

**FISCAL YEAR 2012  
TAX CLASSIFICATION HEARING  
PREPARED FOR  
Board of Selectmen**



**Presented  
by  
Board of Assessors  
Diane O'Connor  
Arthur Holmes  
James Dillon  
December 19, 2011**

**NORTHBOROUGH  
FISCAL 2012  
SUMMARY**

**TOTAL COMMUNITY VALUATION**

**\$2,479,195,500**

**TAX LEVY**

**AMOUNT TO BE RAISED BY TAXATION**

**\$38,402,738**

# **FY2012 NEW GROWTH**

**New growth value submission \$81,401,930  
Levy growth of \$1,229,983.**

**New Growth is as follows:**

<b>RESIDENTIAL</b>	<b>27,902,700</b>
<b>COMMERCIAL</b>	<b>43,552,400</b>
<b>INDUSTRIAL</b>	<b>2,008,500</b>
<b>Total Real Estate Growth</b>	<b>73,463,600</b>
<b>PERSONAL PROPERTY</b>	<b>7,938,330</b>
<b>TOTAL NEW GROWTH</b>	<b>81,401,930</b>

# Fiscal Year 2012 Tax Levy Limitation

• <b>FY 2011 Levy Limit</b>	<b>\$35,854,901</b>
• Add 2.5% (Prop. 2 ½)	<b>\$896,373</b>
• <b>Add FY 2012</b> New Growth	<b>\$1,229,983</b>
• <b>FY 2012 Levy Limit</b> Debt Exclusions	<b>\$37,981,257</b> <b>\$2,401,767</b>
• <b>FY 2012 Maximum</b> Allowable Levy	<b>\$40,383,024</b>

## ASSESSED VALUE BY CLASS

<b>YEAR</b>	<b>CLASS 1 RESIDENTIAL</b>	<b>CLASS 2 OPEN SPACE</b>	<b>CLASS 3 COMM.</b>	<b>CLASS 4 INDUS.</b>	<b>CLASS 5 PERS. PROPERTY</b>	<b>TOTALS</b>	<b>TAX LEVY</b>
<b>2012</b>	<b>1,902,482,700</b>	<b>57,000</b>	<b>232,323,100</b>	<b>272,000,400</b>	<b>72,332,300</b>	<b>2,479,195,500</b>	<b>38,402,738</b>
<b>2011</b>	1,890,669,400	100,600	180,875,800	281,489,900	75,430,450	2,428,566,150	36,695,635
<b>2010</b>	1,951,950,300	100,600	183,263,800	267,299,900	75,710,970	2,478,325,570	35,638,322
<b>2009</b>	1,947,673,200	2,400,000	183,798,500	271,011,400	83,460,870	2,488,343,970	34,239,613
<b>2008</b>	1,941,494,600	2,409,400	183,243,100	266,610,200	61,078,290	2,454,835,590	32,600,217
<b>2007</b>	1,991,920,100	2,634,100	180,701,300	254,763,400	50,992,060	2,481,010,960	30,739,726

## RELATIONSHIP OF CLASS VALUES

<b>YEAR</b>	<b>Residential Open Space</b>	<b>COMM/ IND/P.P.</b>	<b>TOTALS</b>
<b>FY2012</b>	76.74%	23.26%	100%
<b>FY2011</b>	77.86%	22.14%	100%
<b>FY2010</b>	78.82%	21.18%	100%
<b>FY2009</b>	78.37%	21.63%	100%
<b>FY2008</b>	79.19%	20.81%	100%
<b>FY2007</b>	80.39%	19.61%	100%

# **AVERAGE SINGLE FAMILY TAX**

## **FISCAL 2011**

<b>Single Family Home</b>	<b>Tax Rate</b>	<b>FY2011 Bill</b>
395,200	15.11	\$5,971



## **FISCAL 2012**

<b>Single Family Home</b>	<b>Tax Rate</b>	<b>FY2012 Bill</b>
394,700	15.49*	\$6,114

\* If single rate is adopted

## ASSESSED VALUES OF SINGLE FAMILY HOMES

FISCAL YEAR	# HOMES	TAX RATE	AVERAGE VALUATION	AVERAGE TAX BILL	MEDIAN VALUATION	MEDIAN TAX BILL
<b>2012</b>	<b>4008</b>	<b>\$ 15.49</b>	<b>394,700</b>	<b>\$6,114</b>	<b>353,600</b>	<b>\$5,477</b>
<b>2011</b>	4007	\$ 15.11	395,200	\$5,971	353,500	\$5,341
<b>2010</b>	4006	\$ 14.38	416,700	\$5,992	377,000	\$5,421
<b>2009</b>	4002	\$ 13.76	419,600	\$5,774	381,200	\$5,245
<b>2008</b>	4000	\$ 13.28	418,400	\$5,556	380,000	\$5,046
<b>2007</b>	3988	\$ 12.39	432,200	\$5,355	393,600	\$4,877

**AVERAGE = TOTAL OF ALL PARCELS DIVIDED BY NUMBER OF PARCELS**

**MEDIAN = MIDDLE POINT OF ALL PARCELS SORTED BY ASSESSED VALUE**

**FISCAL 2012  
SAMPLE TAX BILLS  
WITH DIFFERENT ALLOCATIONS OF TAX BURDEN  
ON AVERAGE ASSESSED VALUES**

AVERAGE ASSESSED VALUES		SINGLE FAMILY 394,700	CONDO 226,400	AVERAGE ASSESSED VALUES	COMMERCIAL 1,377,700	INDUSTRIAL 4,027,700
	TAX RATE			TAX RATE		
<b>No Allocation</b>	<b>15.49</b>	\$ 6,114	\$ 3,507	<b>15.49</b>	\$ 21,341	\$ 62,389
<b>5% SHIFT</b>	<b>15.26</b>	\$ -91	\$ -52	<b>16.26</b>	\$ +1,060	\$ +3,101
<b>10% SHIFT</b>	<b>15.02</b>	\$ -186	\$ -106	<b>17.04</b>	\$ +2,135	\$ +6,243
<b>15% SHIFT</b>	<b>14.79</b>	\$ -276	\$ -159	<b>17.81</b>	\$ +3,196	\$ +9,344
<b>20% SHIFT</b>	<b>14.55</b>	\$ -371	\$ -213	<b>18.59</b>	\$ +4,270	\$ +12,486
<b>25% SHIFT</b>	<b>14.32</b>	\$ -462	\$ -265	<b>19.36</b>	\$ +5,331	\$ +15,587

**ANY SHIFT AMOUNT DOES NOT RAISE ADDITIONAL REVENUE**

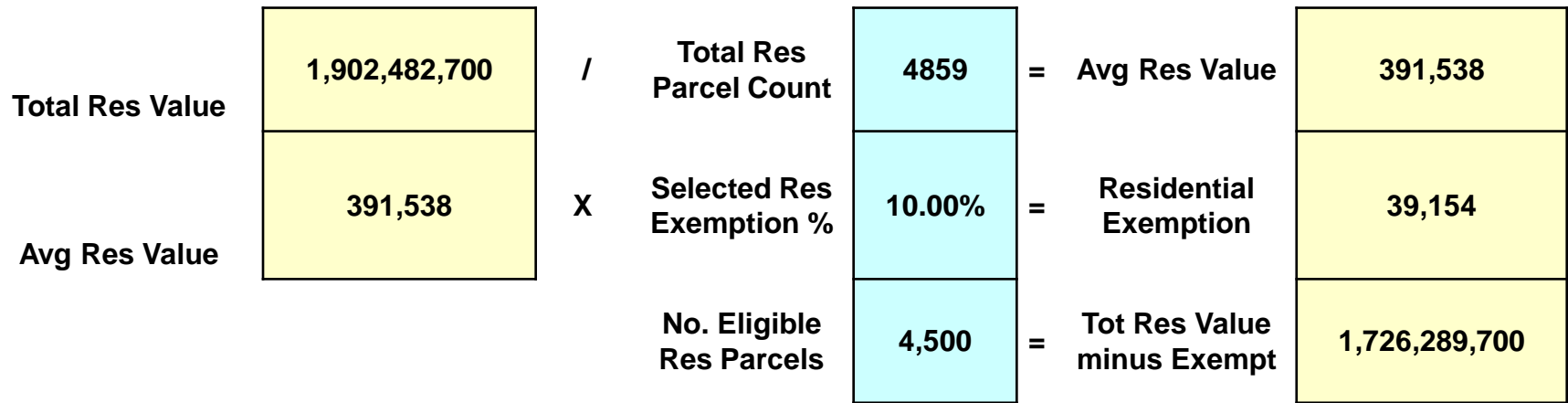
# Residential Exemption

- Allowed only on residential property that is a primary residence of the taxpayer.
- If adopted, the residential exemption may be up to 20% of the average assessed value of all residential parcels.
- Accepting this option changes the residential tax rate only.

**Typically, this exemption is adopted in areas with a low rate of owner occupancy.**

# CALCULATIONS THAT DETERMINE RESIDENTIAL EXEMPTION AND CHANGE OF TAX RATE

## RESIDENTIAL EXEMPTION



CLASS	(b) Levy percentage (from LA-5)	(c) IC above times each percent in col (b)	(d) Valuation by class (from LA-5)	(e) Tax Rates (c) / (d) x 1000	(f) Levy by class (d) x (e) / 1000
Residential	76.74%	29,469,454.91	1,902,482,700		
Exempt			1,726,289,700	<b>17.07</b>	29,467,765.18

# TAX CHANGE RESULTS ON RESIDENTIAL PROPERTIES

## WITHOUT EXEMPTION ASSESSED AT:

**394,000 @ 15.49 = \$6,103**

**494,000 @ 15.49 = \$7,652**

**594,000 @ 15.49 = \$9,201**

## WITH EXEMPTION

**394,000 -39,200 = 354,800 @ 17.07 = \$6,056      \$ 47 LESS**

**494,000 -39,200 = 454,800 @ 17.07 = \$7,763      \$111 MORE**

**594,000 -39,200 = 554,800 @ 17.07 = \$9,470      \$269 MORE**

## NOT OWNER OCCUPIED

**394,000 @ 17.07 WOULD PAY \$6,726      \$623 MORE**

**ANY OWNER OCCUPIED HOME ASSESSED AT 426,000 OR HIGHER  
WOULD PAY MORE WITH THE EXEMPTION THAN WITHOUT.**

# OPEN SPACE DISCOUNT

In computing the residential factor, you may decide to allow a discount for land classified as open space of up to 25% of the residential factor.

Both residential exemption and open space discount impacts the tax rate of the **residential** class of property only, even if a community chooses one tax rate or split rate.

# SMALL COMMERCIAL EXEMPTION

May exempt up to 10% of the value on commercial buildings under one million dollars in value and with an average annual employment of not more than 10 employees.

If adopted, the taxes will be shifted to other commercial, industrial properties that do not qualify for this exemption.

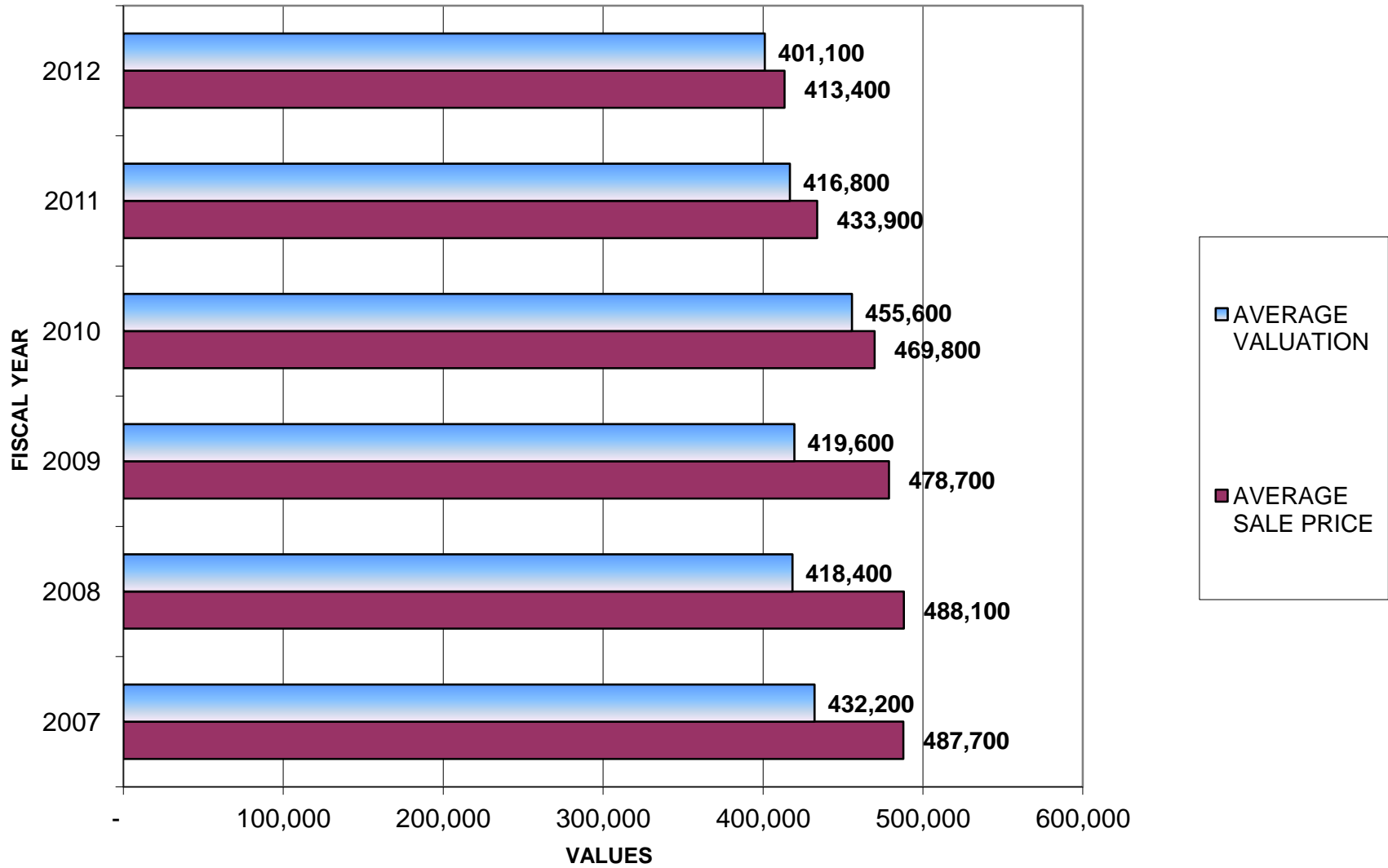
This exemption is for the property owner, not the small businesses.

## AVERAGE SALE PRICE VS AVERAGE ASSESSED VALUE

<b>SINGLE FAMILY SALES ACTIVITY IN NORTHBOROUGH</b>				
<b>FISCAL YEAR</b>	<b>YEAR OF SALES</b>	<b>NUMBER OF VALID SALES</b>	<b>AVERAGE SALE PRICE</b>	<b>AVERAGE VALUATION</b>
<b>2012</b>	7/2009 - 7/2011	131	413,400	401,100
<b>2011</b>	7/2008 - 7/2010	132	433,900	416,800
<b>2010</b>	2007 - 2008	167	469,800	455,600
<b>2009</b>	2007	108	478,700	419,600
<b>2008</b>	2006	125	488,100	418,400
<b>2007</b>	2005	165	487,700	432,200

**AVERAGE = TOTAL OF VALID SALES DIVIDED BY NUMBER OF SALES**

# AVERAGE VALUE VS AVERAGE SALE PRICE



## FORECLOSURE STATUS FOR NORTHBOROUGH

CALENDAR YEAR	Single Family	CONDO	TWO FAMILY	OTHER	TOTAL # Foreclosures	TOTAL PARCELS	Foreclosure % Rate Of Total Parcels
2004	1				1	5294	0.09%
2005	1				1	5371	0.09%
2006	6	1			7	5379	0.13%
2007	5	1	2		8	5524	0.14%
2008	13	4		1	18	5570	0.32%
2009	4	2	3	1	10	5601	0.18%
2010	7	5	1	1	14	5610	0.25%
1/2011 - 10/2011	13	3	1	0	17	5623	0.30%

# FY2011-2012 TAX RATES OF SURROUNDING COMMUNITIES

COMMUNITY	2011			2012		
	SPLIT-RATE	RES. RATE	COMM. RATE	SPLIT-RATE	RES. RATE	COMM. RATE
ASHLAND	NO	\$15.91		NO	\$16.57	
BERLIN	YES	\$13.89	\$14.84	YES	\$14.47	\$17.47
BOYLSTON	NO	\$15.66		NO	\$17.02	
FRAMINGHAM	YES	\$16.03	\$37.11	?	?	
HOLDEN	NO	\$15.65		NO	\$16.53	
HOPKINTON	NO	\$16.73		NO	\$17.05	
MARLBOROUGH	YES	\$13.94	\$27.55	YES	\$14.80	\$29.04
<b>NORTHBOROUGH</b>	<b>NO</b>	<b>\$15.11</b>		<b>NO</b>	<b>\$15.49</b>	<b>Proposed</b>
SHREWSBURY	NO	\$10.67		NO	\$11.11	
SOUTHBOROUGH	NO	\$15.58		NO	\$16.14	
WESTBOROUGH	NO	\$18.24		NO	\$19.21	
WORCESTER	YES	\$16.06	\$34.65	?	?	

# Fiscal 2012

## SAMPLE TAX BILLS

### *With Different Allocations of Tax Burden*

RESIDENTIAL PROPERTIES					COMMERCIAL & INDUSTRIAL			
Assessed Values		394,000	494,000	594,000		5,000,000	10,000,000	15,000,000
	TAX RATE				TAX RATE			
No Allocation	15.49	\$6,103	\$7,652	\$9,201	15.49	\$77,450	\$154,900	\$232,350
5% SHIFT	15.26	\$6,012	\$7,538	\$9,064	16.26	\$81,300	\$162,600	\$243,900
	DIFF	-\$91	-\$114	-\$137	DIFF	\$3,850	\$7,700	\$11,550
10% SHIFT	15.02	\$5,918	\$7,420	\$8,922	17.04	\$85,200	\$170,400	\$255,600
	DIFF	-\$185	-\$232	-\$279	DIFF	\$7,750	\$15,500	\$23,250
15% SHIFT	14.79	\$5,827	\$7,306	\$8,785	17.81	\$89,050	\$178,100	\$267,150
	DIFF	-\$276	-\$346	-\$416	DIFF	\$11,600	\$23,200	\$34,800
20% SHIFT	14.55	\$5,733	\$7,188	\$8,643	18.59	\$92,950	\$185,900	\$278,850
	DIFF	-\$370	-\$464	-\$558	DIFF	\$15,500	\$31,000	\$46,500
25% SHIFT	14.32	\$5,642	\$7,074	\$8,506	19.36	\$96,800	\$193,600	\$290,400
	DIFF	-\$461	-\$578	-\$695	DIFF	\$19,350	\$38,700	\$58,050