

Agenda For April 30, 2015 Housing Committee Meeting

831 Mass Avenue, Basement Conference Room

5:30 pm – 7:30 pm

The Housing Committee will conduct a public hearing to continue the April 22, 2015 discussion on the incentive zoning study from the Community Development Department.

- I. **Opening Remarks from Councilor Simmons**
- II. **Remarks From Community Development Department**
- III. **Remarks from Housing Committee Members**
- IV. **Public Comments**
- V. **Councilor Simmons Closing Remarks**
- VI. **Meeting Concludes**

UPCOMING SCHEDULED HOUSING-RELATED MEETINGS:

May 11, 5:30 pm: Affordable Housing Roundtable in the Sullivan Chamber

Attachment B

REMARKS For April 30, 2015 Housing Committee Meeting
831 Mass Avenue, Basement Conference Room
4:00 pm – 6:00 pm

Good evening. Tonight, the Housing Committee is continuing its discussion about the recently completed nexus study on incentive zoning. Our first meeting on this topic was held on March 19, the second meeting was held on April 22, and we have had some truly robust and informative discussions about this. I again want to particularly thank the Community Development Department for doing a tremendous job of bringing us all up to speed, for making sure we have the information we need to make an informed decision, and for making themselves available to the members of this committee.

I stated at the conclusion of our last meeting that I really want to move out of today with a set of recommendations that we can present to the full City Council. The clock is ticking as new developments are getting approved, new buildings are being constructed, and the summer recess looms over the City Council. In short: we don't have the luxury of time to keep kicking this decision down the road. So I would like us to focus today on getting in any last minute questions to the CDD, any last thoughts on the matter, and then I would like us to agree to a set of recommendations that we are prepared to forward to the full council.

I will start by giving the floor to Chris Cotter and Iram Farooq and ask if they have any new information they would like us to consider, or any points they would like to underscore. I will then turn this over to the committee members, and then we will have public comment. Chris and Iram, the floor is yours.

Cambridge City Council Housing Committee Public Hearing

Robert P. Reardon, CAE
Director of Assessment
City of Cambridge
April 30, 2015

The Assessment Process

- ◆ The Commonwealth of Massachusetts requires all Cities & Towns to establish Full and Fair Cash Value as of January 1st each year.
- ◆ The Classification Amendment allows a shift of real estate and personal property taxes from residential class to commercial, industrial and personal property classes.
- ◆ City of Cambridge shifts the maximum allowable under Mass General Law.

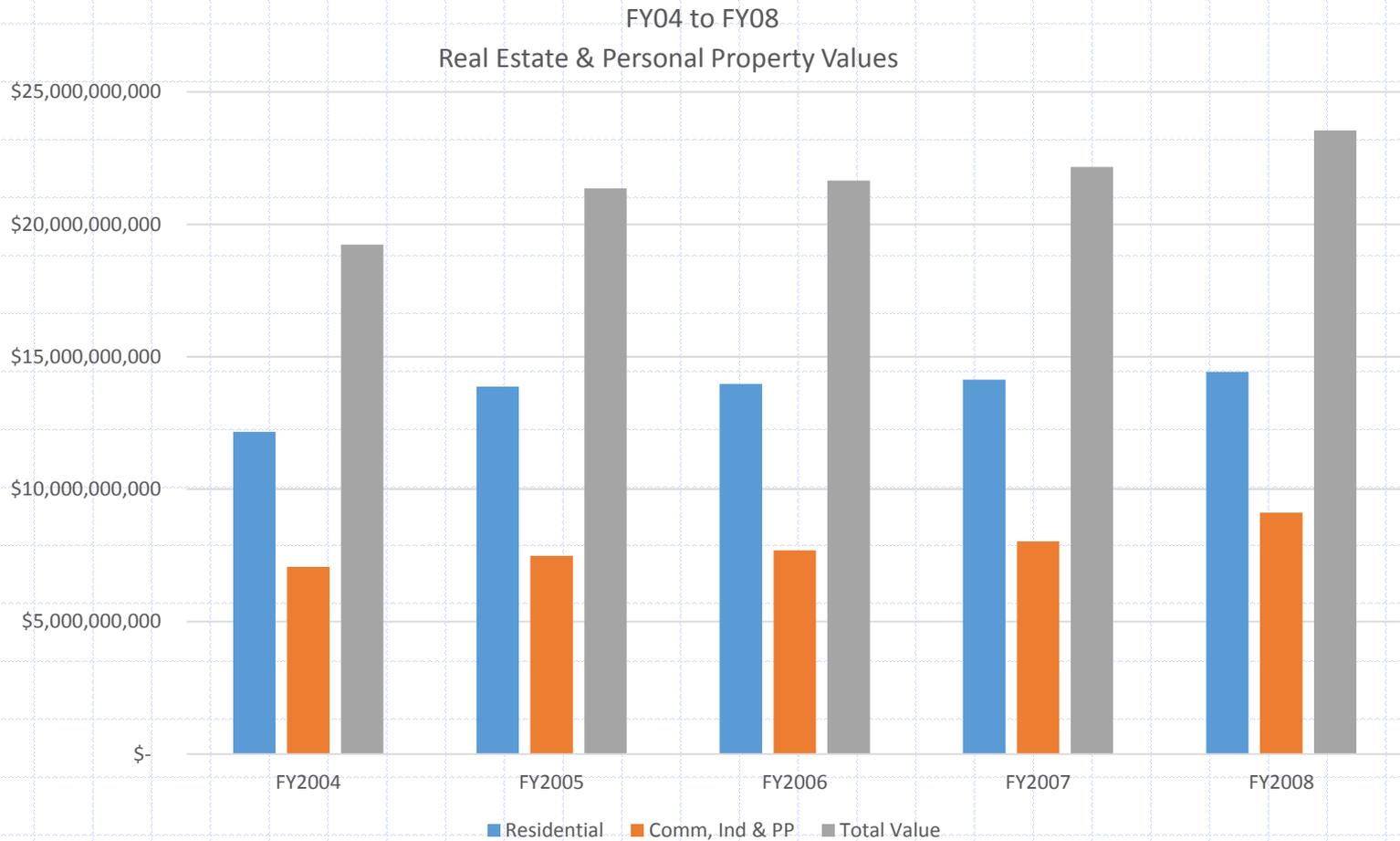
The Classification Process

- ◆ Calculate the total residential taxes under a single tax rate for the Fiscal Year after Department of Revenue approval of Fair Cash Values.
- ◆ At public property tax classification hearing the City Council votes to shift the property taxes up to a maximum of 175% of the residential tax under a single rate system.
- ◆ The single tax rate for FY15 for the City of Cambridge would be \$11.33 instead of \$7.82 for residential and \$19.29 for C I & PP

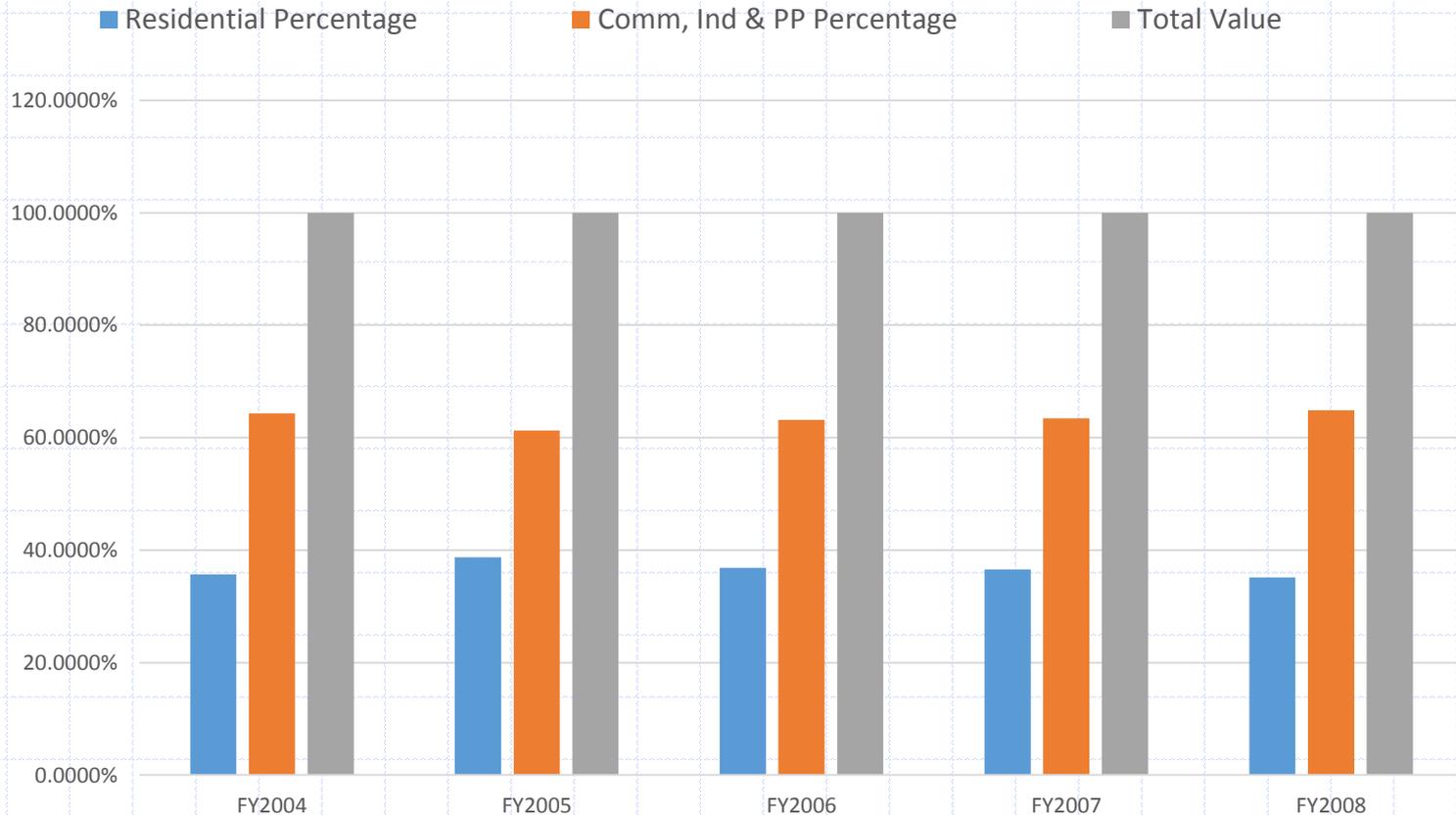
Classification of Cambridge Real Estate

	Actual FY15
Total Tax Levy	\$ 341,445,455
Lowest Residential Factor Allowable	34.5615%
Residential Tax Levy	\$ 118,008,671
Total Tax Levy	\$ 341,445,455
Minus Residential Tax Levy	\$ 118,008,671
Comm. Ind & PP Tax Levy	\$ 223,436,784
Total Comm, Ind & PP Value	\$ 11,581,156,632
Single Tax Rate	\$ 11.33
Amount to be Paid	\$ 131,214,505
Maximum Classification Factor	1.75
Maximum Levy for Comm, Ind & PP	\$ 229,625,383
Excess Shift Capacity for Comm, Ind & PP	\$ 6,188,599

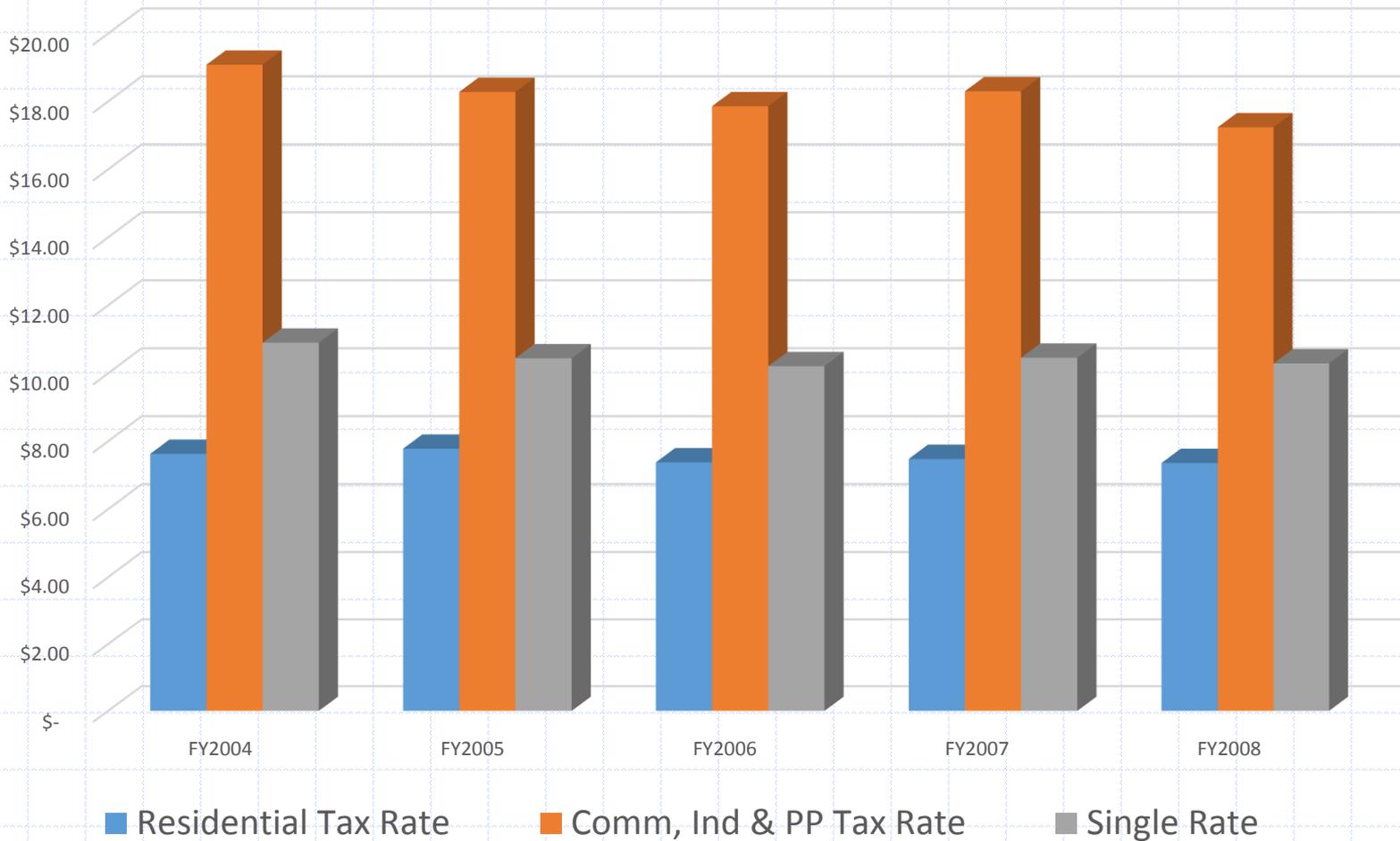
FY04 to FY08 Real Estate and Personal Property Values



FY04 to FY08 Real Estate and Personal Property by Percentages



Trends in Tax Rates



Historic Trend in Tax Levy Increases



Impact in FY05 Real Estate Taxes

Property Type	Mean Assessment	Average Tax Increase	Percentage Tax Increase
Single Family	\$ 960,000	\$ 900	17%
Two Family	\$ 817,000	\$ 1,400	39%
Three Family	\$ 837,000	\$ 1,400	38%
Condos	\$ 406,000	\$ 0	0%

Abatement Requests Increased from 150 to 2000 in FY05

Projections for Classification of Cambridge Real Estate

	Actual FY15		Residential up 10%	
Total Tax Levy	\$	341,445,455	5%	\$ 358,517,728
Lowest Residential Factor Allowable		34.5615%		34.5615%
Residential Tax Levy	\$	118,008,671		\$ 123,909,104
Total Tax Levy	\$	341,445,455	5%	\$ 358,517,728
Minus Residential Tax Levy	\$	118,008,671		\$ 123,909,104
Comm. Ind & PP Tax Levy	\$	223,436,784		\$ 234,608,623
Total Comm, Ind & PP Value	\$	11,581,156,632	5%	\$ 12,160,214,464
Single Tax Rate	\$	11.33	0.95	\$ 10.79
Amount to be Paid	\$	131,214,505		\$ 131,251,275
Maximum Classification Factor		1.75		1.75
Maximum Levy for Comm, Ind & PP	\$	229,625,383		\$ 229,689,731
Excess Shift Capacity for Comm, Ind & PP	\$	6,188,599		\$ (4,918,892)

Projections based upon a 10% increase in the residential base and a 5% increase in the commercial, industrial & personal property base and a 5% levy increase.

Projections for Classification of Cambridge Real Estate

The excess shift increase of \$4,918,892 in tax levy to be assessed to residential property instead of commercial, industrial & personal property would equate to approximately \$0.25 per thousand dollars in assessed value. The impact from the shift alone is in addition to any annual tax increase. The shift alone increase would be as shown below.

Assessed Value Net Residential Exemption	\$	500,000.00	\$ 0.25	\$	125.00
Increase from shift alone.	\$	600,000.00	\$ 0.25	\$	150.00
	\$	700,000.00	\$ 0.25	\$	175.00
	\$	800,000.00	\$ 0.25	\$	200.00
	\$	900,000.00	\$ 0.25	\$	225.00
	\$	1,000,000.00	\$ 0.25	\$	250.00

FY14 vs FY15 Value Increases

Tax Base Changes between FY14 and FY15	Comm, Ind & PP	Residential
Total FY14 Value	\$ 10,519,300,764	\$ 16,642,348,024
Total FY15 Value	\$ 11,581,156,632	\$ 18,562,023,898
Overall Percentage Increase between FY14 & FY15	10.09%	11.53%
New Growth For FY15	\$ 752,044,149	\$ 304,362,529
Total FY15 Value	\$ 11,581,156,632	\$ 18,562,023,898
Percentage Increase from New Growth for FY15	6.49%	1.64%
Net Increase from Existing Property	3.60%	9.90%

Although the overall percentage increases are similar for C,I & PP and Residential it is important to note that two thirds of the increase in assessed value for FY15 in Comm, Ind & PP classes is attributable to New Growth₁₂