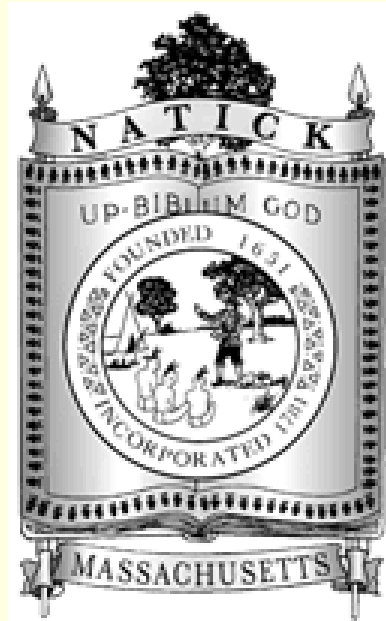


Fiscal Year 2012

Tax Classification Hearing



Jan Dangelo, MAA
Director of Assessing

November 21, 2011

Fiscal Year 2012

Tax Classification Hearing

The purpose of the classification hearing is to determine the percentage share of the tax levy that each class of property will pay. The Board of Selectman must determine a residential factor. The residential factor is used by the assessors to determine the tax levy paid by each class of property and calculate the tax rate.

Property Assessment Review

This year residential and commercial values decreased slightly. Some taxpayers will see a decrease in the assessed value. This does not translate to a tax decrease. Property values are driven by the sales market. Taxes are driven by the town's budget.

Overall, single family homes decreased slightly this year for the second year in a row. The average single family assessment dropped from \$441,357 to \$432,400.

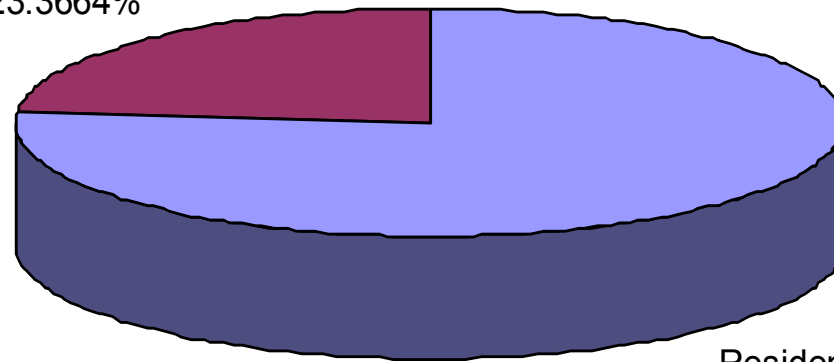
Property Assessment Review

Commercial, industrial, and mixed use property values have decreased slightly. This year there is a slight shift back to residential properties.

	Residential	CIP
Fiscal Year 2011	76.467%	23.533%
Fiscal Year 2012	76.634%	23.366%
Shift	00.167%	-00.167%

Classification Percentages

CIP, 23.3664%



Residential,
76.6336%

New Growth

New Growth was certified at \$67,173,275. Condominiums contributed the largest residential increase. This is a direct result of the condos at South Natick Hills. Single family home new growth has remained constant. Utility companies contributed greatly to our personal property new growth of \$7,306,575.

Maximum Allowable Levy

The maximum levy allowed for fiscal year 2012
is
\$86,502,701

(This includes the debt exclusion of \$4,924,076)

Levy Limit Calculation

TO CALCULATE THE FY2012 LEVY LIMIT

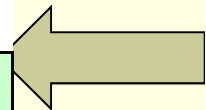
A. FY2011 Levy Limit	78,763,162	
A1 ADD Amended FY2012 Growth	0	
B. ADD (A + A1) X 2.5%	1,969,079	
C. ADD FY2012 New Growth	846,384	
D. ADD FY2012 Override		
E. FY2012 Subtotal	81,578,625	
F. FY2012 Levy Ceiling	155,383,390	\$ 81,578,625

FY2012 Levy Limit

TO CALCULATE THE FY2011 MAXIMUM ALLOWABLE LEVY

A. FY2011 Levy Limit	81,578,625	
B. FY2011 Debt Exclusion(s)	4,924,076	
C. FY2011 Capital Expenditure Exclusion(s)		
D. FY2011 Other Adjustment		
E. FY2011 Water / Sewer		
F. FY2011 Maximum Allowable Levy		\$ 86,502,701

MAXIMUM LEVY



Excess Levy Capacity

This years excess levy capacity is \$47,383. This is the difference between the maximum levy and our actual levy. We are at our maximum allowable levy, since increasing the tax rate by one cent would exceed the limit.

Levy Limit – Actual Levy = Excess Levy

Residential Factor

The minimum residential factor is 84.7545%.

This is the factor that would split the tax rate toward commercial up to 150%. This would increase the commercial tax rate by \$6.95 per thousand and reduce the residential rate by \$2.12 per thousand.

A residential factor of 1.00 will maintain a single tax rate. A residential factor below 1.00 will result in a split tax rate.

Classification Impact Examples

Type	Typical Property	Assessmt	Tax Levy Shift					
			100%	110%	120%	130%	140%	150%
Resid	Condo	250,000	\$ 3,478	\$ 3,373	\$ 3,265	\$ 3,160	\$ 3,053	\$ 2,948
Resid	Single or Multi	500,000	\$ 6,955	\$ 6,745	\$ 6,530	\$ 6,320	\$ 6,105	\$ 5,895
Resid	Single Family	750,000	\$ 10,433	\$ 10,118	\$ 9,795	\$ 9,480	\$ 9,158	\$ 8,843
Resid	Single Family	1,250,000	\$ 17,388	\$ 16,863	\$ 16,325	\$ 15,800	\$ 15,263	\$ 14,738
Resid	Sm. Apartment	1,500,000	\$ 20,865	\$ 20,235	\$ 19,590	\$ 18,960	\$ 18,315	\$ 17,685
Resid	Lg. Apartment	15,000,000	\$ 208,650	\$ 202,350	\$ 195,900	\$ 189,600	\$ 183,150	\$ 176,850
Comm	Gas Station	750,000	\$ 10,433	\$ 11,475	\$ 12,518	\$ 13,560	\$ 14,603	\$ 15,645
Comm	Small Retail	1,250,000	\$ 17,388	\$ 19,125	\$ 20,863	\$ 22,600	\$ 24,338	\$ 26,075
Comm	Office Bldg	40,000,000	\$ 556,400	\$ 612,000	\$ 667,600	\$ 723,200	\$ 778,800	\$ 834,400
Comm	Retail Mall	405,000,000	\$ 5,633,550	\$ 6,196,500	\$ 6,759,450	\$ 7,322,400	\$ 7,885,350	\$ 8,448,300
Mixed Us	Residential w/ C	1,250,000	\$ 17,388	\$ 17,994	\$ 18,594	\$ 19,200	\$ 19,800	\$ 20,406
Residential Change				-3.02%	-6.11%	-9.13%	-12.22%	-15.24%
Commercial Change				9.99%	19.99%	29.98%	39.97%	49.96%
Mixed Use Change				3.49%	6.94%	10.42%	13.87%	17.36%
Residential Factor			1	0.96905	0.939	0.9085	0.0878	0.8475

Residential Exemption

The board may also adopt a residential exemption of up to 20% of the average residential value. The overall average residential value is \$378,379. The residential exemption shifts the tax burden within the residential class. It does not split the tax rate. Non-owner occupied and many residential properties would actually pay a higher tax. The residential exemption works well in communities with a high percentage of non-resident property owners such as the Cape and communities with a large number of apartments and rental units. Natick does not have a high percentage of non-resident owners.

Residential Exemption Examples

Selected Exemption

Residential Exemption

Residential Tax Rate

Commercial Tax Rate

0	5.00%	10.00%	15.00%	20.00%
\$0	\$18,919	\$37,838	\$56,757	\$75,676
13.91	14.29	14.69	15.11	15.56
13.91	13.91	13.91	13.91	13.91

	Assess	Tax	Tax	Tax	Tax	Tax
Owner Occupied Home	400,000.00	5,564.00	5,445.65	5,320.16	5,186.40	5,046.48
Commercial	400,000.00	5,564.00	5,564.00	5,564.00	5,564.00	5,564.00
Non Occupied Home	400,000.00	5,564.00	5,716.00	5,876.00	6,044.00	6,224.00
Vacant Land	400,000.00	5,564.00	5,716.00	5,876.00	6,044.00	6,224.00
Owner Occupied Home	800,000.00	11,128.00	11,161.65	11,196.16	11,230.40	11,270.48
Commercial	800,000.00	11,128.00	11,128.00	11,128.00	11,128.00	11,128.00
Non Occupied Home	800,000.00	11,128.00	11,432.00	11,752.00	12,088.00	12,448.00
Apartment	2,500,000.00	34,775.00	35,725.00	36,725.00	37,775.00	38,900.00
Commercial	2,500,000.00	34,775.00	34,775.00	34,775.00	34,775.00	34,775.00

Residential Exemption

Fourteen communities* adopted a residential exemption in 2011.

Barnstable

Everett

Somerville

Boston

Malden

Tisbury

Brookline

Nantucket

Waltham

Cambridge

Somerset

Watertown

Chelsea

West Barnstable Fire

*Includes Fire District

Owner occupied condominiums in West Natick would benefit most from a residential exemption.

Small Commercial Exemption

The board may also approve a small commercial exemption of up to 10%. This is only available to businesses that employ less than 10 people annually (as certified by the Department of Labor and Workforce Development) and are valued less than \$1,000,000. All businesses at the property must qualify. Approximately 33 properties would qualify.

Small Commercial Exemption

Ten communities adopted a small commercial exemption in 2010.

Auburn

New Ashford

Avon

Seekonk

Bellingham

Somerset

Braintree

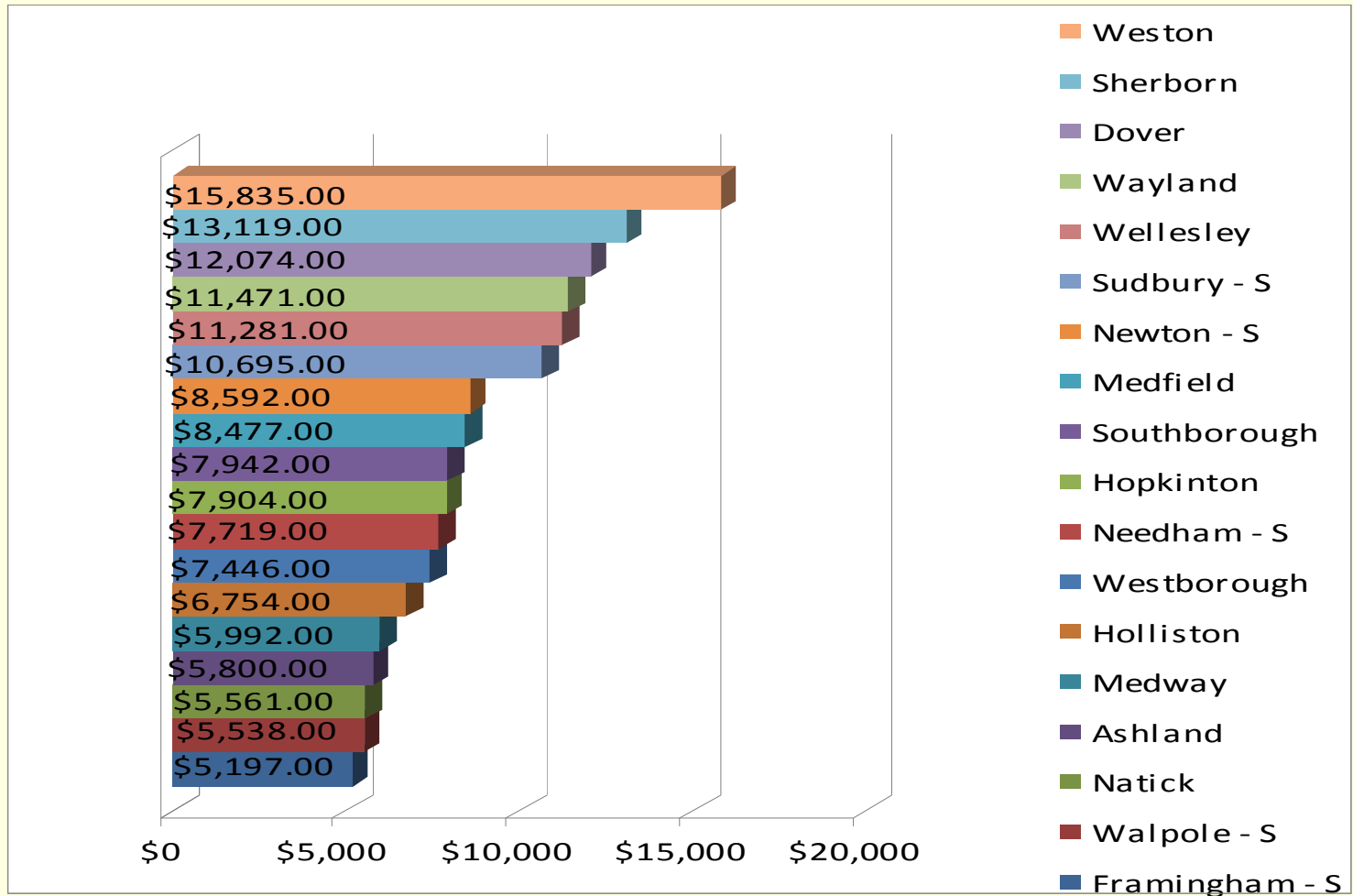
Westford

Dartmouth

Wrentham

Adopting a small commercial exemption without classifying taxes would result in an effective tax rate for some commercial properties that is less than the residential rate.

Single Family Tax Bill Comparison



Projected Tax Rate

- If Natick maintains a single tax rate by voting a Residential Factor of 1.0;
The Projected Tax Rate is:

\$13.91

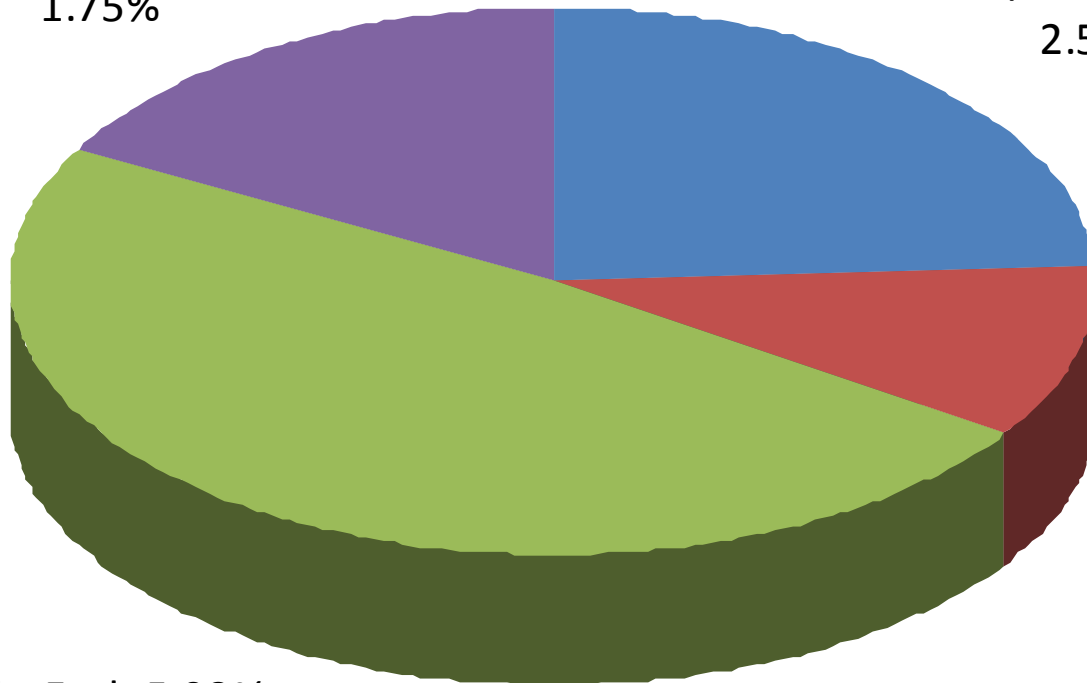
Tax Rate Percentage Increase

Change in value,
1.75%

Proposition 2.5,
2.50%

New Growth,
1.07%

Debt Excl, 5.08%



Lets Talk Taxes..

If Natick maintains a single tax rate, we can expect the following:

- We have projected an increase to the Average Single Family Tax Bill of \$454.00.
- We have projected an increase to the Average Commercial Tax Bill of \$2,685.00.
- Natick's Top Commercial Taxpayer, the Natick Mall location will collectively contribute \$4,647,938.87 in Real Estate Taxes for Fiscal Year 2012. (This excludes Personal Property and Nouvelle Residences)

Conclusion

- The board must adopt a residential factor.

A residential factor of 1.00 will result in a single tax rate.

A residential factor less than 1.00, will result in a split tax rate.

Conclusion

- You may also adopt a residential exemption.
- You may adopt a small commercial exemption.

Typically the exemptions above are found in communities that split the tax rate or that have a large percentage of rental or absentee owners.