

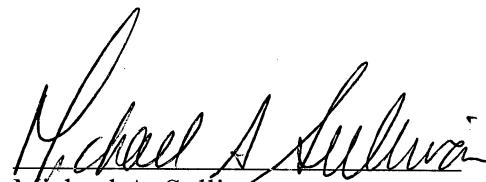
City of Cambridge

October 7, 2003

Dear Councillor:

You are hereby notified to attend a *Special Meeting* of the City Council for **Thursday, October 9, 2003** at 4:30 p.m. in the **Sullivan Chamber, IF NECESSARY.**

By order of His Honor the Mayor.



Michael A. Sullivan
Mayor

The purpose of this meeting is to continue a recessed public hearing to discuss the property tax rate classification.

This meeting shall be subject to the Rules of the City Council as amended.

MEETING HELD.



City of Cambridge

Consent Agenda Item # 1A

IN CITY COUNCIL
October 9, 2003

ORDERED: That the City Manager be and hereby is authorized to use \$6,175,000 in Free Cash as an offset to the Fiscal Year 2004 tax rate.

In City Council October 9, 2003.

Adopted by a yeas and nays vote:-

Yeas 7; Nays 0; Absent 2.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in cursive script that reads "Margaret Drury".

D. Margaret Drury
City Clerk



City of Cambridge

Consent Agenda Item # 1B

IN CITY COUNCIL
October 9, 2003

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

In City Council October 9, 2003.

Adopted by a yea and nay vote:-

Yeas 7; Nays 0; Absent 2.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in black ink that reads "D. Margaret Drury".

D. Margaret Drury
City Clerk



City of Cambridge

Consent Agenda Item # 1C

IN CITY COUNCIL
October 9, 2003

ORDERED: That the City Council hereby adopts a minimum residential factor of 56.3907%, the legal minimum permitted for Cambridge.

In City Council October 9, 2003.
Adopted by a ye and nay vote:-
Yeas 7; Nays 0; Absent 2.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

A handwritten signature in cursive script that reads "D. Margaret Drury".

ATTEST:-

D. Margaret Drury
City Clerk



City of Cambridge

Consent Agenda Item # 1D

IN CITY COUNCIL
October 9, 2003

ORDERED: That the City Council approves a thirty (30) percent residential exemption for owner-occupied homes.

In City Council October 9, 2003.

Adopted by a ye and nay vote:-

Yeas 7; Nays 0; Absent 2.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in black ink that reads "D. Margaret Drury".

D. Margaret Drury
City Clerk



City of Cambridge

Consent Agenda Item # 1E

IN CITY COUNCIL
October 9, 2003

ORDERED: That the City Council vote to double the normal value of the statutory exemptions for fiscal year 2004

In City Council October 9, 2003.

Adopted by a ye and nay vote:-

Yeas 7; Nays 0; Absent 2.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

X *Margaret Drury*

D. Margaret Drury
City Clerk



City of Cambridge

Consent Agenda Item # 1F

IN CITY COUNCIL
October 9, 2003

ORDERED: That the City Council vote to increase the Fiscal Year 2004 exemption allowed under General Laws Chapter 59, Section 5, Clause 17D by 3.58% from \$219.78 to \$227.65 (\$7.87).

In City Council October 9, 2003.

Adopted by a ye and nay vote:-

Yeas 7; Nays 0; Absent 2.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

A handwritten signature in cursive script that reads "D. Margaret Drury".

ATTEST:-

D. Margaret Drury
City Clerk



City of Cambridge

Consent Agenda Item # 1G

IN CITY COUNCIL
October 9, 2003

ORDERED: That the City Council vote to increase the income limit for deferral of real estate taxes by elderly persons from \$20,000 to \$40,000.

In City Council October 9, 2003.
Adopted by a ye and nay vote:-
Yeas 7; Nays 0; Absent 2.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in cursive script that reads "D. Margaret Drury".

D. Margaret Drury
City Clerk



City of Cambridge

Consent Agenda Item # 1H-1

IN CITY COUNCIL
October 9, 2003

ORDERED: That this City Council go on record accepting the provisions of Massachusetts General Laws, Chapter 184, Section 51 pertaining to changes in Clause 41C to elderly property tax relief by reducing the age of eligibility from age 70 to 65.

In City Council October 9, 2003.

Adopted by a yea and nay vote:-

Yeas 7; Nays 0; Absent 2.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in cursive script that reads "Margaret Drury".

D. Margaret Drury
City Clerk



City of Cambridge

Consent Agenda Item # 1H-2

IN CITY COUNCIL
October 9, 2003

ORDERED: That this City Council go on record accepting the provisions of Massachusetts General Laws, Chapter 184, Section 51 pertaining to changes in Clause 41C to elderly property tax relief by increasing income limits for singles from \$13,000 to \$20,000 and for married couples from \$15,000 to \$30,000.

In City Council October 9, 2003.

Adopted by a ye and nay vote:-

Yeas 7; Nays 0; Absent 2.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

A handwritten signature in cursive script that reads "Margaret Drury".

ATTEST:-

D. Margaret Drury
City Clerk



City of Cambridge

Consent Agenda Item # 1H-3

IN CITY COUNCIL
October 9, 2003

ORDERED: That this City Council go on record accepting the provisions of Massachusetts General Laws, Chapter 184, Section 51 pertaining to changes in Clause 41C to elderly property tax relief by increasing asset limits for singles from \$28,000 to \$40,000 and for married couples from \$30,000 to \$55,000.

In City Council October 9, 2003.

Adopted by a ye and nay vote:-

Yeas 7; Nays 0; Absent 2.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in cursive script that reads "Margaret Drury".

D. Margaret Drury
City Clerk



City of Cambridge

Consent Agenda Item # 1H-4

IN CITY COUNCIL
October 9, 2003

ORDERED: That this City Council go on record accepting the provisions of Massachusetts General Laws, Chapter 184, Section 51 pertaining to changes in Clause 41C to elderly property tax relief by increasing the number of housing units to be exempt from the whole asset class from 2 to 3 units plus the applicant's unit (4 family units).

In City Council October 9, 2003.

Adopted by a ye and nay vote:-

Yeas 7; Nays 0; Absent 2.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in black ink that reads "Margaret Drury".

D. Margaret Drury
City Clerk



City of Cambridge

Consent Agenda Item # 1H-5

IN CITY COUNCIL
October 9, 2003

ORDERED: That this City Council go on record accepting the provisions of Massachusetts General Laws, Chapter 184, Section 51 pertaining to changes in Clause 41C to elderly property tax relief by changing the amount of elderly exemption from \$500 to \$1,000 (100% increase).

In City Council October 9, 2003.

Adopted by a yea and nay vote:-

Yeas 7; Nays 0; Absent 2.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in cursive script that reads "Margaret Drury".

D. Margaret Drury
City Clerk

**DEPARTMENT OF REVENUE
BUREAU OF ACCOUNTS
CLASSIFICATION TAX ALLOCATION**

CAMBRIDGE

City/Town/District

Return to: Bureau of Accounts, Boston, Springfield, Worcester

1. The selected Residential Factor is ----- 0.563907

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 X

If Yes, what is the percentage discount? _____

3. Was a residential exemption adopted?

Yes X No _____

If Yes, please complete the following:

Class I Total Assessed value	=	<u>12,157,499,831</u>	x	<u>30.00%</u>	=	<u>190,676</u>
Class I Total Parcel Count*		19,128		Selected Res. Exemption %		Residential Exemption

* Include all parcels with a Mixed-Use Residential designation

Applicable number of parcels to receive exemption 12,400

4. Was a small commercial exemption adopted?

Yes _____ No X

% Selected _____

If Yes, please complete the following:

No. of parcels eligible _____

Total value of parcels _____

Total value to be exempted _____

5. The following information was derived from the LA-7. Please indicate in column D percentages (accurate to 4 digits to the right of the decimal point) which result from your selected residential factor. (If a residential factor of "1" has been selected, you may leave Column D blank.)

A	B	C	D
Class	Certified Full and Fair Cash Value	Percentage Full Value Shares of Total Tax Levy	New Percentage Shares of Total Tax
1. Residential	12,157,499,831	63.2328%	35.6574%
2. Open Space	0	0.0000%	0.0000%
3. Commercial	4,817,575,569	25.0569%	43.8496%
4. Industrial	1,807,628,600	9.4017%	16.4530%
5. Personal Property	443,868,680	2.3086%	4.0400%
Totals	19,226,572,680	100.0000%	100.0000%

6. 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 2004 would be held on 10/9/2003 (date), 4:30 PM (time), at Cambridge City Hall (place), by Boston Globe on 10/5/2003 (describe type of notice).

D. Margaret Drury
 City/Town/District Clerk

7. We hereby attest that on 10/9/2003 (date) 4:30 PM (time), at Cambridge City Hall (place) a public hearing was held on the issue of adopting the percentages for fiscal year 2004, that the Board of Assessors presented information and data relevant to making such 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 10/9/2003 (date).

8. We have been informed by the Assessors of excess levy capacity \$41,419,047.04

For cities: City Councilors, Aldermen, Mayor
 For towns: Board of Selectmen
 For districts: Prudential Committee or Commissioners

(LA-5)
Robert A. Spiller (City Councilor)
James J. P. [unclear]
[unclear]
[unclear]
[unclear]
[unclear]
[unclear]

- a. Reducing the age of eligibility from 70 to 65.
- b. Increasing income limits for single persons from \$13,000 to \$20,000; and for married couples from \$15,000 to \$30,000.
- c. Increasing asset limits for single persons from \$28,000 to \$40,000 and for married couples from \$30,000 to \$55,000.
- d. Increasing the number of housing units to be exempt from the whole assets class from 2 to 3 units plus the applicant's unit (4 family units).
- e. Change the amount of elderly exemption from \$500 to \$1,000 (100% increase). This law will apply to the FY2004 tax bill.

SUMMARY

The establishment of the property tax rate by the Board of Assessors with the approval of the Massachusetts Department of Revenue is the final step in the annual fiscal process that begins in the Spring of each year with the submission of the annual budget to the City Council. The FY2004 budget adopted by the City Council in June called for a tax levy of \$210,552,978, a 6.5% increase over FY2003. After a series of adjustments, the final levy for FY2004 is \$209,599,396.

Adjustment	Amount
State Aid Impact	+ 635,487
Revenue Decreases	+ 161,535
Additional Free Cash	- 2,000,000
Overlay Adjustment	+ 249,396
Net Decrease	953,582

While the gross levy is increasing by \$11,878,851 (6.0%), a significant portion of the levy increase will be covered by taxes on newly constructed property (\$11,255,761), pending approval of the Department of Revenue Bureau of Local Assessment.

For FY2004, the total assessed value of taxable property in the City of Cambridge totals \$19,226,572,680 a 8% increase over 2003 values. Tables I and II below break out new tax and value growth by property types.

**TABLE I
New Construction Breakdown in FY2004**

Property Class	New Value	FY2004 Taxes Paid By New Value
Commercial Property	\$417,269,254	\$ 7,790,431
Personal Property	\$124,479,950	\$ 2,324,041
Residential Property	\$157,226,461	\$ 1,141,289
Total New Growth	\$698,975,665	\$11,255,761

TABLE II
Assessed Values
(in millions)

	FY00	FY01	FY02	FY03	FY04
Commercial Property	\$ 3,990	\$ 4,701	\$ 6,215	\$ 6,563	\$ 6,625
Personal Property	\$ 275	\$ 293	\$ 305	\$ 368	\$ 444
Residential Property	\$ 6,773	\$ 7,709	\$10,317	\$10,820	\$12,158
Total Assessed Value	\$11,038	\$12,703	\$16,837	\$17,751	\$19,227

For FY2004 the City was able to increase its levy limit by approximately \$17 million, to \$251 million. Approximately \$11 million of this increase was due to new construction. State law allows the City to increase its tax levy limit by an amount equal to the total FY2004 value of newly constructed or renovated property multiplied by the FY2003 tax rate. The remaining \$6 million is the 2.5 percent increase over the FY2003 levy allowed by Proposition 2½ plus a revised new value calculation from FY2003. The City's excess levy capacity increased by 14.5% to \$41.4 million.

TABLE III
Tax Levy/Tax Levy Limit/Excess Levy Capacity
(in thousands)

	Actual FY00	Actual FY01	Actual FY02	Actual FY03	Estimated FY04
Levy Limit	\$189,475	\$202,213	\$217,907	\$233,914	\$251,018
Actual Levy	\$164,000	\$178,485	\$187,445	\$197,721	\$209,599
% Actual Levy Increase over Prior Year	3.1%	8.8%	5.0%	5.5%	6.0%
Excess Levy Capacity	\$ 25,475	\$ 23,728	\$ 30,462	\$ 36,193	\$ 41,419

In addition to providing greater flexibility under Proposition 2 1/2, tax payments from newly constructed properties also work to mitigate increases on existing properties. For FY2004, the levy increase of \$11.9 million is offset by the \$11.3 million in taxes paid by new construction (see table I).

TABLE IV
Changes in Average Tax Bills*

	FY03 Tax Bill	FY04 Value	FY04 Tax Bill	Dollar Change	Percent Change
Single Family	\$4,748	\$858,322	\$5,094	\$ 346	7.3%
Condominium	\$1,718	\$401,342	\$1,607	\$ - 111	- 6.4%
Two Family	\$3,476	\$666,855	\$3,633	\$ 157	4.5%
Three Family	\$3,355	\$648,198	\$3,491	\$ 136	4.1%

* Does not include CPA surcharge

TABLE V
Percentage of Properties Above/Below Average Value

	Below	Above
Single Family	71%	29%
Condominium	67%	33%
Two Family	66%	34%
Three Family	60%	40%

TABLE VI
Changes in Average Tax Bills Without New Construction*

	FY03 Tax Bill	FY04 Value	FY04 Tax Bill	Dollar Change	Percent Change
Single Family	\$4,748	\$858,322	\$5,174	\$ 426	9%
Condominium	\$1,718	\$401,342	\$1,633	\$ - 85	- 5%
Two Family	\$3,476	\$666,855	\$3,690	\$ 214	6.2%
Three Family	\$3,355	\$648,198	\$3,546	\$ 191	5.7%

* Does not include CPA surcharge

The past year has seen an increase in Residential Real Estate valuation coupled with a decline in Commercial Real Estate valuation. Declining Commercial Real Estate values are a direct result of lower rental rates and increasing vacancy. In past years Commercial Real Estate has increased at a higher rate than the Residential Real Estate, which has been reversed in the past year causing a shift in taxation between the classes.

For a detailed listing of tax bill changes by district please see Attachment 1.

COMMUNITY PRESERVATION ACT SURCHARGE

In November of 2001, Cambridge voters approved adoption of the Community Preservation Act (CPA), a state law that allows the City to receive matching funds from the state for money raised locally in support of affordable housing, historic preservation and protection of open space. The local portion of CPA funding is raised through a 3% surcharge on taxes. Through Fiscal Year 2004, the City has appropriated/reserved a total of \$24.1 million in CPA funds, of which approximately \$10 million is attributable to state matching funds.

The CPA surcharge has an essentially neutral impact on tax bills because funding of affordable housing, historic preservation and open space initiatives has been shifted from the tax levy to the surcharge. The City continues to allocate the same amount of local funds to these initiatives. However, the state match has enabled the City to double the amount of funding appropriated for these initiatives. To date, Cambridge has received more CPA matching funds from the Commonwealth than any other participating community. Consequently, Cambridge residents will benefit from important housing, historic preservation and open space initiatives throughout the City for years to come.

TABLE VII
Community Preservation Act Surcharge

	FY03 Average CPA	FY04 Average CPA	FY04 Average Tax	FY04 Average Tax & CPA
Single Family	\$121	\$130	\$5,094	\$5,224
Condominium	\$ 30	\$ 25	\$1,607	\$1,633
Two Family	\$ 82	\$ 86	\$3,633	\$3,719
Three Family	\$ 79	\$ 82	\$3,491	\$3,573

FY2004 PROPERTY VALUES

For 2004 the City of Cambridge continued its policy of maintaining property valuations reflective of fair market value based on sales. Sales of 346 houses and 593 existing condominium units were analyzed to develop factors to adjust values by property type (one-family, two-family, three-family, and condominium units) and residential assessing district. Although the economy was sluggish in 2002, low mortgage interest rates coupled with the demand for housing led to further increases in sale prices during 2002 calendar year for residential property in Cambridge. As a result, the fiscal year 2004 real property assessment trend factor must reflect this market activity. The most significant growth and increase in value occurred in the condominium market. Single-family and multi-family properties demanded substantial sale prices; however select neighborhoods experienced greater increases in value than the class average. Specifically, there was a net valuation increase of 11% for single-family houses. The greatest increase in the single-family class was found in Districts 2 (Wellington & Harrington), 7 (North/ West Cambridge) and 13 (Cambridgeport) with an increase of approximately 15%. The net value increase for two-family and three-family houses was 12% and 8% respectively. The Condominium class experienced the largest net increase in value at slightly over 14%. Attachment 1 shows a detailed breakdown of the results. The attached map entitled "Residential Tax Districts" shows the Assessing Departments delineation of neighborhoods for the purpose of market analysis.

For commercial and industrial properties, income and expense returns for the 2002 calendar year were compared to the 2001 calendar year returns. From this analysis, factors were developed to adjust commercial values by use (retail, office, hotel, manufacturing, etc.) and by commercial assessing districts.

Two hundred and one (201) new business personal property listings were added to the master file for FY2004, bringing the total number of personal property accounts to 3,149. The new accounts and the new personal property acquired by existing accounts contributed \$124.5 million to tax value growth for FY2004.

ISSUES/REQUIRED VOTES

- **Authorize \$6,175,000 in Free Cash.** For the fiscal year that ended June 30, 2003, the City of Cambridge has a certified Free Cash balance of \$45,049,838, an increase of approximately

\$16,300,000 from FY2002. The significant increase in Free Cash is attributable to actual General Fund revenues exceeding estimates by a large margin, reconciliation of grant revenue and expenditures and the elimination of reserve for capital projects category. While the \$4,175,000 Free Cash authorization requested at this time was included in the FY2004 budget, an additional \$2 million has been recommended. The Department of Revenue (DOR) does not allow formal authorizations for Free Cash by the City Council until the DOR has certified a Free Cash balance at the conclusion of the fiscal year.

- **Classify Property and Establish Minimum Residential Factor.** Since 1984, the City Council has voted annually to follow state law allowing the classification of property according to use (residential or commercial) and to allocate the legal maximum portion of the tax levy to the commercial class. State law allows the residential portion of the tax levy to be as low as 50% of what it would be if there were single tax rates. However, there are two exceptions to the 50% minimum:
 1. The residential percent of the levy cannot drop to less than its lowest level since classification was initially voted by the City Council (34.5615% in 1985 in Cambridge); and
 2. The 50% level does not cause the commercial class to bear a portion of the levy greater than 175% of what it would be if both classes were taxed equally.

The City Council sets the levy distribution each year by voting for a Minimum Residential Factor. The result of voting for the Minimum Residential Factor of 56.3907% this year will be a residential property share of the total tax levy of 35.6574%. Commercial property will pay 64.3426% of the levy, which brings the commercial portion of the levy to 175% of what it would be with a single tax rate.

- **Establish Residential Exemptions.** Home Rule Legislation allowing the City of Cambridge to increase the residential exemption from 20% to 30% was filed by a unanimous vote of the City Council and passed by the State Legislature and achieved by a legislative override of the Governor's veto. This change enables the City to grant owner occupants of residential properties a deduction of up to 30% of the average residential parcel value before the tax rate is applied. I am recommending that the City Council accept the Maximum Residential Exemption of 30%. Increasing the Residential Exemption from 20% to 30% increases the value of the deduction from \$127,117 to \$190,676. This amount is deducted from the assessed value of each owner occupied property prior to applying the tax rate. The residential exemption serves to reduce the effective tax rate on lower valued properties while raising it on higher valued properties. Since the same amount is deducted from every value, its impact is greatest on the lower valued properties. The residential exemption is paid for by raising the residential tax rate sufficiently to cover the number of taxpayers claiming the residential exemption. For FY2003 there are approximately 12,250 resident exemptions on the Assessing Department files. If Cambridge did not adopt a residential exemption, the residential tax rate would be \$6.15 instead of \$7.63. The higher tax rate results in a "break-even" value over which the higher valued residential properties are assessed for higher taxes than would be the case if there were no residential exemption. In FY2004, the break-even value is \$983,000.

For more detailed information about the impact of the 30% residential exemption on taxpayers, see Attachment II.

- **Double Statutory Exemptions.** State legislation requires cities and towns to grant a variety of tax exemptions to elderly taxpayers, blind taxpayers, veterans, and surviving spouses who qualify by virtue of residency, income and assets. There are also two pieces of legislation, which authorize cities and towns to increase the amounts of these exemptions. The first allows cities and towns to double the statutory amounts for taxpayers whose tax bills have increased over the prior year's bill. The City Council must vote annually for this increase. I am recommending that the Council do this for FY2004, as it has since FY1987. The second, enacted in 1995, allows cities and towns to increase the amount of the exemption for a senior citizen 70 or older, surviving spouse, or minor with a deceased parent by the increase in the cost-of-living as measured by the Consumer Price Index (CPI). The CPI increase for FY2004, which was published by the DOR for exemption purpose, is 3.58%. Applying this percentage increase to the FY2003 exemption of \$219.78 raises the exemption to \$227.65.
- **Increase Income Limit for Tax Deferral.** Another form of tax relief available to property owners under state law is Clause 41A of Section 3, Chapter 59. This statute allows taxpayers over 65 years old to defer tax payment until they are deceased or the property is transferred. The statutory income limit for this deferral is \$20,000, which may be increased to \$40,000 by local legislative action. I am recommending that the City Council take this action.
- **Account MGL Chapter 184 Section 51, Clause 41C.** The Legislature has approved new options for providing additional property tax relief for seniors. This is the most generous tax relief for seniors since 1982, dropping the age from 70 to 65. Additionally, the income and asset limits to qualify have been substantially increased for singles and married. Four-family occupant owners are eligible for the first time providing they meet the income and asset limits.

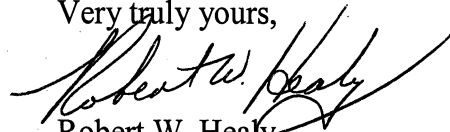
The amount of the minimum senior abatement may be increased from \$500 up to \$1,000 and this amount can be doubled providing that your property taxes have increased by that amount over the previous year. The new 41C will allow the elderly to receive a minimum reduction of \$1,000 and up to \$2,000 in tax reduction provided that their taxes have increased.

CONCLUSION

As the City Council is aware, by the time the classification vote is taken in the fall of each year, the options for the City are fairly limited. Failure to approve maximum classification, residential exemption and the doubling of statutory exemptions would result in significantly higher taxes for residential property owners. After the classification vote is taken, the establishment of the tax rate is a fairly simple mathematical calculation: the tax levy required to support the City budget divided by the total assessed valuation equals the tax rate for FY2004. In FY2004 a portion of Free Cash fund balance has been recommended to lessen the property tax rate.

Continued sound financial management has enabled the City to limit the growth of the residential property taxes. FY2003 was a extremely strong year for the finances of the City: its Free Cash position increased, and its excess levy capacity increased for the third straight year. These strong financial indicators combined with a Aaa credit rating provides the City with enormous flexibility to respond to many of the needs facing this community without sacrificing the fiscal stability that the great majority of our residents expect from the City. By adhering to the proven fiscal policies that have served us so well in the past, we can continue to ensure a stable fiscal future for Cambridge.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Healy", written in a cursive style.

Robert W. Healy
City Manager

RWH/ceg
Attachments

ATTACHMENT 1

City of Cambridge
Changes By Neighborhood FY2003 TO FY2004

SINGLE FAMILY HOUSES

TWO FAMILY HOUSES

THREE FAMILY HOUSES

District	SINGLE FAMILY HOUSES							TWO FAMILY HOUSES							THREE FAMILY HOUSES									
	Count	AVERAGE FY'03 Total AV	AVERAGE FY'03 RE TAX	Count	AVERAGE FY'04 Total AV	AVERAGE FY'04 RE TAX	AVERAGE AV % Change	AVERAGE TAX % Change	Count	AVERAGE FY'03 Total AV	AVERAGE FY'03 RE TAX	Count	AVERAGE FY'04 Total AV	AVERAGE FY'04 RE TAX	AVERAGE AV % Change	AVERAGE TAX % Change	Count	AVERAGE FY'03 Total AV	AVERAGE FY'03 RE TAX	Count	AVERAGE FY'04 Total AV	AVERAGE FY'04 RE TAX	AVERAGE AV % Change	AVERAGE TAX % Change
1	391	\$281,116	\$1,205	391	\$318,201	\$973	13.19	-19.28	317	\$333,724	\$1,587	317	\$385,228	\$1,484	15.43	-6.49	267	\$386,995	\$1,974	266	\$448,383	\$1,966	15.86	-0.40
2	203	\$321,266	\$1,497	205	\$375,387	\$1,409	16.85	-5.85	209	\$370,266	\$1,853	206	\$424,635	\$1,785	14.68	-3.65	184	\$458,114	\$2,490	180	\$521,480	\$2,524	13.83	1.35
3	202	\$652,023	\$3,898	203	\$731,421	\$4,126	12.18	5.84	246	\$648,769	\$3,875	242	\$722,531	\$4,058	11.37	4.73	157	\$743,540	\$4,563	152	\$827,464	\$4,859	11.29	6.49
4	203	\$688,983	\$4,167	203	\$762,179	\$4,361	10.62	4.66	133	\$742,631	\$4,556	132	\$822,808	\$4,823	10.80	5.86	72	\$800,379	\$4,975	69	\$869,238	\$5,177	8.60	4.06
5	45	\$1,532,558	\$10,291	46	\$1,743,633	\$11,849	13.77	15.14	26	\$1,959,252	\$13,389	24	\$2,160,592	\$15,030	10.28	12.26	4	\$1,747,325	\$11,850	4	\$2,000,425	\$13,808	14.48	16.52
6	345	\$1,168,389	\$7,647	347	\$1,288,612	\$8,377	10.29	9.55	139	\$1,142,765	\$7,461	139	\$1,254,156	\$8,114	9.75	8.76	72	\$979,806	\$6,278	69	\$1,083,987	\$6,816	10.63	8.57
7	644	\$365,898	\$1,821	644	\$422,957	\$1,772	15.59	-2.67	711	\$452,374	\$2,449	699	\$519,624	\$2,510	14.87	2.49	227	\$495,460	\$2,762	223	\$574,124	\$2,926	15.88	5.94
8	130	\$502,454	\$2,812	131	\$566,377	\$2,867	12.72	1.93	310	\$604,449	\$3,553	304	\$682,088	\$3,749	12.84	5.53	71	\$703,614	\$4,273	69	\$789,661	\$4,570	12.23	6.96
9	200	\$1,038,612	\$6,705	199	\$1,138,959	\$7,235	9.66	7.91	17	\$994,694	\$6,386	17	\$1,121,724	\$7,104	12.77	11.24	1	\$402,300	\$2,085	1	\$442,500	\$1,921	9.99	-7.86
10	295	\$2,609,117	\$18,107	294	\$2,880,551	\$20,524	10.40	13.35	47	\$2,491,051	\$17,250	46	\$2,766,333	\$19,652	11.05	13.93	1	\$2,974,300	\$20,758	1	\$3,271,700	\$23,508	10.00	13.25
11	172	\$1,035,630	\$6,683	171	\$1,157,724	\$7,379	11.79	10.40	51	\$1,132,900	\$7,389	49	\$1,259,541	\$8,155	11.18	10.37	17	\$1,116,265	\$7,269	17	\$1,235,659	\$7,973	10.70	9.69
12	193	\$438,825	\$2,350	193	\$492,839	\$2,306	12.31	-1.91	215	\$448,212	\$2,419	212	\$499,329	\$2,355	11.40	-2.63	154	\$502,418	\$2,812	152	\$552,638	\$2,762	10.00	-1.79
13	223	\$450,653	\$2,436	225	\$522,148	\$2,529	15.86	3.81	263	\$534,772	\$3,047	259	\$607,993	\$3,184	13.69	4.50	196	\$582,006	\$3,390	193	\$661,078	\$3,589	13.59	5.88
15	33	\$582,373	\$3,393	33	\$640,621	\$3,433	10.00	1.19																
16	2	\$550,850	\$3,164	2	\$605,950	\$3,169	10.00	0.15	5	\$675,160	\$4,066	5	\$747,080	\$4,245	10.65	4.41	5	\$721,600	\$4,403	5	\$792,760	\$4,594	9.86	4.33
17	34	\$523,212	\$2,963	34	\$570,074	\$2,895	8.96	-2.30	26	\$598,765	\$3,512	26	\$661,812	\$3,595	10.53	2.37	5	\$709,960	\$4,319	5	\$780,960	\$4,504	10.00	4.28
18	140	\$513,803	\$2,895	140	\$561,634	\$2,830	9.31	-2.22	127	\$497,988	\$2,780	127	\$548,701	\$2,732	10.18	-1.74	71	\$567,361	\$3,284	70	\$624,807	\$3,312	10.13	0.88
19	57	\$985,477	\$6,319	55	\$1,067,804	\$6,692	8.35	5.91	164	\$714,523	\$4,352	165	\$793,494	\$4,600	11.05	5.69	15	\$855,500	\$5,376	15	\$934,340	\$5,674	9.22	5.56
21	74	\$481,707	\$2,662	73	\$543,605	\$2,693	12.85	1.17	43	\$534,495	\$3,045	42	\$599,340	\$3,118	12.13	2.40	17	\$610,335	\$3,596	18	\$666,622	\$3,631	9.22	1.00

Real Estate Tax Bill Data Derived from Average [FY Total AV (-) Residential Exemption Value * Tax Rate]

ATTACHMENT 1
City of Cambridge
Changes By Neighborhood FY2003 To FY2004

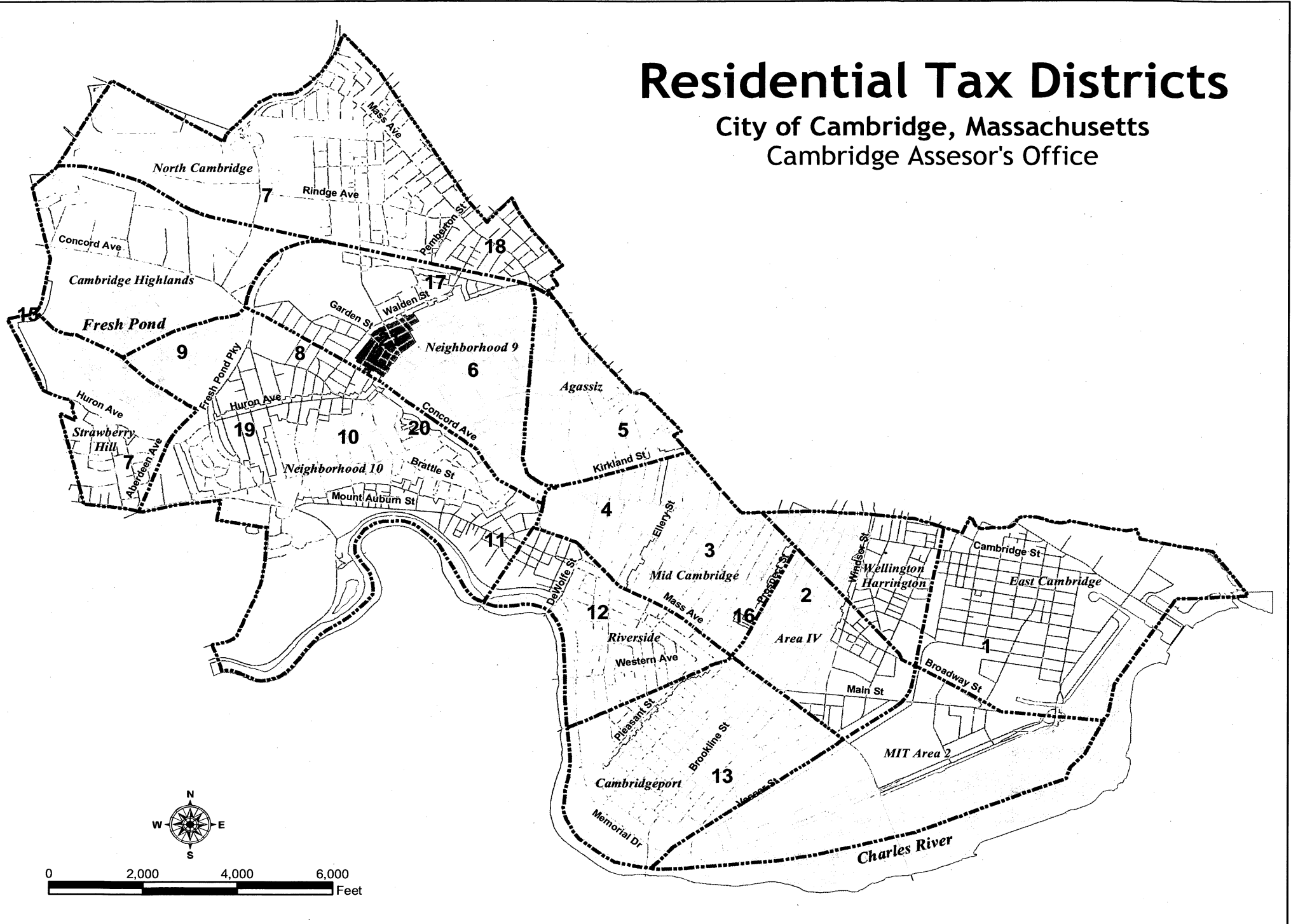
CONDOMINIUM UNITS

District	Count	AVERAGE	AVERAGE	Count	AVERAGE	AVERAGE	AVERAGE	AVERAGE
		FY'03 Total AV	FY'03 RE TAX		FY'04 Total AV	FY'04 RE TAX	AV % Change	TAX % Change
1	1035	\$447,137	\$2,411	1168	\$479,011	\$2,200	7.13	-8.74
2	341	\$271,679	\$1,137	367	\$313,313	\$936	15.32	-17.70
3	1710	\$294,894	\$1,306	1725	\$342,961	\$1,162	16.30	-11.00
4	824	\$314,519	\$1,448	773	\$378,634	\$1,434	20.39	-0.96
5	7	\$1,338,186	\$8,880	13	\$980,915	\$6,030	-26.70	-32.10
6	1606	\$324,477	\$1,520	1667	\$364,944	\$1,330	12.47	-12.54
7	992	\$286,640	\$1,246	1048	\$324,400	\$1,020	13.17	-18.09
8	230	\$388,960	\$1,988	242	\$439,615	\$1,899	13.02	-4.48
9	38	\$365,811	\$1,820	40	\$415,745	\$1,717	13.65	-5.66
10	33	\$1,109,267	\$7,218	35	\$1,194,574	\$7,660	7.69	6.12
11	505	\$704,239	\$4,277	515	\$753,481	\$4,294	6.99	0.39
12	506	\$340,435	\$1,636	509	\$379,451	\$1,440	11.46	-11.97
13	689	\$297,837	\$1,327	713	\$337,939	\$1,124	13.46	-15.32
16	6	\$273,683	\$1,152	9	\$320,822	\$993	17.22	-13.77
17	20	\$330,455	\$1,564	20	\$372,700	\$1,389	12.78	-11.18
18	270	\$385,548	\$1,964	280	\$417,717	\$1,732	8.34	-11.78
19	111	\$528,092	\$2,999	124	\$581,025	\$2,978	10.02	-0.67
20	17	\$341,424	\$1,643	9	\$497,244	\$2,339	45.64	42.34
21	44	\$398,464	\$2,057	46	\$501,120	\$2,369	25.76	15.13

Real Estate Tax Bill Data Derived from Average [FY Total AV (-) Residential Exemption Value * Tax Rate]

Residential Tax Districts

City of Cambridge, Massachusetts
Cambridge Assesor's Office



ATTACHMENT 2

City of Cambridge - Fiscal Year 2004			
Effects on Residential Tax Rate			
	Single Rate	20% Exemption	30% Exemption
Proposed Tax Rate	\$6.15	\$7.06	\$7.63
Average Assessment	\$635,585.00	\$635,585.00	\$635,585.00
Residential Exemption	0	\$127,117.00	\$190,676.00
Average Tax Bill	\$3,908.85	\$3,589.78	\$3,394.66
Breakeven Assessment	None	\$986,200	\$983,000
Dollar Value of Exemption	None	\$897.45	\$1,454.86
Impact on Commercial Tax Rate and Levy			
Commercial Tax Rate	\$19.08	\$19.08	\$19.08

ATTACHMENT 2

Number of Single, Two and Three Family Homes and Condominiums With Residential Exemption

Single Family				
Value	Total # Homes	# Homes w/ Res Exmp	% of Homes w/ Res Exmp Above/Below Breakeven	Homes w/ Res Exmp as % of Total Homes
LT \$1M	2,701	2,265	75%	
GE \$1M	890	742	25%	
Total	3,591	3,007		84%

Condominium				
Value	Total # Condos	# Condos w/ Res Exmp	% of Condos w/ Res Exmp Above/Below Breakeven	Condos w/ Res Exmp as % of Total Condos
LT \$1M	8,923	5,244	96%	
GE \$1M	379	230	4%	
Total	9,302	5,474		59%

Two Family				
Value	Total # Homes	# Homes w/ Res Exmp	% of Homes w/ Res Exmp Above/Below Breakeven	Homes w/ Res Exmp as % of Total Homes
LT \$1M	2,753	2,160	91%	
GE \$1M	258	221	9%	
Total	3,011	2,381		79%

Three Family				
Value	Total # Homes	# Homes w/ Res Exmp	% of Homes w/ Res Exmp Above/Below Breakeven	Homes w/ Res Exmp as % of Total Homes
LT \$1M	1,390	931	92%	
GE \$1M	119	88	8%	
Total	1,509	1,019		68%

ATTACHMENT 2

Impact on Apartments

Tax District	Neighborhood	units	FY04 Assessed Value	20% Exemption Total Tax	PerUnit Per Month	30% Exemption Total Tax	PerUnit Per Month	Difference PerUnit Per Month	% Difference PerUnit Per Month
1	East Cambridge	4	673,400	\$ 4,754	\$ 99	\$ 5,138	\$ 107	\$ 8	8%
2	Central Square	8	1,130,300	\$ 7,980	\$ 83	\$ 8,624	\$ 90	\$ 7	8%
3	Inman Square	8	989,500	\$ 6,986	\$ 73	\$ 7,550	\$ 79	\$ 6	8%
4	Agassiz	5	898,400	\$ 6,343	\$ 106	\$ 6,855	\$ 114	\$ 9	8%
5	Area 4	6	1,076,400	\$ 7,599	\$ 106	\$ 8,213	\$ 114	\$ 9	8%
6	Harvard Square	6	1,309,700	\$ 9,247	\$ 128	\$ 9,993	\$ 139	\$ 10	8%
7	North	6	1,156,400	\$ 8,164	\$ 113	\$ 8,823	\$ 123	\$ 9	8%
11	Harvard Square	5	904,000	\$ 6,382	\$ 106	\$ 6,898	\$ 115	\$ 9	8%
12	Riverside	6	982,600	\$ 6,937	\$ 96	\$ 7,497	\$ 104	\$ 8	8%
13	Central Square	5	906,700	\$ 6,401	\$ 107	\$ 6,918	\$ 115	\$ 9	8%
14	Kendall Square	4	841,800	\$ 5,943	\$ 124	\$ 6,423	\$ 134	\$ 10	8%
18	Porter Square	5	710,800	\$ 5,018	\$ 84	\$ 5,423	\$ 90	\$ 7	8%
20	Cambridge	4	608,600	\$ 4,297	\$ 90	\$ 4,644	\$ 97	\$ 7	8%

Consent Agenda #1

Transmitting communication from Robert W. Healy, City Manager, relative to the votes necessary to seek the Massachusetts Department of Revenue approval for the tax rate of FY2004 and recommendations that reflect legislative changes achieved by a legislative override of the Governor's veto allowing the City to increase the Residential Exemption from 20% to 30%. This change is based on a home rule petition adopted unanimously by the City Council on September 23, 2002:

- A. Authorize the further use of Free Cash of \$6,175,000 to offset the 2004 tax rate as follows: Operating Budget \$1,950,000 (as adopted in the FY2004 Budget); Public Investment \$2,225,000 (as adopted in the FY2004 Budget); and Tax Support Reduction \$2,000,000;
- B. Classify property into five classes;
- C. Adopt a minimum residential factor of 56.3907%;
- D. Approve the maximum residential exemption factor of 30% for owner occupied homes;
- E. Double the normal value of the statutory exemptions for FY2004;
- F. Increase the FY2004 exemption allowed under MGL Chapter 59, Section 5, Clause 17D from \$219.78 to \$227.65; and
- G. Increase the income limit for deferral of real estate taxes by elderly persons from \$20,000 to \$40,000;
- H. Accept the provisions of MGL, Chapter 184, Section 51 pertaining to changes in Clause 41C to elderly property tax relief by:
 - 1. Reducing the age of eligibility from 70 to 65;
 - 2. Increasing income limits for singles from \$13,000 to \$20,000 and for married couple from \$15,000 to \$30,000;
 - 3. Increasing asset limits for singles from \$28,000 to \$40,000 and for married couples from \$30,000 to \$55,000;
 - 4. Increasing the number of housing units to be exempt from the whole asset class; and
 - 5. Change the amount of elderly exemption from \$500 to \$1,000.

In City Council October 9, 2003

**TWELVE ORDERS ADOPTED
ROLL CALL 7-0-2**



City of Cambridge

Calendar Item # 12A
Consent Agenda Item #2A

IN CITY COUNCIL
~~September 29, 2003~~
~~October 1, 2003~~
~~October 8, 2003~~
October 9, 2003

ORDERED: That the City Manager be and hereby is authorized to use \$6,175,000 in Free Cash as an offset to the Fiscal Year 2004 tax rate.

9/29/03 REFERRED TO HEARING. HEARING HELD AND RECESSED TO OCTOBER 1, 2003.

REFERRED TO UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/1/03 HEARING RECONVENED AND RECESSED TO OCTOBER 8, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/8/03 HEARING RECONVENED AND RECESSED TO OCTOBER 9, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

**10/9/03 CALENDAR ITEM # 12 - PLACED ON FILE
SEE AGENDA # 1 OF OCTOBER 9, 2003**



City of Cambridge

Calendar Item # 12B
Consent Agenda Item #2B

IN CITY COUNCIL

~~September 29, 2003~~

~~October 1, 2003~~

~~October 8, 2003~~

October 9, 2003

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

9/29/03 REFERRED TO HEARING. HEARING HELD AND RECESSED TO OCTOBER 1, 2003.

REFERRED TO UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/1/03 HEARING RECONVENED AND RECESSED TO OCTOBER 8, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/8/03 HEARING RECONVENED AND RECESSED TO OCTOBER 9, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

**10/9/03 CALENDAR ITEM # 12 - PLACED ON FILE
SEE AGENDA # 1 OF OCTOBER 9, 2003**



City of Cambridge

Calendar Item # 12C
Consent Agenda Item #2C

IN CITY COUNCIL

~~September 29, 2003~~

~~October 1, 2003~~

~~October 8, 2003~~

October 9, 2003

ORDERED: That the City Council hereby adopts a minimum residential factor of 56.3907%, the legal minimum permitted for Cambridge.

9/29/03 REFERRED TO HEARING. HEARING HELD AND RECESSED TO OCTOBER 1, 2003.

REFERRED TO UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/1/03 HEARING RECONVENED AND RECESSED TO OCTOBER 8, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/8/03 HEARING RECONVENED AND RECESSED TO OCTOBER 9, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

**10/9/03 CALENDAR ITEM # 12 - PLACED ON FILE
SEE AGENDA # 1 OF OCTOBER 9, 2003**



City of Cambridge

Calendar Item # 12D
Consent Agenda Item #2D

IN CITY COUNCIL

~~September 29, 2003~~

~~October 1, 2003~~

~~October 8, 2003~~

October 9, 2003

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

9/29/03 REFERRED TO HEARING. HEARING HELD AND RECESSED TO OCTOBER 1, 2003.

REFERRED TO UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/1/03 HEARING RECONVENED AND RECESSED TO OCTOBER 8, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/8/03 HEARING RECONVENED AND RECESSED TO OCTOBER 9, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/9/03 CALENDAR ITEM # 12 - PLACED ON FILE

SEE AGENDA # 1 OF OCTOBER 9, 2003



City of Cambridge

Calendar Item # 12E
Consent Agenda Item #2E

IN CITY COUNCIL

~~September 29, 2003~~

~~October 1, 2003~~

~~October 8, 2003~~

October 9, 2003

ORDERED: That the City Council vote to double the normal value of the statutory exemptions for fiscal year 2004

9/29/03 REFERRED TO HEARING. HEARING HELD AND RECESSED TO OCTOBER 1, 2003.

REFERRED TO UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/1/03 HEARING RECONVENED AND RECESSED TO OCTOBER 8, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/8/03 HEARING RECONVENED AND RECESSED TO OCTOBER 9, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

**10/9/03 CALENDAR ITEM # 12 - PLACED ON FILE
SEE AGENDA # 1 OF OCTOBER 9, 2003**



City of Cambridge

Calendar Item # 12F
Consent Agenda Item #2F

IN CITY COUNCIL

~~September 29, 2003~~

~~October 1, 2003~~

~~October 8, 2003~~

October 9, 2003

ORDERED: That the City Council vote to increase the Fiscal Year 2004 exemption allowed under General Laws Chapter 59, Section 5, Clause 17D by 3.58% from \$219.78 to \$227.65 (\$7.87).

9/29/03 REFERRED TO HEARING. HEARING HELD AND RECESSED TO OCTOBER 1, 2003.

REFERRED TO UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/1/03 HEARING RECONVENED AND RECESSED TO OCTOBER 8, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/8/03 HEARING RECONVENED AND RECESSED TO OCTOBER 9, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

**10/9/03 CALENDAR ITEM # 12 - PLACED ON FILE
SEE AGENDA # 1 OF OCTOBER 9, 2003**



City of Cambridge

Calendar Item # 12G
Consent Agenda Item #2G

IN CITY COUNCIL
~~September 29, 2003~~
~~October 1, 2003~~
~~October 8, 2003~~
October 9, 2003

ORDERED: That the City Council vote to increase the income limit for deferral of real estate taxes by elderly persons from \$20,000 to \$40,000.

9/29/03 REFERRED TO HEARING. HEARING HELD AND RECESSED TO OCTOBER 1, 2003.

REFERRED TO UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/1/03 HEARING RECONVENED AND RECESSED TO OCTOBER 8, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/8/03 HEARING RECONVENED AND RECESSED TO OCTOBER 9, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

**10/9/03 CALENDAR ITEM # 12 - PLACED ON FILE
SEE AGENDA # 1 OF OCTOBER 9, 2003**



City of Cambridge

Calendar Item # 12H-1
~~Consent Agenda Item #2H-1~~

IN CITY COUNCIL
~~September 29, 2003~~
~~October 1, 2003~~
~~October 8, 2003~~
October 9, 2003

ORDERED: That this City Council go on record accepting the provisions of Massachusetts General Laws, Chapter 184, Section 51 pertaining to changes in Clause 41C to elderly property tax relief by reducing the age of eligibility from age 70 to 65.

**9/29/03 REFERRED TO HEARING. HEARING HELD AND RECESSED TO OCTOBER 1, 2003.
REFERRED TO UNFINISHED BUSINESS – CALENDAR ITEM # 12**

**10/1/03 HEARING RECONVENED AND RECESSED TO OCTOBER 8, 2003
REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12**

**10/8/03 HEARING RECONVENED AND RECESSED TO OCTOBER 9, 2003
REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12**

**10/9/03 CALENDAR ITEM # 12 - PLACED ON FILE
SEE AGENDA # 1 OF OCTOBER 9, 2003**



City of Cambridge

Calendar Item # 12H-2
Consent Agenda Item #2H-2

IN CITY COUNCIL
~~September 29, 2003~~
~~October 1, 2003~~
~~October 8, 2003~~
October 9, 2003

ORDERED: That this City Council go on record accepting the provisions of Massachusetts General Laws, Chapter 184, Section 51 pertaining to changes in Clause 41C to elderly property tax relief by increasing income limits for singles from \$13,000 to \$20,000 and for married couples from \$15,000 to \$30,000.

9/29/03 REFERRED TO HEARING. HEARING HELD AND RECESSED TO OCTOBER 1, 2003.

REFERRED TO UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/1/03 HEARING RECONVENED AND RECESSED TO OCTOBER 8, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/8/03 HEARING RECONVENED AND RECESSED TO OCTOBER 9, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

**10/9/03 CALENDAR ITEM # 12 - PLACED ON FILE
SEE AGENDA # 1 OF OCTOBER 9, 2003**



City of Cambridge

Calendar Item # 12H-3
Consent Agenda Item #2H-3

IN CITY COUNCIL

~~September 29, 2003~~

~~October 1, 2003~~

~~October 8, 2003~~

October 9, 2003

ORDERED: That this City Council go on record accepting the provisions of Massachusetts General Laws, Chapter 184, Section 51 pertaining to changes in Clause 41C to elderly property tax relief by increasing asset limits for singles from \$28,000 to \$40,000 and for married couples from \$30,000 to \$55,000.

9/29/03 REFERRED TO HEARING. HEARING HELD AND RECESSED TO OCTOBER 1, 2003.

REFERRED TO UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/1/03 HEARING RECONVENED AND RECESSED TO OCTOBER 8, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/8/03 HEARING RECONVENED AND RECESSED TO OCTOBER 9, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

**10/9/03 CALENDAR ITEM # 12 - PLACED ON FILE
SEE AGENDA # 1 OF OCTOBER 9, 2003**



City of Cambridge

Calendar Item # 12H-4
Consent Agenda Item #2H-4

IN CITY COUNCIL
~~September 29, 2003~~
~~October 1, 2003~~
~~October 8, 2003~~
October 9, 2003

ORDERED: That this City Council go on record accepting the provisions of Massachusetts General Laws, Chapter 184, Section 51 pertaining to changes in Clause 41C to elderly property tax relief by increasing the number of housing units to be exempt from the whole asset class from 2 to 3 units plus the applicant's unit (4 family units).

**9/29/03 REFERRED TO HEARING. HEARING HELD AND RECESSED TO OCTOBER 1, 2003.
REFERRED TO UNFINISHED BUSINESS – CALENDAR ITEM # 12**

**10/1/03 HEARING RECONVENED AND RECESSED TO OCTOBER 8, 2003
REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12**

**10/8/03 HEARING RECONVENED AND RECESSED TO OCTOBER 9, 2003
REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12**

**10/9/03 CALENDAR ITEM # 12 - PLACED ON FILE
SEE AGENDA # 1 OF OCTOBER 9, 2003**



City of Cambridge

Calendar Item # 12H-5
Consent Agenda Item #2H-5

IN CITY COUNCIL

~~September 29, 2003~~

~~October 1, 2003~~

~~October 8, 2003~~

October 9, 2003

ORDERED: That this City Council go on record accepting the provisions of Massachusetts General Laws, Chapter 184, Section 51 pertaining to changes in Clause 41C to elderly property tax relief by changing the amount of elderly exemption from \$500 to \$1,000 (100% increase).

9/29/03 REFERRED TO HEARING. HEARING HELD AND RECESSED TO OCTOBER 1, 2003.

REFERRED TO UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/1/03 HEARING RECONVENED AND RECESSED TO OCTOBER 8, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/8/03 HEARING RECONVENED AND RECESSED TO OCTOBER 9, 2003

REMAINED ON UNFINISHED BUSINESS – CALENDAR ITEM # 12

10/9/03 CALENDAR ITEM # 12 - PLACED ON FILE

SEE AGENDA # 1 OF OCTOBER 9, 2003

- c. Increasing asset limits for single persons from \$28,000 to \$40,000 and for married couples from \$30,000 to \$55,000.
- d. Increasing the number of housing units to be exempt from the whole assets class from 2 to 3 units plus the applicant's unit (4 family units).
- e. Change the amount of elderly exemption from \$500 to \$1,000 (100% increase). This law will apply to the FY2004 tax bill.

SUMMARY

The establishment of the property tax rate by the Board of Assessors with the approval of the Massachusetts Department of Revenue is the final step in the annual fiscal process that begins in the Spring of each year with the submission of the annual budget to the City Council. The FY2004 budget adopted by the City Council in June called for a tax levy of \$210,552,978, a 6.5% increase over FY2003. After a series of adjustments, the final levy for FY2004 is \$209,581,528.

Adjustment	Amount
State Aid Impact	+ 635,487
Revenue Decreases	+ 161,535
Additional Free Cash	- 2,000,000
Overlay Adjustment	+ 231,528
Net Decrease	971,450

While the gross levy is increasing by \$11,860,983 (6.0%), a significant portion of the levy increase will be covered by taxes on newly constructed property (\$11,255,761), pending approval of the Department of Revenue Bureau of Local Assessment.

For FY2004, the total assessed value of taxable property in the City of Cambridge totals \$19,226,572,680 a 8% increase over 2003 values. Tables I and II below break out new tax and value growth by property types.

**TABLE I
New Construction Breakdown in FY2004**

Property Class	New Value	FY2004 Taxes Paid By New Value
Commercial Property	\$417,269,254	\$ 7,790,431
Personal Property	\$124,479,950	\$ 2,324,041
Residential Property	\$157,226,461	\$ 1,141,289
Total New Growth	\$698,975,665	\$11,255,761

TABLE II
Assessed Values
(in millions)

	FY00	FY01	FY02	FY03	FY04
Commercial Property	\$ 3,990	\$ 4,701	\$ 6,215	\$ 6,563	\$ 6,625
Personal Property	\$ 275	\$ 293	\$ 305	\$ 368	\$ 444
Residential Property	\$ 6,773	\$ 7,709	\$10,317	\$10,820	\$12,158
Total Assessed Value	\$11,038	\$12,703	\$16,837	\$17,751	\$19,227

For FY2004 the City was able to increase its levy limit by approximately \$17 million, to \$251 million. Approximately \$11 million of this increase was due to new construction. State law allows the City to increase its tax levy limit by an amount equal to the total FY2004 value of newly constructed or renovated property multiplied by the FY2003 tax rate. The remaining \$6 million is the 2.5 percent increase over the FY2003 levy allowed by Proposition 2½ plus a revised new value calculation from FY2003. The City's excess levy capacity increased by 14.5% to \$41.4 million.

TABLE III
Tax Levy/Tax Levy Limit/Excess Levy Capacity
(in thousands)

	Actual FY00	Actual FY01	Actual FY02	Actual FY03	Estimated FY04
Levy Limit	\$189,475	\$202,213	\$217,907	\$233,914	\$251,018
Actual Levy	\$164,000	\$178,485	\$187,445	\$197,721	\$209,582
% Actual Levy Increase over Prior Year	3.1%	8.8%	5.0%	5.5%	6.0%
Excess Levy Capacity	\$ 25,475	\$ 23,728	\$ 30,462	\$ 36,193	\$ 41,436

In addition to providing greater flexibility under Proposition 2 1/2, tax payments from newly constructed properties also work to mitigate increases on existing properties. For FY2004, the levy increase of \$11.9 million is offset by the \$11.3 million in taxes paid by new construction (see table I).

TABLE IV
Changes in Average Tax Bills*

	FY03 Tax Bill	FY04 Value	FY04 Tax Bill	Dollar Change	Percent Change
Single Family	\$4,748	\$858,322	\$5,162	\$414	8.7%
Condominium	\$1,718	\$401,342	\$1,936	\$218	12.7%
Two Family	\$3,476	\$666,855	\$3,811	\$335	9.6%
Three Family	\$3,355	\$648,198	\$3,679	\$324	9.7%

* Does not include CPA surcharge

TABLE V
Percentage of Properties Above/Below Average Value

	Below	Above
Single Family	71%	29%
Condominium	67%	33%
Two Family	66%	34%
Three Family	60%	40%

TABLE VI
Changes in Average Tax Bills Without New Construction*

	FY03 Tax Bill	FY04 Value	FY04 Tax Bill	Dollar Change	Percent Change
Single Family	\$4,748	\$858,322	\$5,243	\$495	10.4%
Condominium	\$1,718	\$401,342	\$1,966	\$248	14.4%
Two Family	\$3,476	\$666,855	\$3,870	\$394	11.3%
Three Family	\$3,355	\$648,198	\$3,736	\$381	11.4%

* Does not include CPA surcharge

The past year has seen an increase in Residential Real Estate valuation coupled with a decline in Commercial Real Estate valuation. Declining Commercial Real Estate values are a direct result of lower rental rates and increasing vacancy. In past years Commercial Real Estate has increased at a higher rate than the Residential Real Estate, which has been reversed in the past year causing a shift in taxation between the classes.

For a detailed listing of tax bill changes by district please see Attachment 1.

COMMUNITY PRESERVATION ACT SURCHARGE

In November of 2001, Cambridge voters approved adoption of the Community Preservation Act (CPA), a state law that allows the City to receive matching funds from the state for money raised locally in support of affordable housing, historic preservation and protection of open space. The local portion of CPA funding is raised through a 3% surcharge on taxes. Through Fiscal Year 2004, the City has appropriated/reserved a total of \$24.1 million in CPA funds, of which approximately \$10 million is attributable to state matching funds.

The CPA surcharge has an essentially neutral impact on tax bills because funding of affordable housing, historic preservation and open space initiatives has been shifted from the tax levy to the surcharge. The City continues to allocate the same amount of local funds to these initiatives. However, the state match has enabled the City to double the amount of funding appropriated for these initiatives. To date, Cambridge has received more CPA matching funds from the Commonwealth than any other participating community. Consequently, Cambridge residents will benefit from important housing, historic preservation and open space initiatives throughout the City for years to come.

TABLE VII
Community Preservation Act Surcharge

	FY03 Average CPA	FY04 Average CPA	FY04 Average Tax	FY04 Average Tax & CPA
Single Family	\$121	\$134	\$5,162	\$5,296
Condominium	\$ 30	\$ 37	\$1,936	\$1,973
Two Family	\$ 82	\$ 93	\$3,811	\$3,904
Three Family	\$ 79	\$ 89	\$3,679	\$3,768

FY2004 PROPERTY VALUES

For 2004 the City of Cambridge continued its policy of maintaining property valuations reflective of fair market value based on sales. Sales of 346 houses and 593 existing condominium units were analyzed to develop factors to adjust values by property type (one-family, two-family, three-family, and condominium units) and residential assessing district. Although the economy was sluggish in 2002, low mortgage interest rates coupled with the demand for housing led to further increases in sale prices during 2002 calendar year for residential property in Cambridge. As a result, the fiscal year 2004 real property assessment trend factor must reflect this market activity. The most significant growth and increase in value occurred in the condominium market. Single-family and multi-family properties demanded substantial sale prices; however select neighborhoods experienced greater increases in value than the class average. Specifically, there was a net valuation increase of 11% for single-family houses. The greatest increase in the single-family class was found in Districts 2 (Wellington & Harrington), 7 (North/ West Cambridge) and 13 (Cambridgeport) with an increase of approximately 15%. The net value increase for two-family and three-family houses was 12% and 8% respectively. The Condominium class experienced the largest net increase in value at slightly over 14%. Attachment 1 shows a detailed breakdown of the results. The attached map entitled "Residential Tax Districts" shows the Assessing Departments delineation of neighborhoods for the purpose of market analysis.

For commercial and industrial properties, income and expense returns for the 2002 calendar year were compared to the 2001 calendar year returns. From this analysis, factors were developed to adjust commercial values by use (retail, office, hotel, manufacturing, etc.) and by commercial assessing districts.

Two hundred and one (201) new business personal property listings were added to the master file for FY2004, bringing the total number of personal property accounts to 3,149. The new accounts and the new personal property acquired by existing accounts contributed \$124.5 million to tax value growth for FY2004.

ISSUES/REQUIRED VOTES

- **Authorize \$6,175,000 in Free Cash.** For the fiscal year that ended June 30, 2003, the City of Cambridge has a certified Free Cash balance of \$45,049,838, an increase of approximately \$16,300,000 from FY2002. The significant increase in Free Cash is attributable to actual General Fund revenues exceeding estimates by a large margin, reconciliation of grant revenue and expenditures and the elimination of reserve for capital projects category. While

the \$4,175,000 Free Cash authorization requested at this time was included in the FY2004 budget, an additional \$2 million has been recommended. The Department of Revenue (DOR) does not allow formal authorizations for Free Cash by the City Council until the DOR has certified a Free Cash balance at the conclusion of the fiscal year.

- **Classify Property and Establish Minimum Residential Factor.** Since 1984, the City Council has voted annually to follow state law allowing the classification of property according to use (residential or commercial) and to allocate the legal maximum portion of the tax levy to the commercial class. State law allows the residential portion of the tax levy to be as low as 50% of what it would be if there were single tax rates. However, there are two exceptions to the 50% minimum:
 1. The residential percent of the levy cannot drop to less than its lowest level since classification was initially voted by the City Council (34.5615% in 1985 in Cambridge); and
 2. The 50% level does not cause the commercial class to bear a portion of the levy greater than 175% of what it would be if both classes were taxed equally.

The City Council sets the levy distribution each year by voting for a Minimum Residential Factor. The result of voting for the Minimum Residential Factor of 56.3907% this year will be a residential property share of the total tax levy of 35.6574%. Commercial property will pay 64.3426% of the levy, which brings the commercial portion of the levy to 175% of what it would be with a single tax rate.

- **Establish Residential Exemptions.** State law enables cities and towns to grant owner occupants of residential properties a deduction of up to 20% of the average residential parcel value before the tax rate is applied. I am once again recommending that the City Council adopt the Maximum Residential Exemption of 20%, as it has done in the past. This will result in a deduction of \$127,117 (a \$12,045 increase) from the assessed value of each owner occupied property. The residential exemption serves to reduce the effective tax rate on lower valued properties while raising it on higher valued properties. Since the same amount is deducted from every value, its impact is greatest on the lower valued properties. The residential exemption is paid for by raising the residential tax rate sufficiently to cover the number of taxpayers claiming the residential exemption. For FY2003 there are approximately 12,250 resident exemptions on the Assessing Department files. If Cambridge did not adopt a residential exemption, the residential tax rate would be \$6.15 instead of \$7.06. The higher tax rate results in a "break-even" value over which the higher valued residential properties are assessed for higher taxes than would be the case if there were no residential exemption. In FY2004, the break-even value is \$980,444.
- **Double Statutory Exemptions.** State legislation requires cities and towns to grant a variety of tax exemptions to elderly taxpayers, blind taxpayers, veterans, and surviving spouses who qualify by virtue of residency, income and assets. There are also two pieces of legislation, which authorize cities and towns to increase the amounts of these exemptions. The first allows cities and towns to double the statutory amounts for taxpayers whose tax bills have increased over the prior year's bill. The City Council must vote annually for this increase. I am recommending that the Council do this for FY2004, as it has since FY1987. The second, enacted in 1995, allows cities and towns to increase the amount of the exemption for a senior citizen 70 or older, surviving spouse, or minor with a deceased parent by the increase in the

cost-of-living as measured by the Consumer Price Index (CPI). The CPI increase for FY2004, which was published by the DOR for exemption purpose, is 3.58%. Applying this percentage increase to the FY2003 exemption of \$219.78 raises the exemption to \$227.65.

- **Increase Income Limit for Tax Deferral.** Another form of tax relief available to property owners under state law is Clause 41A of Section 3, Chapter 59. This statute allows taxpayers over 65 years old to defer tax payment until they are deceased or the property is transferred. The statutory income limit for this deferral is \$20,000, which may be increased to \$40,000 by local legislative action. I am recommending that the City Council take this action.
- **Account MGL Chapter 184 Section 51, Clause 41C.** The Legislature has approved new options for providing additional property tax relief for seniors. This is the most generous tax relief for seniors since 1982, dropping the age from 70 to 65. Additionally, the income and asset limits to qualify have been substantially increased for singles and married. Four-family occupant owners are eligible for the first time providing they meet the income and asset limits.

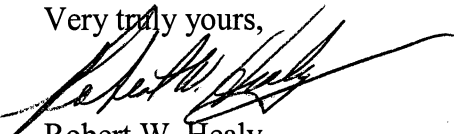
The amount of the minimum senior abatement may be increased from \$500 up to \$1,000 and this amount can be doubled providing that your property taxes have increased by that amount over the previous year. The new 41C will allow the elderly to receive a minimum reduction of \$1,000 and up to \$2,000 in tax reduction provided that their taxes have increased.

CONCLUSION

As the City Council is aware, by the time the classification vote is taken in the fall of each year, the options for the City are fairly limited. Failure to approve maximum classification, residential exemption and the doubling of statutory exemptions would result in significantly higher taxes for residential property owners. After the classification vote is taken, the establishment of the tax rate is a fairly simple mathematical calculation: the tax levy required to support the City budget divided by the total assessed valuation equals the tax rate for FY2004. In FY2004 a portion of Free Cash fund balance has been recommended to lessen the property tax rate.

Continued sound financial management has enabled the City to limit the growth of the residential property taxes. FY2003 was a extremely strong year for the finances of the City: its Free Cash position increased, and its excess levy capacity increased for the third straight year. These strong financial indicators combined with a Aaa credit rating provides the City with enormous flexibility to respond to many of the needs facing this community without sacrificing the fiscal stability that the great majority of our residents expect from the City. By adhering to the proven fiscal policies that have served us so well in the past, we can continue to ensure a stable fiscal future for Cambridge.

Very truly yours,



Robert W. Healy
City Manager

ATTACHMENT 1

City of Cambridge
Changes By Neighborhood FY2003 TO FY2004

SINGLE FAMILY HOUSES

TWO FAMILY HOUSES

THREE FAMILY HOUSES

District	SINGLE FAMILY HOUSES				TWO FAMILY HOUSES				THREE FAMILY HOUSES												
	Count	AVERAGE FY'03 Total AV	AVERAGE FY'03 RE TAX	AVERAGE FY'04 Total AV	AVERAGE FY'04 RE TAX	AVERAGE AV % Change	AVERAGE TAX % Change	Count	AVERAGE FY'03 Total AV	AVERAGE FY'03 RE TAX	AVERAGE FY'04 Total AV	AVERAGE FY'04 RE TAX	AVERAGE AV % Change	AVERAGE TAX % Change	Count	AVERAGE FY'03 Total AV	AVERAGE FY'03 RE TAX	AVERAGE FY'04 Total AV	AVERAGE FY'04 RE TAX	AVERAGE AV % Change	AVERAGE TAX % Change
1	391	\$281,116	\$1,205	\$318,201	\$1,349	13.19	11.91	317	\$333,724	\$1,587	\$385,228	\$1,822	15.43	14.79	267	\$386,995	\$1,974	\$448,383	\$2,268	15.86	14.89
2	203	\$321,266	\$1,497	\$375,387	\$1,753	16.85	17.09	209	\$370,266	\$1,853	\$424,635	\$2,100	14.68	13.37	184	\$458,114	\$2,490	\$521,480	\$2,784	13.83	11.79
3	202	\$652,023	\$3,898	\$731,421	\$4,266	12.18	9.44	246	\$648,769	\$3,875	\$722,531	\$4,204	11.37	8.49	157	\$743,540	\$4,563	\$827,464	\$4,944	11.29	8.37
4	203	\$688,983	\$4,167	\$762,179	\$4,484	10.62	7.61	133	\$742,631	\$4,556	\$822,808	\$4,912	10.80	7.80	72	\$800,379	\$4,975	\$869,238	\$5,239	8.60	5.31
5	45	\$1,532,558	\$10,291	\$1,743,633	\$11,413	13.77	10.90	26	\$1,959,252	\$13,389	\$2,160,592	\$14,356	10.28	7.23	4	\$1,747,325	\$11,850	\$2,000,425	\$13,226	14.48	11.61
6	345	\$1,168,389	\$7,647	\$1,288,612	\$8,200	10.29	7.23	139	\$1,142,765	\$7,461	\$1,254,156	\$7,957	9.75	6.65	72	\$979,806	\$6,278	\$1,083,987	\$6,756	10.63	7.61
7	644	\$365,898	\$1,821	\$422,957	\$2,089	15.59	14.70	711	\$452,374	\$2,449	\$519,624	\$2,771	14.87	13.16	227	\$495,460	\$2,762	\$574,124	\$3,156	15.88	14.28
8	130	\$502,454	\$2,812	\$566,377	\$3,101	12.72	10.27	310	\$604,449	\$3,553	\$682,088	\$3,918	12.84	10.28	71	\$703,614	\$4,273	\$789,661	\$4,678	12.23	9.47
9	200	\$1,038,612	\$6,705	\$1,138,959	\$7,144	9.66	6.54	17	\$994,694	\$6,386	\$1,121,724	\$7,022	12.77	9.96	1	\$402,300	\$2,085	\$442,500	\$2,227	9.99	6.78
10	295	\$2,609,117	\$18,107	\$2,880,551	\$19,439	10.40	7.36	47	\$2,491,051	\$17,250	\$2,766,333	\$18,633	11.05	8.02	1	\$2,974,300	\$20,758	\$3,271,700	\$22,201	10.00	6.95
11	172	\$1,035,630	\$6,683	\$1,157,724	\$7,276	11.79	8.87	51	\$1,132,900	\$7,389	\$1,259,541	\$7,995	11.18	8.19	17	\$1,116,265	\$7,269	\$1,235,659	\$7,826	10.70	7.67
12	193	\$438,825	\$2,350	\$492,839	\$2,582	12.31	9.85	215	\$448,212	\$2,419	\$499,329	\$2,628	11.40	8.65	154	\$502,418	\$2,812	\$552,638	\$3,004	10.00	6.83
13	223	\$450,653	\$2,436	\$522,148	\$2,789	15.86	14.47	263	\$534,772	\$3,047	\$607,993	\$3,395	13.69	11.42	196	\$582,006	\$3,390	\$661,078	\$3,770	13.59	11.20
15	33	\$582,373	\$3,393	\$640,621	\$3,625	10.00	6.86														
16	2	\$550,850	\$3,164	\$605,950	\$3,381	10.00	6.85	5	\$675,160	\$4,066	\$747,080	\$4,377	10.65	7.64	5	\$721,600	\$4,403	\$792,760	\$4,699	9.86	6.72
17	34	\$523,212	\$2,963	\$570,074	\$3,127	8.96	5.54	26	\$598,765	\$3,512	\$661,812	\$3,775	10.53	7.50	5	\$709,960	\$4,319	\$780,960	\$4,616	10.00	6.88
18	140	\$513,803	\$2,895	\$561,634	\$3,068	9.31	5.97	127	\$497,988	\$2,780	\$548,701	\$2,976	10.18	7.07	71	\$567,361	\$3,284	\$624,807	\$3,514	10.13	7.01
19	57	\$985,477	\$6,319	\$1,067,804	\$6,641	8.35	5.10	164	\$714,523	\$4,352	\$793,494	\$4,705	11.05	8.10	15	\$855,500	\$5,376	\$934,340	\$5,699	9.22	6.02
21	74	\$481,707	\$2,662	\$543,605	\$2,940	12.85	10.47	43	\$534,495	\$3,045	\$599,340	\$3,334	12.13	9.49	17	\$610,335	\$3,596	\$666,622	\$3,809	9.22	5.93

Real Estate Tax Bill Data Derived from Average [FY Total AV (-) Residential Exemption Value * Tax Rate]

ATTACHMENT 1
 City of Cambridge
 Changes By Neighborhood FY2003 To FY2004

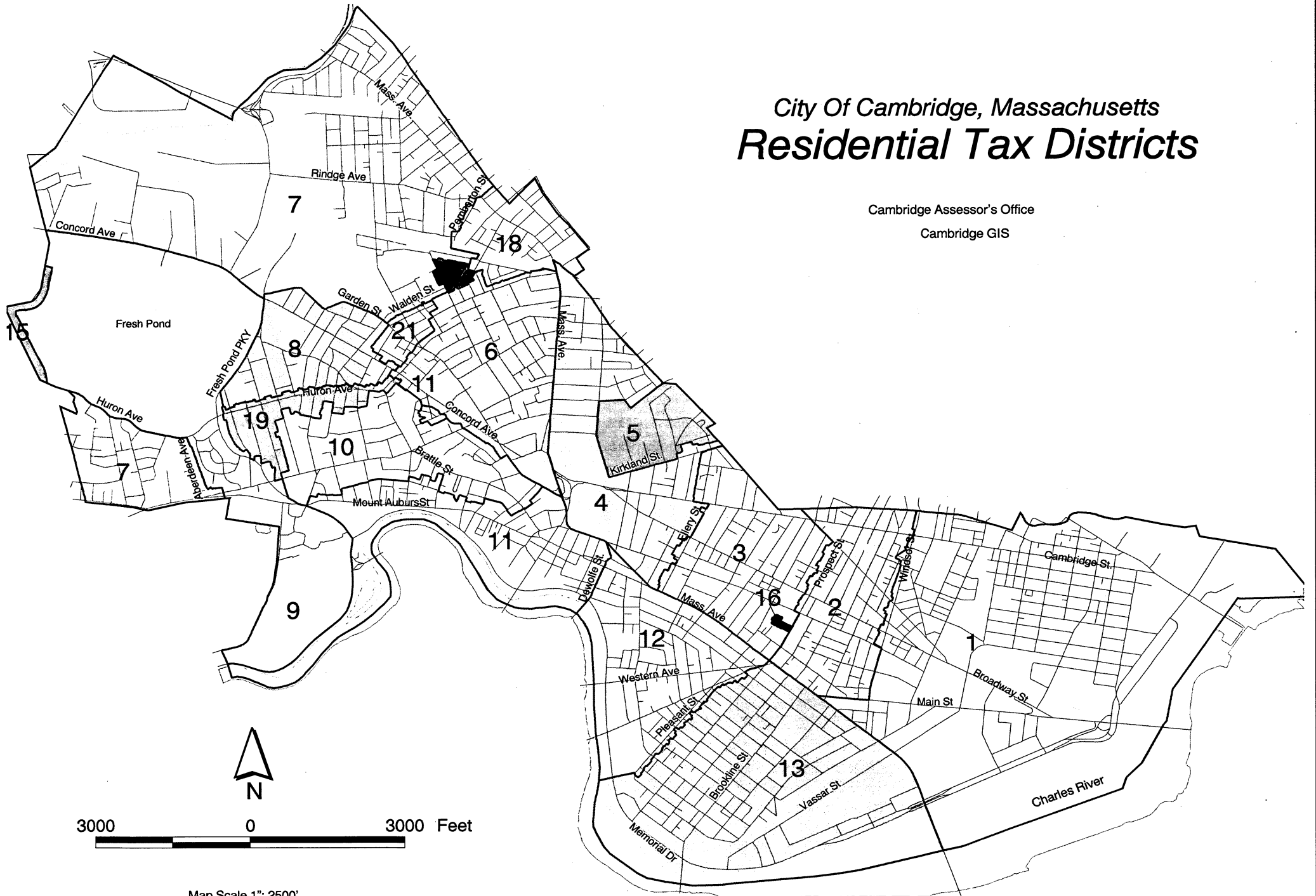
CONDOMINIUM UNITS

District	Count	AVERAGE	AVERAGE	Count	AVERAGE	AVERAGE	AVERAGE	AVERAGE
		<u>FY'03 Total AV</u>	<u>FY'03 RE TAX</u>		<u>FY'04 Total AV</u>	<u>FY'04 RE TAX</u>	<u>AV % Change</u>	<u>TAX % Change</u>
1	1035	\$447,137	\$2,411	1168	\$479,011	\$2,484	7.13	3.05
2	341	\$271,679	\$1,137	367	\$313,313	\$1,315	15.32	15.62
3	1710	\$294,894	\$1,306	1725	\$342,961	\$1,524	16.30	16.72
4	824	\$314,519	\$1,448	773	\$378,634	\$1,776	20.39	22.63
5	7	\$1,338,186	\$8,880	13	\$980,915	\$6,028	-26.70	-32.12
6	1606	\$324,477	\$1,520	1667	\$364,944	\$1,679	12.47	10.44
7	992	\$286,640	\$1,246	1048	\$324,400	\$1,393	13.17	11.82
8	230	\$388,960	\$1,988	242	\$439,615	\$2,206	13.02	10.95
9	38	\$365,811	\$1,820	40	\$415,745	\$2,038	13.65	11.94
10	33	\$1,109,267	\$7,218	35	\$1,194,574	\$7,536	7.69	4.41
11	505	\$704,239	\$4,277	515	\$753,481	\$4,422	6.99	3.38
12	506	\$340,435	\$1,636	509	\$379,451	\$1,781	11.46	8.88
13	689	\$297,837	\$1,327	713	\$337,939	\$1,488	13.46	12.17
16	6	\$273,683	\$1,152	9	\$320,822	\$1,368	17.22	18.76
17	20	\$330,455	\$1,564	20	\$372,700	\$1,734	12.78	10.88
18	270	\$385,548	\$1,964	280	\$417,717	\$2,052	8.34	4.48
19	111	\$528,092	\$2,999	124	\$581,025	\$3,205	10.02	6.87
20	17	\$341,424	\$1,643	9	\$497,244	\$2,613	45.64	59.01
21	44	\$398,464	\$2,057	46	\$501,120	\$2,640	25.76	28.34

Real Estate Tax Bill Data Derived from Average [FY Total AV (-) Residential Exemption Value * Tax Rate]

City Of Cambridge, Massachusetts Residential Tax Districts

Cambridge Assessor's Office
Cambridge GIS



Map Scale 1" = 2500'

Cal 12

Transmitting communication from Robert W. Healy, City Manager, relative to the votes necessary to seek the Massachusetts Department of Revenue approval for the tax rate for FY2004:

- A. Authorize the further use of Free Cash of \$6,175,000 to offset the 2004 tax rate as follows: Operating Budget \$1,950,000 (as adopted in the FY2004 Budget); Public Investment \$2,225,000 (as adopted in the FY2004 Budget); and Tax Support Reduction \$2,000,000;
- B. Classify property into five classes;
- C. Adopt a minimum residential factor of 56.3907%;
- D. Approve the maximum residential exemption factor of 20% for owner occupied homes;
- E. Double the normal value of the statutory exemptions for FY2004;
- F. Increase the FY2004 exemption allowed under MGL Chapter 59, Section 5, Clause 17D from \$219.78 to \$227.65; and
- G. Increase the income limit for deferral of real estate taxes by elderly persons from \$20,000 to \$40,000;
- H. Accept the provisions of MGL, Chapter 184, Section 51 pertaining to changes in Clause 41C to elderly property tax relief by:
 - 1. Reducing the age of eligibility from 70 to 65;
 - 2. Increasing income limits for singles from \$13,000 to \$20,000 and for married couple from \$15,000 to \$30,000;
 - 3. Increasing asset limits for singles from \$28,000 to \$40,000 and for married couples from \$30,000 to \$55,000;
 - 4. Increasing the number of housing units to be exempt from the whole asset class; and
 - 5. Change the amount of elderly exemption from \$500 to \$1,000.

9/29/03 REFERRED TO HEARING. HEARING HELD AND RECESSED TO OCTOBER 1, 2003.

REFERRED TO UNFINISHED BUSINESS-CALENDAR ITEM #12

**10/1/03 HEARING RECONVENED AND RECESSED TO OCTOBER 8, 2003
REMAINED ON UNFINISHED BUSINESS-CALENDAR ITEM #12**

**10/8/03 HEARING RECONVENED AND RECESSED TO OCTOBER 9, 2003
REMAINED ON UNFINISHED BUSINESS-CALENDAR ITEM #12**

**10/9/03 CALENDAR ITEM #12-PLACED ON FILE SEE AGENDA ITEM #1 OF
OCTOBER 9, 2003**

S307

October 9, 2003

Special City Council

Meeting

Property tax rate Classification