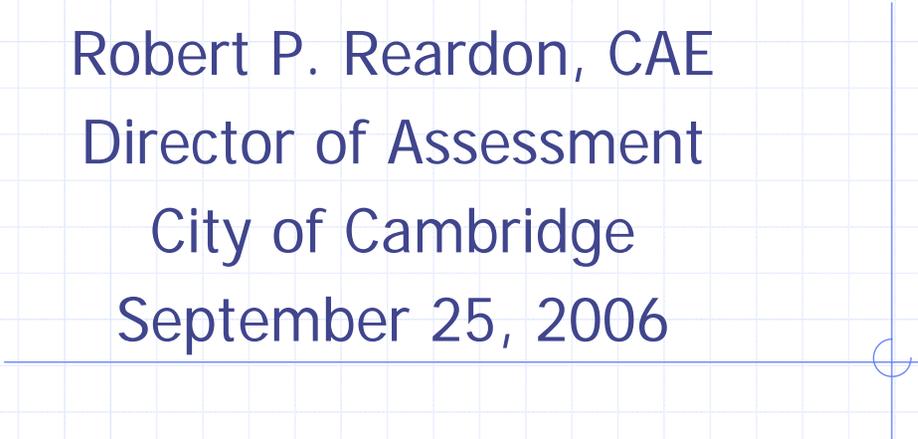




Cambridge City Council  
FY07 Tax Rate Information



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Director of Assessment  
City of Cambridge  
September 25, 2006



# Trends in Cambridge Residential Real Estate

Changes in the Residential Real Estate Market  
and the  
Impact on Assessed Values

# Topics of Discussion

- ◆ The Assessment Process
- ◆ Trends in Real Estate
- ◆ Fiscal Year 2007

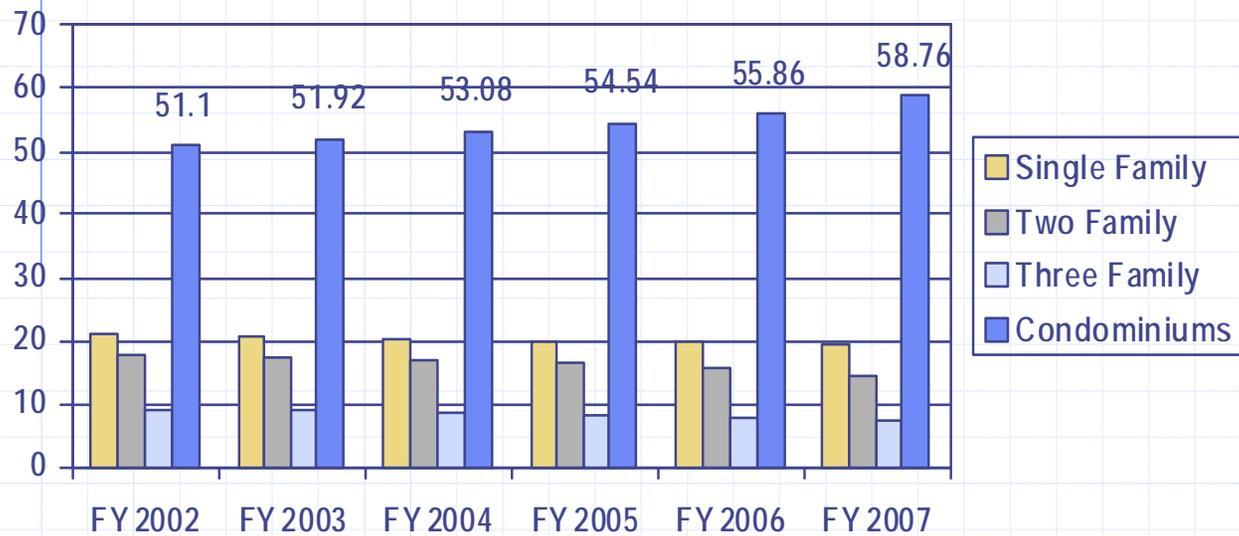
# The Assessment Process

- ◆ The Commonwealth of Massachusetts requires all Cities & Towns to establish Full and Fair Cash Value as of January 1<sup>st</sup> each year.
- ◆ This 1976 Town of Sudbury Court Decision gave the Department of Revenue enforcement powers to have Cities and Towns comply.
- ◆ City of Cambridge was mandated to implement a revaluation which was completed for FY 1984.

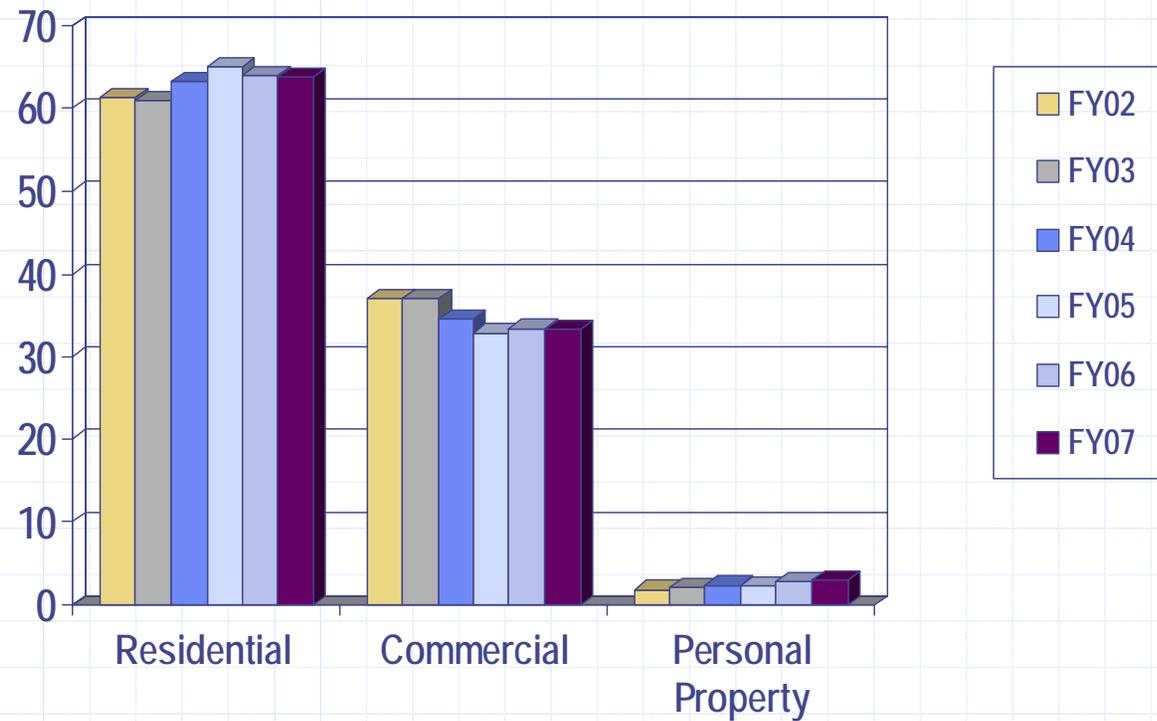
## The Assessment Process

- ◆ Until Fiscal Year 2005 the Department of Revenue required triennial certifications.
- ◆ Effective FY06 Mass Department of Revenue requires statistical certification each year.
- ◆ After FY02 Mass DOR mandates Cambridge implement a new Mass Appraisal System and update the model prior to FY05 certification
- ◆ The off year trending the City of Cambridge has been doing for the past twenty years would no longer meet DOR requirements

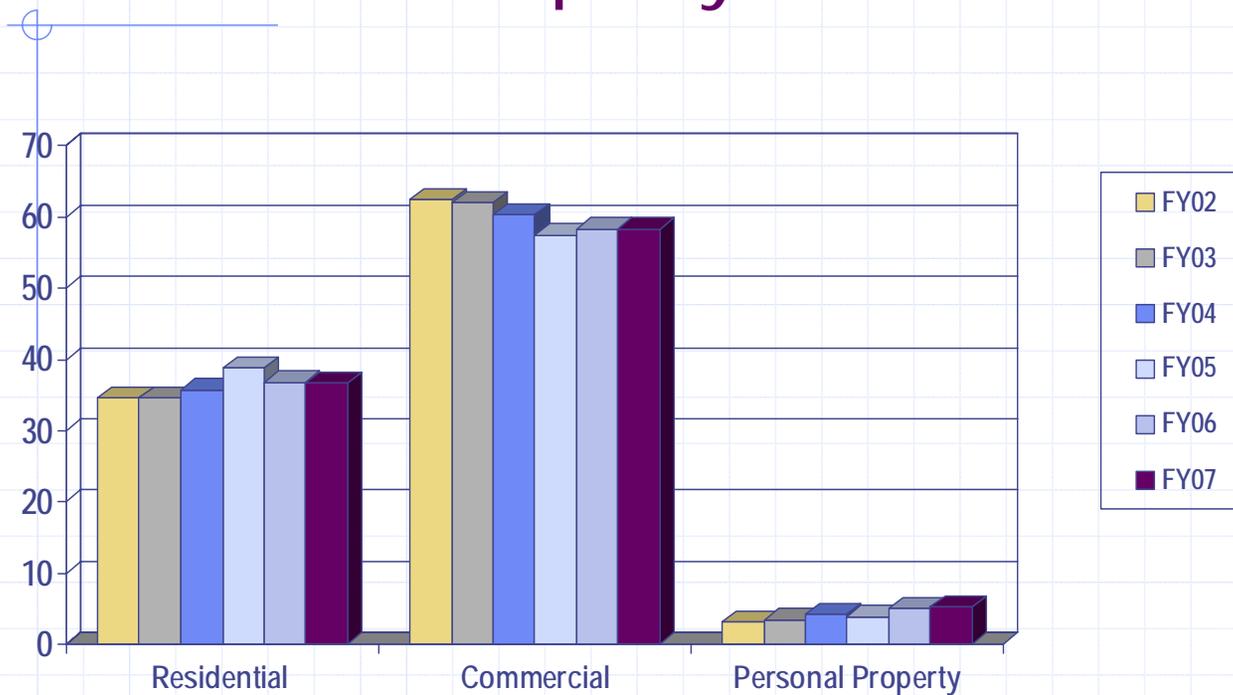
# Trends in Parcel Percentages



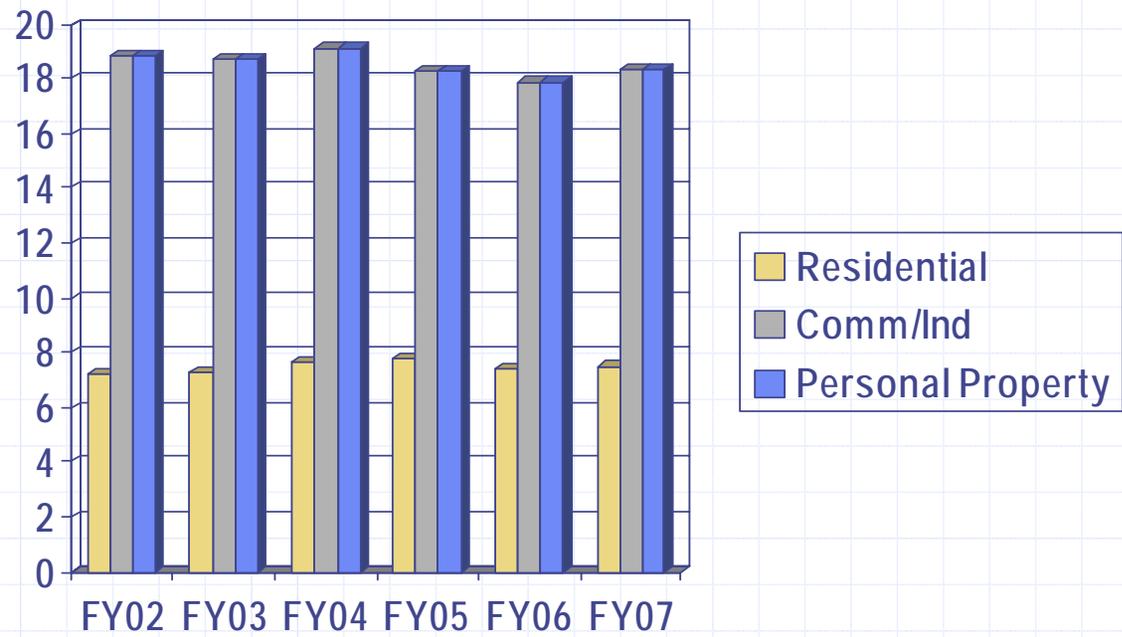
## Trends in Value by Percentages



# Trends in Property Tax Burden



## *Trends in Tax Rates*



## FY06 Residential Assessment Model with 2005 Sales Data by District

<b>Resid NBHD</b>	<b>Sale Count</b>	<b>Mean Sale Price</b>	<b>Mean Assessment</b>	<b>Assessment SP Ratio</b>
R1	36	\$ 497,250	\$ 448,550	89%
R2	17	\$ 595,000	\$ 558,400	94%
R7	37	\$ 572,000	\$ 526,200	91%
R8	11	\$ 770,000	\$ 723,300	93%
R10	12	\$2,190,000	\$2,183,800	99%
R12	16	\$ 632,000	\$ 567,800	89%
R14	13	\$ 1,049,000	\$ 952,700	93%
R17	11	\$ 770,000	\$ 677,700	84%

## FY06 Condominium Assessment Model with 2005 Sales Data by District

Condo NBHD	Sale Count	Mean Sale Price	Mean Assessment	Assessment SP Ratio
R1	110	\$ 336,700	\$ 312,250	92%
R2	70	\$ 375,500	\$ 356,600	95%
R7	117	\$ 385,000	\$ 348,500	93%
R8	27	\$ 523,575	\$ 474,200	96%
R11	31	\$ 470,000	\$ 455,000	95%
R12	101	\$ 412,500	\$ 369,500	89%
R14	25	\$ 535,000	\$ 475,600	94%
R17	36	\$ 452,400	\$ 432,400	96%

## FY07 Developments

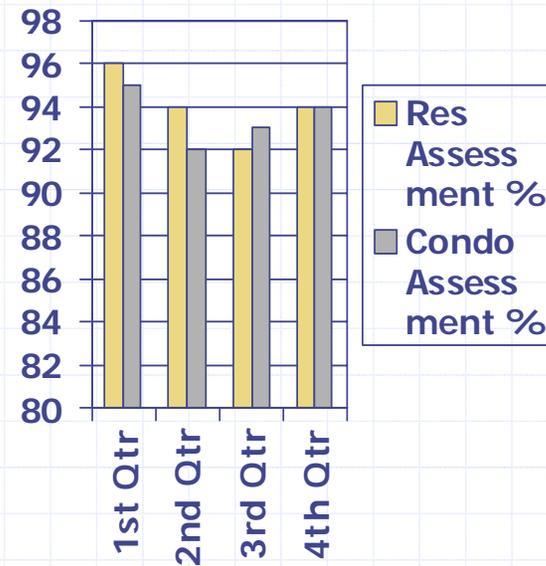
- ◆ Residential model was refined to reflect transitions and changes in the market during 2005
- ◆ Consolidated Porter Square into one neighborhood, created sub-neighborhood for new North Point area
- ◆ Initiated review of existing condominium master deeds, to verify areas and parking

## What This Means

- ◆ The Department of Revenue requires assessment sale price ratios to be within 5% of largest residential class, which for the City of Cambridge is the Condominium Class
- ◆ The Sales Data from 2005 indicates the new City of Cambridge Assessment Program has withstood the test of time.

# FY07 Market Trends

- ◆ Appreciation continued in the beginning of the 2005 for most property types, then slowed toward then end
- ◆ East Cambridge continued to lead in appreciation
- ◆ The market for higher end homes was generally soft.



# FY07 Assessment Model Changes

- ◆ Reduction in the number of Assessment Neighborhoods to create larger sample size
- ◆ Changes to Assessment Neighborhood boundaries to more accurately reflect the market and further improve the assessed values
- ◆ Model changes for building size, condition and other adjustments to reflect market conditions
- ◆ Continue to make the Assessment System understandable and accessible by using the web site and public forums

## FY07 Single Family Assessment Data

NBHD	COUNT	FY05	FY06	Change
R1	389	\$ 387,300	\$ 412,400	6.5%
R2	208	\$ 413,800	\$ 428,300	3.5%
R3	217	\$ 744,000	\$ 725,200	-2.5%
R4	83	\$ 794,500	\$ 812,300	2.2%
R5	56	\$ 2,364,250	\$ 2,178,900	-7.8%
R6	331	\$ 1,316,400	\$ 1,322,700	0.5%
R7	648	\$ 452,650	\$ 459,200	1.4%
R8	223	\$ 641,300	\$ 641,600	0.0%
R9	202	\$ 1,036,700	\$ 1,055,500	1.8%
R10	331	\$ 2,581,100	\$ 2,500,500	-3.1%
R11	164	\$ 1,092,000	\$ 1,114,750	2.1%
R12	175	\$ 539,700	\$ 547,500	1.4%
R13	231	\$ 548,900	\$ 554,200	1.0%
R14	117	\$ 903,300	\$ 970,600	7.5%
R15	33	\$ 705,100	\$ 719,200	2.0%
R16	146	\$ 823,700	\$ 842,400	2.3%
R17	177	\$ 573,200	\$ 620,200	8.2%

## FY07 Two Family Assessment Data

NBHD	COUNT	FY05	FY06	Change
R1	310	\$ 447,800	\$ 467,350	4.4%
R2	191	\$ 497,700	\$ 501,700	0.8%
R3	232	\$ 878,950	\$ 842,650	-4.1%
R4	48	\$ 994,000	\$ 1,000,950	0.7%
R5	14	\$ 2,587,650	\$ 2,218,150	-14.3%
R6	96	\$ 1,177,150	\$ 1,144,200	-2.8%
R7	655	\$ 595,200	\$ 598,700	0.6%
R8	232	\$ 704,250	\$ 703,250	-0.1%
R9	14	\$ 930,350	\$ 901,300	-3.1%
R10	17	\$ 2,370,200	\$ 2,058,900	-13.1%
R11	40	\$ 1,220,050	\$ 1,225,850	0.5%
R12	183	\$ 626,000	\$ 625,800	0.0%
R13	245	\$ 681,300	\$ 680,800	-0.1%
R14	248	\$ 892,400	\$ 885,600	-0.8%
R15				
R16	96	\$ 911,100	\$ 925,750	1.6%
R17	154	\$ 687,050	\$ 712,700	3.7%

## FY07 Three Family Assessment Data

NBHD	COUNT	FY05	FY06	Change
R1	253	\$ 574,000	\$ 585,500	2.0%
R2	166	\$ 690,550	\$ 677,000	-2.0%
R3	138	\$ 1,034,600	\$ 984,750	-4.8%
R4	32	\$ 1,131,200	\$ 1,112,850	-1.6%
R5	5	\$ 2,948,300	\$ 2,718,300	-7.8%
R6	44	\$ 1,398,000	\$ 1,373,000	-1.8%
R7	211	\$ 724,000	\$ 716,100	-1.1%
R8	65	\$ 951,400	\$ 905,900	-4.8%
R9	1	\$ 647,100	\$ 609,200	-5.9%
R10	1	\$ 3,225,700	\$ 3,153,900	-2.2%
R11	17	\$ 1,149,500	\$ 1,157,200	0.7%
R12	125	\$ 759,600	\$ 735,600	-3.2%
R13	172	\$ 777,000	\$ 752,000	-3.2%
R14	51	\$ 984,000	\$ 942,600	-4.2%
R15				
R16	50	\$ 1,002,800	\$ 978,550	-2.4%
R17	75	\$ 817,600	\$ 828,000	1.3%

## FY07 Condominium Assessment Data

NBHD	COUNT	FY05	FY06	Change
R1	1310	\$ 379,550	\$ 379,450	0.0%
R2	432	\$ 325,800	\$ 328,950	1.0%
R3	1780	\$ 353,250	\$ 356,000	0.8%
R4	628	\$ 315,500	\$ 315,200	-0.1%
R5	7	\$ 936,000	\$ 921,800	-1.5%
R6	1581	\$ 333,300	\$ 335,400	0.6%
R7	1067	\$ 334,900	\$ 336,100	0.4%
R8	303	\$ 440,100	\$ 445,500	1.2%
R9	40	\$ 447,350	\$ 474,550	6.1%
R10	35	\$ 1,207,400	\$ 1,300,700	7.7%
R11	507	\$ 583,100	\$ 578,800	-0.7%
R12	786	\$ 374,850	\$ 358,750	-4.3%
R13	823	\$ 339,500	\$ 358,600	5.6%
R14	271	\$ 471,800	\$ 475,000	0.7%
R15				
R16	331	\$ 374,500	\$ 375,200	0.2%
R17	384	\$ 425,800	\$ 437,250	2.7%

## Final Sales Results for FY07

Property Type	Sale Count	Median Sale Price	Median Assessment	Assessment Sale Price Ratio
Single Family	140	\$ 804,250	\$ 747,350	94%
Two Family	56	\$ 690,000	\$ 643,300	93%
Three Family	21	\$ 785,000	\$ 727,100	93%
Condos	784	\$ 410,000	\$ 392,400	92%

## Change in Median Tax Bill

Property Class	FY05 Value	FY05 Tax Bill	FY06 Value	FY06 Tax Bill	Dollar Change	Percent Change
Single Family	\$651,600	\$3,261	\$674,800	\$3,522	\$261	8.0%
Condominium	\$365,850	\$1,152	\$366,800	\$1,218	\$66	5.7%
Two Family	\$669,100	\$3,390	\$670,000	\$3,486	\$89	2.8%
Three Family	\$781,100	\$4,217	\$758,500	\$4,148	(\$69)	(1.6%)

## Change in Residential Taxes Paid

Change in Tax Payment	Number of Parcels	Percentage
Less than \$0	3,494	19.2%
>\$0 and <\$100	8,298	45.6%
>\$100 and <\$250	4,349	23.9%
>\$250 and <\$500	1,401	7.7%
Greater than \$500	655	3.6%

# FY07 New Growth

Property Class	New Value	New Taxes
Commercial and Industrial	\$225,694,353	\$ 4,030,901
Personal Property	\$202,319,670	\$ 3,613,429
Residential	\$339,117,857	\$ 2,502,690
Total New Growth	\$767,131,880	\$10,147,020