwise nullified, the rights and liabilities created as a result of agreements entered into under this act shall remain in force in accordance with the terms of said agreements for the purpose of sustaining any proper tax bill, action, suit or prosecution with regard thereto. After repeal, revocation, or other nullification, no further such agreements shall be entered into and provisions of existing agreements calling for automatic extension shall be rendered null and void.

c. If repealed, revoked, or otherwise nullified, this act may be reaccepted in one of the following ways:

1. by a majority vote of the members of the Cambridge City Council, or
2. by initiative petition and vote pursuant to the procedures of the General Laws, chapter 43, sections 37 through 40.

d. First accrual or reaccrual of tax exemptions may be delayed, accelerated or be applied to partial years for good cause shown subject to the approval of the commissioner, and subject to any conditions which the commission may reasonably apply.

SECTION 2. Definitions. For the purposes of this act, the following definitions shall apply:

a. "Parcel" shall mean a unit of real property as defined by the assessors in accordance with the deed for such property governing the property on November 1, 1983, except that "parcel" shall not include condominium units.

b. In cases where property has been converted into condominium units by submission to the provisions of the General Laws, chapter 183A in accordance with section 16 thereof, "parcel" shall refer to that unit of real property as defined by the assessors in accordance with the last valid deed for the said property prior to November 1, 1983 which was also prior to submission of the property to the provisions of the General Laws, chapter 183A. No parcel which has been converted to condominium units shall qualify for the exemption created by this act unless and until the property in its entirety has returned to conformance with said prior deed by removal from the provisions of the General Laws, chapter 183A through the method provided in section 19 thereof.

c. "Tax year in question" shall mean that tax year during which the taxpayer receives the benefits of the exemption created by this act as implemented by the agreement between the taxpayer and the City of Cambridge.

SECTION 3. Exemptions for residential real property.

a. With respect to each parcel of real property classified as Class One, residential under the General Laws, chapter 59, section 2A, there shall be an exemption equal to not more than ten per cent of its assessed value in accordance with the provisions of this act. This exemption shall be in addition to any exemptions allowable under the General Laws, chapter 59, section 5; provided, however, that in no instance shall the taxable valuation of such property after all applicable exemptions be reduced below ten per cent of its full and fair cash valuation, except through the applicability of the General Laws, chapter 58, section 8A, and the General Laws, Chapter 59, section 5, clause eighteenth. Where under the provisions of the General Laws, Chapter 59, section 5, the exemption is based upon an amount of tax rather than on valuation, the reduction of taxable valuation for purposes of the preceding sentence shall be computed by dividing the said amount of tax by the residential class tax rate and multiplying the result by one thousand dollars.

b. The residential real property exemption shall apply to parcels which are solely residential and which contain not more than six units.

c. Prior to the first accrual or reaccrual of tax exemptions under this act the Cambridge City Council shall establish the following:

1. The maximum number of units in qualifying buildings should that number be less than six.

2. The percentage of assessed value in qualifying buildings which shall be exempted from taxation should that percentage be less than ten per cent. Each qualifying parcel shall be granted the same percentage exemption as other qualifying parcels containing the same number of units except that maximum dollar limits may be established for exemptions received by parcels containing the same number of units. Each qualifying parcel shall receive a percentage exemption equal to or greater than the percentage exemption received by qualifying parcels containing a greater number of units, subject to maximum dollar limits as might be established.

d. Provisions established by the Cambridge City Council under section 3.c. may be changed by the Cambridge City Council prior to any tax year in which the change shall be effective but only if adequate time exists for taxpayer notice and withdrawal under section 5, below.

SECTION 4. Application of Exemption. The following provisions must be satisfied in order for a parcel to qualify for the exemption:

a. The owners must be real persons and must be bona-fide occupants of one and not more than one housing unit of the housing units contained in the parcel.

b. In consideration for receipt of the residential exemption, all owners shall enter into the following agreement with the City of Cambridge:

1. The parcel shall not be changed in use, divided, or transferred so as to remove it from qualification for the exemption prior to or during the tax year in question nor during the following ten tax years, except that, in the event of a transfer as the result of the death of all owners, the provisions of section 4.a. shall be suspended for six months, or until further transfer of ownership, whichever shall occur first.

2. Should the parcel be changed in use, divided, or transferred so as to remove it from qualification for the exemption prior to or during the tax year in question, or during the following ten tax years, the tax savings resulting from the agreement shall become immediately due and payable to the City of Cambridge. No further benefits shall accrue until such time as the parcel once again qualifies for this exemption, and until a new agreement has become effective in accordance with the provisions of paragraph 3 below.

3. The agreement shall automatically renew from year to year. The owners may elect prior to a given tax year that the agreement not be renewed for that tax year and future tax years by giving written notice to the City of Cambridge. Filing of said notice shall not release the property from the above restrictions insofar

as those restrictions apply as consideration for exemptions received. Prior to subsequent tax years owners may further elect that the property return to the benefits and responsibilities created by this act by once again entering into the agreement.

4. The agreement shall, in accordance with its terms, be binding on all present and future owners of the property.

SECTION 5. Forms, time limits, notification.

a. The City of Cambridge shall prepare forms for the above described agreements and notices, and shall establish reasonable time limits for the filing thereof.

b. At a reasonable time prior to the first full tax year during which this act shall be in operation, whether as a result of acceptance or reacceptance, the City of Cambridge shall provide adequate copies of these forms to all taxpayers in the city together with a concise, clear explanation of the rights and responsibilities created by this act. Additional copies of these documents shall be provided by the city to all interested persons upon request, for the payment of a reasonable fee, should the City of Cambridge decide to charge a fee.

c. In the event of a change in the exemption, the City of Cambridge shall provide notice of the change to all affected owners in sufficient time prior to the first tax year affected to permit withdrawal from the program by owners who wish to do so.

d. All forms and time requirements shall be submitted to the commissioner for approval or modification as the commissioner may deem appropriate for the fulfillment of the purposes of this act.

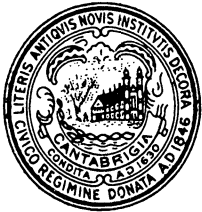
SECTION 6. Records

a. The City of Cambridge shall retain each agreement for as long as rights and responsibilities created by the agreement remain in effect and for a period of ten years thereafter.

b. Notice of restrictions created as a result of these agreements shall be included by the City of Cambridge in the public restriction tract index created by the General Laws, chapter 184, section 33.

c. All tax bills or notices issued by the City of Cambridge for properties receiving exemptions under this act shall have appended thereto, in a form approved by the commissioner, a statement of benefits received by the property during the tax year governed by the bill or notice and during the preceding ten tax years.

d. The certificate of liens created under the General Laws, chapter 60, section 23, shall, as appropriate, include a statement of benefits received by the property which are subject to being made due and payable in accordance with the terms of the agreement.



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139

Tel. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

December 5, 1983

To the Honorable, the City Council:

Enclosed please find copy of report covering the issue of revaluation, classification and the FY84 tax rate.

Very truly yours,

Robert W. Healy
City Manager

RWH/mbf
Enc.

F-316

Re: relative to revaluation, classification
& the FY84 tax rate & transmitting six pro-
posed orders on this matter for considera-
tion by the Council.

12/5/83

-Hearing Held-

-Six Orders Adopted-

#1 thru #6

ON THE RECOMMENDATIONS OF THE ENGINEERS

In City Council,

December 5, 1983