

**TOWN OF WAKEFIELD
FISCAL YEAR 2020
CLASSIFICATION PRESENTATION**



**Presented by the
Wakefield Board of Assessors**

October 28, 2019

Required Action by TC

Selection of a Minimum Residential Factor.

Selection of an Open Space Discount.

Granting of a Residential Exemption.

Granting of a Small Commercial Exemption.

MINIMUM RESIDENTIAL FACTOR

- A Residential Factor of 1 would yield a single tax rate of \$14.31 per thousand of value.
- Tax Levy: \$76,801,980/ Value: \$5,366,558,679 = (0.01431) X 1000 = Single Tax Rate of \$14.31
- Chapter 200 allows Wakefield to select a factor less than 1 thereby shifting more of the tax burden onto the CIP classes of properties.
- Historically, Wakefield has chosen the maximum allowable shift factor to afford residential tax payers the lowest share of the tax burden allowed by state law.

MRF OPTIONS

CIP SHIFT	MRF	RES %	CIP %	RES TR	CIP TR
1	1	87.8992	12.1008	\$14.31	\$14.31
1.25	.9656	84.8740	15.1260	\$13.82	\$17.89
1.50	.9312	81.8488	18.1512	\$13.33	\$21.47
1.75	.896750	78.8236	21.1764	\$12.83	\$25.04

Bold represents the max allowable shift for FY 2020.

ESTIMATED TAX AMOUNTS RESIDENTIAL

- The Average Single Family Value is \$555,900.

CIP SHIFT	MRF	RES %	RES TR	EST BILL
1	1	87.8992	\$14.31	\$7,955
1.25	.9656	84.8740	\$13.82	\$7,683
1.5	.9312	81.8488	\$13.33	\$7,410
1.75	.896750	78.8236	\$12.77	\$7,099

- **Bold represents the max allowable shift for FY 2020.**
- **The Maximum Allowable Shift results in an \$856 savings to the average single family taxpayer.**

ESTIMATED TAX AMOUNTS CIP

- The Average Commercial Value is \$1,353,600

CIP SHIFT	MRF	CIP %	CIP TR	EST TB
1	1	12.1008	\$14.31	\$19,370
1.25	.9656	15.1260	\$17.89	\$24,216
1.5	.9312	18.1512	\$21.47	\$29,062
1.75	.896750	21.1764	\$24.91	\$33,718

Bold represents the max allowable shift for FY 2020.

FY 2020 EST TAX RATES

- At the Maximum Allowable Shift with the selected MRF of .896750, our est. tax rates will be:
- \$12.83 Residential *\$12.77
- \$25.04 Commercial/Industrial/Personal *\$24.91
- Note: These rates can change slightly during the approval process.
- *PLEASE SEE NEXT SLIDE!

TAX LEVY NOTE

- For the past several years, the TC has opted to raise the tax levy less than the Proposition 2 ½ limit.
- By not raising this additional \$400,000 of tax levy, the residential tax rate is reduced by \$0.06 and the CIP rate is reduced by \$0.13.
- This translates into a \$33 average tax saving for residential tax payers and \$175 for Commercial, Industrial and Business Personal Property.
- Over the years and by not going to the full Prop 2 ½ limit, town officials have left close to \$4,000,000 in the hands of taxpayers.

AVG TAX BILL FY 2019 – FY 2020

	2019	2020
Avg. Single Family Value	\$528,200	\$555,900 (+5.24%)
Res Tax Rate	\$12.83	\$12.77
Avg. Res Tax Bill	\$6,777	\$7,099 (+\$320 or 4.7%)
Avg. Commercial Value	\$1,312,200	\$1,353,600
CIP Tax Rate	\$25.15	\$24.91 (-\$0.24)
Avg. Comm. Tax Bill	\$33,002	\$33,718 (+\$716 or +2.2%)

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FY 2020 TAX RATE NOTES

- FY 2020 is the sixth year of the full Debt Exclusion for the New Galvin Middle School
- The Debt Exclusion adds \$2,484,858 to our FY 2020 Total Tax Levy.
- It adds \$0.41 to the Residential Tax Rate or \$228 to the Average Single Family Tax Bill.
- And, \$0.81 to the CIP Rate or \$1,096 to the Average Commercial Tax Bill.

FY 2020 TAX RATE NOTES Cont.



	2017	2018
Sales Activity	223	220
Days on Market	34.41	39.8
Avg. Sale Price	\$534,976	\$580,530 (+8.51%)



OPEN SPACE DISCOUNT

- **Open Space Discount** is defined as “land which is not otherwise classified and which is not taxable under provisions of Chapters 61A or 61B, or taxable under a permanent conservation restriction...not held for the production of income but maintained in an open or natural condition and which contributes significantly to the benefit and enjoyment of the public”.
- A maximum exemption of 25% may be adopted however the Town has never voted a discount for open space since no properties have been identified which fulfill this section.

RESIDENTIAL EXEMPTION

- Residential Exemption up to 35% of avg. res value: Only adopted in a handful of communities including Boston, Cambridge, Chelsea and Brookline.
- Tax Rate would go from \$12.83 to \$15.51 before 20% discount. 35% discount would yield a \$18.39 tax rate.
- Break even point is \$620,200
- Approximately 30% of homes shouldering the burden.
- Most homes in Wakefield are owner occupied.

SMALL COMMERCIAL EXEMPTION

- An exemption of up to 10% of the property valuation for commercial properties only.
- Eligible business cannot have more than 10 employees as certified by the Dept. of Employment & Training.
- Building Value cannot exceed \$1,000,000.
- One business in a building could not qualify unless every business qualified.
- Exemption goes to the building owner.
- Assessing Department is unaware of any business meeting these requirements.

FY 2019 Tax Rates for Wakefield and Surrounding Communities

COMMUNITY	RES TAX RATE	CIP TAX RATE	AVG SINGLE FAMILY VALUE	AVG SINGLE FAMILY TAX BILL	
WAKEFIELD	\$12.83	\$25.15	\$528,224	\$6,777	
LYNNFIELD	\$13.91	\$17.95	\$636,622	\$8,855	
READING	\$14.23	\$14.48	\$594,600	\$8,461	
SAUGUS	\$12.18	\$25.78	\$426,142	\$5,190	
STONEHAM	\$11.22	\$21.33	\$537,287	\$6,028	
MELROSE	\$10.81	\$18.81	\$580,265	\$6,273	

AVG SINGLE FAMILY TAX BILL 2006

TO PRESENT

Year	Single Family Values	Single Family Parcels	Average Single Family Value	Single Family Tax Bill	Rank
2006	\$2,541,762,100	6168	\$412,089	\$3,828	115
2007	\$2,594,022,300	6165	\$420,766	\$4,006	111
2008	\$2,623,999,900	6174	\$425,008	\$4,101	117
2009	\$2,463,125,900	6175	\$398,887	\$4,160	122
2010	\$2,452,540,200	6196	\$395,826	\$4,307	121
2011	\$2,480,941,500	6201	\$400,087	\$4,585	106
2012	\$2,485,448,900	6202	\$400,750	\$4,769	111
2013	\$2,493,358,800	6209	\$401,572	\$4,935	109
2014	\$2,515,588,200	6229	\$403,851	\$5,161	105
2015	\$2,597,170,400	6243	\$416,013	\$5,608	94
2016	\$2,746,859,000	6237	\$440,414	\$5,941	86
2017	\$2,944,969,300	6242	\$471,799	\$6,147	87
2018	\$3,110,638,000	6240	\$498,500	\$6,455	81
2019	\$3,307,212,300	6261	\$528,224	\$6,777	76
2020	\$3,477,332,200	6255	\$555,928	\$7,133	

Since 2006, the single family tax bill has increased an average of 4.5%

Avg. Commercial Tax Bill 2003 to Present

Fiscal Year	Com Val	Pcl Ct	Avg Value	Tax Rate	Avg Amt	% Change
2003	\$329,075,510	313	\$1,051,359	23.30	\$28,963	
2004	\$414,593,457	313	\$1,324,580	24.14	\$31,975	10.40%
2005	\$414,574,414	319	\$1,299,606	21.47	\$27,903	-12.70%
2006	\$398,858,821	321	\$1,242,551	20.55	\$25,534	-8.50%
2007	\$420,165,752	321	\$1,308,928	20.04	\$26,231	2.70%
2008	\$446,385,529	320	\$1,394,955	19.28	\$26,895	2.50%
2009	\$439,190,966	318	\$1,381,104	21.04	\$29,058	8.00%
2010	\$434,929,359	319	\$1,363,415	21.97	\$29,954	3.10%
2011	\$389,133,383	318	\$1,223,690	23.32	\$28,536	-4.70%
2012	\$390,314,263	317	\$1,231,275	24.18	\$29,772	4.30%
2013	\$383,778,848	319	\$1,203,068	24.97	\$30,041	0.90%
2014	\$401,004,932	318	\$1,261,022	26.07	\$32,875	9.40%
2015	\$382,871,274	318	\$1,203,998	27.22	\$32,773	-0.30%
2016	\$374,196,000	318	\$1,176,716	27.03	\$31,806	-2.95%
2017	\$393,421,200	317	\$1,241,100	26.07	\$32,206	1.26%
2018	\$410,414,425	313	\$1,311,200	\$25.61	\$33,580	4.26%
2019	\$412,017,325	314	\$1,312,200	\$25.16	\$33,015	-1.68%
2020	\$423,682,325	313	\$1,353,600	\$25.04	\$33,894	2.66%

FY 2019 TAX SHIFT

COMMUNITY	MAX SHIFT	FY2019 ACTUAL SHIFT	RES % OF TAX BASE		CIP % OF TAX BASE	
			Before	After	Before	After
WAKEFIELD	1.75	1.75	87.48	78.09	12.52	21.91
LYNNFIELD	1.50	1.24	85.94	82.57	14.06	17.43
READING	1.50	1.02	92.42	92.26	7.58	7.74
SAUGUS	1.75	1.75	81.24	67.18	18.75	32.82
STONEHAM	1.75	1.75	90.43	83.25	9.57	16.75
MELROSE	1.75	1.68	95.18	91.89	4.82	8.11

With the exception of Saugus which has the US Route 1 business district, residential properties in Wakefield realize the lowest possible share of the tax burden with the Maximum Allowable Shift of 1.75.