



FY 2023 Property Tax Update

Property Tax Information from the City of Somerville Board of Assessors and Mayor's Office Dec. 2022

Dear Residents and Taxpayers of Somerville:

From the Assessors: Fiscal Year 2023 is a State Department of Revenue (DOR) interim adjustment year for the Board of Assessors. An interim adjustment year requires that the Board adjusts values based upon changes in the market and that DOR standards have been met. While the DOR reviews and approves any adjustment by the Board, the standards are not quite as rigorous and as comprehensive as those in a certification or revaluation year. Assessments for FY 2023 reflect values as of January 1, 2022 and were released to the public on December 31, 2022. They can be viewed at www.somervillema.gov by clicking Your Government, Departments, Assessing, and the link titled "Assessor's Database." Assessed values will appear on your third quarter actual tax bill issued on or about 12/31/2022. Taxpayers who feel that their property is overvalued must file a formal appeal (abatement) with the Board of Assessors by no later than February 1, 2023 but not before December 31, 2022.

Among other information, this update explains:

- How to find out your assessed value for FY 2023
- The FY 2023 tax rates
- Estimated average tax bills for residential homeowners
- How to appeal or file for abatement
- How values are calculated
- Property value trends in Somerville
- Information on property tax exemptions available to qualifying owners

Sincerely,

Francis J. Golden, MAA Chief Assessor & Chairman
Michael Flynn, MAA
Richard Scanlon, MAA

News and Helpful Tips

Are You Taking the Residential Tax Exemption?

Somerville offers the highest residential exemption in the Commonwealth. In FY2023, the 35% exemption will yield savings of up to \$3,910. Contact the Assessors' Office for more information.

Additional Exemptions Available for Eligible Owners:

Seniors, veterans, widows, individuals with disabilities and other persons facing hardships may be eligible for an additional exemption and other opportunities to reduce their tax bill. Please see the Exemptions sections inside this newsletter for more information or contact the Assessor's Office at (617) 625-6600 ext. 3100.

Deadline to Appeal Your Assessment: February 1, 2023

The FY2023 Deadline to file an appeal with the Board of Assessors is no later than Wednesday, Feb. 1, 2023. Hand-delivered applications must be in the City's Silver Drop off Box at City Hall by 4:30 p.m. Mailed applicants must be post marked by the U.S. Post Office by no later than Feb. 1st. Applications are available by accessing the "Property Tax Abatements and Appeals" link at www.somervillema.gov/assessing.

How to find your Approved FY23 Property Valuation

All approved values will appear on the tax bills mailed to owners on or about December 31, 2022 and can be obtained by:

- going online at www.somervillema.gov/assessing through our online Assessors database
- calling the Assessor's Office at (617) 625-6600 ext. 3100
- emailing the Assessor's Office at assessing@somervillema.gov
- visiting the Assessor's Office during normal business hours

Assessment Update

For Fiscal Year 2023 (FY23) the total assessed value of taxable property in the City of Somerville is approximately \$22 billion, an 6.9% increase over FY22. Commercial values gains this past year at 20.7%. This increase was driven by several ongoing commercial new construction projects city wide.

Residential values increased at a more stable 5.7%. On average, citywide one to three family residential values increased by 5%.

The overall increase in property values reflects continued strong market demand in Somerville, new construction of both residential and commercial properties, and increased value created by investment in and renovation of existing properties, among other factors.

The table below depicts average assessment changes in FY23 compared to last year (FY22) by property type for Market & Growth and Growth only.

AVERAGE CHANGE IN ASSESSMENT BY PROPERTY TYPE		
Style	Market & Growth	Growth
Single family	6%	1%
2 and 3 family	6.8%	-35%
Condominiums	7.5%	-29%
Apartments 4+ units	9.8%	0.3%
Commercial	20.8%	64%
Industrial	-4.2%	-78%
Personal Property*	N/A	N/A

*Tax on business equipment, under 10,000 exempt status, comparison invalid

It is important to remember that these percentages reflect average changes, which means that some properties have changes that are either higher or lower than the average. For more detailed information, readers are encouraged to visit the Assessing web site at www.somervillema.gov and access the link to "Chief Assessor's FY 2023 Classification Hearing Report."

Understanding Average Changes

Factors that can result in a value change different from the average include, but are not limited to:

- being located in neighborhoods that had higher or lower sales prices, especially in relation to their assessment in the previous year;
- significant improvements to the property, demolition, or an under-construction status;
- required data changes due to discovery during inspection or estimate due to lack of entry (for example, property condition, number of bathrooms, measurement changes, etc.); and/or
- having received an abatement in FY 2022.

Real Estate & Rental Trends

There are significant valuation changes in FY23 in both the residential and commercial sectors. The housing market continues to be active with the largest increases for one, two, and three families found in the West Somerville, East Somerville, Ten Hills, Winter Hill North and Central, Spring and Prospect Hill areas. The largest condominium valuation changes can be found in Union Square South, Winter Hill and East Somerville areas. Note that condo conversions have slowed due to the passage of increased tenants' rights rules for when a property gets converted to condominiums.

FY 2023 assessments have an effective market date of January 1, 2022 with an emphasis on calendar 2021 sale prices. Only calendar 2021 sales were analyzed for condominium, single-, two- and three-family properties.

Apartments continue to appreciate city wide, our 4-8 units- and 9 plus units-buildings continue to show increasing rents and low vacancies. The Assessors continue to manage apartment appreciation methodically. Commercial properties have increased in value, but most of this increase is because of growth which is driven by ongoing construction projects in Assembly Square, Cambridge Crossing & Boynton Yards.



Tax Savings for Seniors

If you're a senior, you may be able to reduce or defer your property taxes.

Delay Paying Your Taxes

The Senior Tax Deferral program allows qualifying seniors age 65 or over to delay paying all or a portion of their tax bill as long as they live in the home they own and their gross income is below \$86,000. That way seniors can free up some of their resources to help cover their living expenses. Tax deferral works like a loan. Currently, 2.5 percent is charged on the amount deferred. Payment is not due until the property is transferred to heirs or others.

FY 2023 Tax Rates

FY 2023 PROPOSED TAX RATES AND RESIDENTIAL EXEMPTION CHANGES (Pending DOR approval)		
	FY 2022	FY 2023
Residential tax rate	\$10.18	\$10.34
Commercial tax rate	\$16.85	\$17.35
Residential exemption %	35%	35%
Residential exemption tax savings	\$3,659.64	\$3,910.62

The proposed tax rates for FY23 will be \$10.34 per thousand dollars of value for residential properties, and the commercial tax rate will be \$17.35 per thousand dollars of value. These rates reflect an increase of \$0.16 for residential and an increase of \$0.50 for commercial. The residential exemption tax savings for owners who reside at their property will increase by \$250.98 from

last fiscal year. Somerville offers the highest residential exemption in the Commonwealth.

Change in Residential and Commercial Tax Bills

This year, commercial taxpayers will pay 29.15% of the total property tax levy, compared to 27.47% last year. Note that 83.34% of properties are residential in Somerville, and the classification hearing brought their share of the levy down to 70.85% compared to 72.53% last year. The assessed values for residential and commercial properties reflect market demand as well as increased value created by renovations and improvements to existing properties, which were moderately higher for commercial in the past year than residential.

The table below reflects average valuation changes since FY22 and the expected or projected tax dollar change from the previous year for each property type.

FY22-FY23 AVERAGE CHANGES TO ASSESSED VALUES AND TAX BILLS BY PROPERTY TYPE						
Property Type	Average FY22 Assessed Value	Average FY22 Tax Bill*	Average FY23 Assessed Value	Average FY23 Tax Bill*	Tax Dollar Change from FY22 to FY23	% Change in Tax Bill from FY23 to FY22
Condo	\$678,680	\$3,246	\$712,656	\$3,458	\$212	6.5%
1-Family	\$960,489	\$6,112	\$1,023,536	\$6,673	\$561	9.2%
2-Family	\$1,029,739	\$6,814	\$1,084,457	\$7,303	\$487	7.2%
3-Family	\$1,291,033	\$9,474	\$1,329,800	\$9,840	\$366	3.9%
4-8-Family	\$1,776,072	\$14,407	\$1,854,005	\$15,260	\$853	5.9%
Comm./Ind.	\$2,981,201	\$50,233	\$3,011,030	\$52,241	\$2,008	4.0%

*Condo, 1-family, 2-family, 3-family, and 4-8-family include the residential exemption

New Growth and New Development Prevented Larger Tax Increases

In FY22, Somerville experienced more new growth than any other year in its history with a tax levy growth of \$10.7M. FY23 establishes another new high with tax levy growth of \$12.3M. New growth is the value added to homes and buildings by improvements or new construction. In FY23, new growth in Somerville was valued at \$840,834,536. Of this, \$562,958,257 is new commercial and industrial growth as well as growth in personal property, of which \$99.5M was generated by new commercial buildings at Assembly Row and \$141.4M from new buildings at Cambridge Crossing, Union Sq, and Boynton Yards.

It is the long-term strategy of the administration to promote new commercial growth/development goals to reduce the residential tax liability and bring other community benefits. This strategy is not yet yielding tax decreases,

but commercial growth is now helping to reduce the size of residential tax increases.

Cambridge Crossing, Union Square, Boynton Yards and the Green Line Extension station areas in general, are expected to produce more new commercial growth in the coming years.



Water & Sewer Exemptions for Seniors & Others:

If you qualify for a 17D or 41C exemption you will receive a 25% discount on Water & Sewer Bills.

Exemptions and Other Options to Reduce or Defer Taxes

Residential Exemption: The City of Somerville offers a residential property tax exemption to all owners who reside at their property regardless of income. As of FY23, the residential exemption is set at 35% allowing for a tax savings of \$3,910.62. All residential taxpayers who own and occupy their Somerville property as their principal residence as of January 1, 2022, may apply for the FY23 residential exemption.

The chart below shows an overview of exemptions & tax relief available. The City allows up to double the amount for statutory exemptions depending on how much their tax bill increased from the previous year. The deadline to file for residential and statutory exemptions is April 3, 2023 at 430PM. ‘

EXEMPTIONS & OTHER TAX RELIEF AVAILABLE				
Exemption	Requirements	Income Limits	Asset Limits	Exemption Amount
Elderly & surviving spouses minors 17D	70+ or surviving spouse/minor	—	\$69,691	\$303 & 25% discount on your water & sewer bill
Elderly 41C	65+	\$24,385 (S) \$36,576 (M)	\$48,768 (S) \$67,067 (M)	\$1000 & 25% discount on your water & sewer bill
Blind 37A	Blind certificate	—	—	\$500
Veterans 22	VA disability 10%+	—	—	From \$400 up to 100% amount depends on disability
Deferral 41A	65+, Lien payable upon transfer/death Consent other lien holders (mortgage)	\$68,000	—	100% gaining 2.5% interest
Senior Work off program	60+	Contact Council on Aging	—	Up to \$1500

State Senior Circuit Breaker

Tax Credit Senior renters or homeowners with low-to-medium incomes may qualify for direct payment or tax credits from the State. If your property tax (or 25% of your rent) exceeds 10% of your gross income, you may be eligible for a payment or tax credit from the State. Contact the Department of Revenue at 617-887-MDOR (617-887-6367) www.dor.state.ma.us

Frequently Asked Questions

Who determines the tax rate and why can't it simply be lowered to lower taxes?

Property taxes are a direct result of two factors: the assessed value for all property (minus exemption values for the fiscal year in question) and the City's financial obligations (the required property tax levy) as determined in the adopted budget for that fiscal year. Once these two factors are known, the setting of the tax rate is not discretionary. It becomes a straightforward mathematical exercise as follows:

Classified tax rates = Property Tax Levy/Property values minus exemption value.

Who determines my value and how is that process completed?

The Board of Assessors calculates values based upon real estate market conditions in accordance with State Department of Revenue

(DOR) regulations. The Assessors thus use the three accepted appraisal approaches to value including replacement cost, sales comparisons, and a review of income generated by the property. FY23 assessments were established based upon market value as of January 1, 2022.

What can I do if I disagree with my assessment?

The FY23 deadline to file an appeal with the Board of Assessors is no later than Wednesday, February 1, 2023. Applications must be received in the Assessors by the close of business at 4:30 PM. Mailed applications will also be accepted if they are postmarked by the U. S. Post Office by no later than February 1. Abatement applications can be obtained at the Assessor's Office or by accessing the link on the Assessors homepage at the City website at www.somervillema.gov/assessing.

Can the Mayor or my Councilor get my assessment reduced?

No. The law prohibits this. Elected officials cannot decrease an assessment based upon hardship or for any other reason. By law, assessments must be determined by the Assessors according to State DOR regulations. Assessments cannot be arbitrarily lowered to reduce the tax liability. Only the Assessors have authority to grant abatements under Massachusetts General Law, Chapter 59, and reductions are granted only if additional information indicates that the value should be lowered.

Do I have to file every year for the residential exemption?

Taxpayers need not file a new application each year although the Assessors periodically send out notices for taxpayers to recertify their eligibility. Taxpayers who move should notify the Assessors of a change of address.

My assessment and resulting taxes went up more than 2½%.**How can the City exceed Proposition 2½?**

Proposition 2½ caps the percent increase over the previous year in total property tax dollars collected for all properties in the city combined. In other words, without an override, a city may not collect property taxes in total from all sources that exceed 2½% more than the previous year. However, the limit does not apply to individual properties. Some properties undergo improvements or require adjustments due to inspection that increase an individual property's value by more than 2½%. For example, a \$400,000 two-family that undergoes improvements that raise its value to \$600,000 increased in value by \$200,000 or 50%. That \$200,000 increase is what is known as "new growth." The additional values created by new growth and the resulting tax dollars are exempt from the limits of proposition 2½. In Somerville, new growth can be captured up to June 30th prior to the start of the new fiscal year on July 1. Any improvements are assessed as if in existence on the prior January 1 and are not part of the 2½% limit.

Do I have to allow the Assessors to inspect my property?

There are several reasons why the Assessors inspect properties including sales verification for properties that have sold, building permit review, and remeasure-relist for properties that have not been inspected in some time. While no property owner is required to permit an inspection, failure to do so will require that the Board of Assessors estimate your property's interior condition and features. The estimate could lead to an incorrect or misleading assessment. If the property owner has filed an appeal, failure to grant the inspection will require that the Board disallow the appeal. The Assessors rely on the cooperation of taxpayers to ensure a fair and equitable process leading to the development of fair and equitable assessments. The inspection process is therefore of vital importance to both the Assessors and taxpayers. Inspections can also be beneficial to the property owner by correcting bad data that caused an overvaluation.

What is Classification and how does it affect my taxes?

Classification is a system under State law that allows cities and towns to have one tax rate for commercial property and a different rate for residential property. Whether or not a municipality will classify is a decision recommended by the mayor and approved by the City Council. Somerville has a long history of approving classification,

which allows a greater percentage of the tax liability (an additional 175%) to be shifted to the commercial sector. For FY 2023, commercial value is 16.65% of total value. However, with classification, their contribution is increased to 29.1%. The more commercial value we have, the greater the commercial tax levy contribution and the smaller the residential share.

Why is my residential exemption valuation deduction less than 35% of my full assessed value?

The 35% valuation deduction is based upon the average residential value in the City not on an individual property. In other words, to calculate the average residential value, the value of all residential parcels is added and then divided by the number of residential parcels. The valuation deduction allowed is equal to 35% of that average value and is subtracted from the full valuation of those eligible for the exemption.

How will the City pay for its share of the Somerville High School Project?

On Nov. 8, 2016, residents of the City of Somerville voted, with "Yes" votes accounting for 72% of responses, to allow the City to exempt from the Proposition 2½ property tax limit the amounts required to pay for the bonds issued for the new state-of-the art Somerville High School. Fiscal Year 2023 is the third year the tax rate has increased to account for the debt exclusion. The amount of the debt excluded from the property tax limit this FY 2023 is \$6,674,013.

The online calculator will be updated on the treasury department webpage in January. It will enable you to see the impact of the debt exclusion on your individual Fiscal Year 2023 tax bill. Visit the treasury department website page, www.somervillema.gov/treasury and enter your address into the SHS Debt Impact Calculator. The result is the portion of your tax bill that is attributed to the new high school's debt exclusion. Contact treasury@somervillema.gov or call (617) 625-6600 ext. 3500 for more information.

Citizen Self-Service is a new online look-up for Real Estate, Water, and Personal Property now available on the Somerville Treasury Website

The City of Somerville treasury department has launched a new feature on its website page called **Citizen Self-Service (CSS)** providing web-based look-up access to bill information directly from official City records. View real estate tax bills, water (utility) bills, and personal property tax bills online, in real time, 24/7. CSS enables access to official City records without the need to contact the treasury department. There is even a payoff date calculation option if you change the date to a future one. Because it is in real time and live, when a payment posts in the office it shows on CSS immediately. **Citizen Self Service is the same database the treasury staff members use to answer your questions.** Note that payments made on City Hall Systems (the city's online payment vendor) will appear on CSS the next business day after the payment file is loaded. CSS also links to City Hall Systems, enabling easy payment access that is safe, secure and free of charge if a checking account is used as the payment method. Go to www.somervillema.gov/treasury for 24/7 CSS access.



**A Joint Publication of
The Board of Assessors and
the Mayor's Office**

City of Somerville
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Somerville, MA 02143

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Questions about your assessment?
See the FAQs inside this mailer on the last page.

Contact the Assessor's Office:

(617) 625-6600 ext. 3100
assessing@somervillema.gov
www.somervillema.gov/assessing

**For information on how to pay your taxes,
contact the Treasurer's Office:**

(617) 625-6600 ext. 3500
treasury@somervillema.gov
www.somervillema.gov/treasury

**Pay Real Estate, Personal Property
Taxes (& Water Sewer Bills Too) Online,
Securely and With No Fee If You Pay By
Checking Account**

Go to the City's website: www.somervillema.gov – click or hover over **PAYMENTS** tab at top of homepage, and select **REAL ESTATE AND PERSONAL PROPERTY TAX** from the drop down menu. You are directed to the City Hall Systems (CHS) website page for the City of Somerville. CHS is the online payment vendor the City has been using since December 2019.

At City Hall Systems, **select bill type** (for example, Real Estate) **at left from the listing** of possibilities. For assistance with making payments or setting up an account (which is not needed to make a payment but is required for e-billing, scheduling payments, and auto-pay), CHS offers live support including multi-lingual support by clicking on the **green ONLINE chat** link at top left (above bill type listing) or by e-mailing ePay@CityHallSystems.com or by calling (508) 381-5455, M-F 8:30-5.

Tax due dates for each fiscal year are August, November, February, and May 1st. Taxpayers are responsible for paying the tax bill in full and on time regardless of receipt of tax bill. If you do not receive a bill, the PDF/bill copy is available online at the bill-pay link (see above instructions on paying the bill online to obtain bill copy), or contact the Treasury department by e-mail, treasury@somervillema.gov or call (617) 625-6600 ext. 3500 to have one sent to you.

Upcoming Important Dates

December 31

Third quarter actual tax bills are mailed with new fiscal year assessment and tax rates

**December 31
to February 1**

Official appeal period to request changes to FY23 valuations by filing for a Property Tax Abatement

**February 1,
2023**

Third-quarter actual tax bill due and deadline for filing for a Property Tax Abatement (4:30 PM)

**April 3,
2023**

Deadline to file for Residential and/or Statutory Exemptions (4:30 PM)