

NOTE: Amended 11/20/23 to reflect final Tax Rate Recapitulation submission to MA Department of Revenue

# Fiscal Year 2024 Classification Hearing

November 13, 2023

*Presented by the Board of Assessors*



Jeffrey Marshall, Chair  
Mary Greendale  
Stephen Wang

Kevin Rudden  
*Principal Assessor*  
Sherrie Bates  
*Assistant Assessor*

# Fiscal Year 2024 Classification Hearing - Purpose

- Hold an open forum to discuss tax policy as required by state law (MGL Ch. 40 §56)
- Review property assessments and projected tax rate calculations and options
- Ask the Select Board to vote on whether to:
  - Have a single or dual tax rate
  - Consider offering Residential, Open Space, and Small Commercial exemptions
- Review additional financial information


# Important Dates

- Fiscal Year 2024, which runs from July 1, 2023 through June 30, 2024
- The ownership/status of property as of January 1, 2023
  - Unless “new growth” construction occurred (then use June 30, 2023)
- Real estate sales that occurred in Calendar Year 2022
  - To meet MA DOR standards, it was necessary to use TWO years sales data for Multi-Family, Commercial and Industrial properties (January 1, 2021 -> December 31, 2022)
- Commercial/Industrial income and expense data from Calendar Year 2022

# How do we calculate Property Tax?

- ① Town Meeting votes to spend money to operate the town.
  - Operating budget, Capital expenditures, etc.
  - For Fiscal Year 2024 this amount = \$96,617,383
- ② Subtract... State of Massachusetts aid (“Cherry Sheet”) and “local receipts”
  - For Fiscal Year 2024 this amount is estimated to be = \$40,408,826

The balance = “*The Tax Levy*” -- or, the funds needed to be raised via property taxes



\$96,617,383 – ①
<u>- 40,408,826 – ②</u>
\$56,208,557 – <i>The Tax Levy</i>

# Sales Prices Equate to Market Value

## Fiscal Year 2023

Average Single Family Value

\$604,062

Average Single-Family Tax Bill

\$9,302.56



## Fiscal Year 2024

Average Single Family Value

\$648,998 (+ 7%\*)

Average Single-Family Tax Bill

\$9,773.91 (+ 5%)

*\* The 7% increase is for the valuation of an average single family home. This \$648,998 value is calculated by dividing the total value of all single-family homes (\$2,949,045,995) by the number of single -family homes (4,544).*

## Two Options... Single vs Dual (“Split”) Tax Rate?

With a SINGLE Tax Rate, all property classes pay the same rate per \$1,000 of assessed value.

A DUAL Tax Rate shifts a share of the Residential property tax burden to the Commercial, Industrial and Personal Property (“CIP”) classes of property.

# Single Tax Rate Calculation for Fiscal 2024

The SINGLE Tax Rate is calculated by dividing the *Total Tax Levy* by the *Total Property Valuation*

- Fiscal 2024 Total Tax Levy = \$56,208,557
- Fiscal 2024 Total Property Valuation = \$3,732,307,930
- \$56,208,557 divided by \$3,732,307,930 = \$15.06 (per \$1,000 value)\*

*\* Subject to final approval by MA Department of Revenue*

# Dual (“Split”) Tax Rate

A DUAL Tax Rate is calculated by shifting a greater percentage of the property tax burden to non-residential properties.

- The shift can range from 1% up to 50%
  - For example, a *10% shift* in the Fiscal 2024 tax burden from Residential property to the Commercial, Industrial, and Personal Property classes would mean:
    - Residential Tax Rate of: \$14.85 per \$1,000 of valuation (87.92% -> 86.72%)
    - CIP Tax Rate of: \$16.57 per \$1,000 of valuation (12.08% -> 13.28%)
- % of Total Valuation



# Year-Over-Year Impact of a Dual Tax Rate

*The impact of a 10% shift of the tax burden to the Commercial, Industrial and Personal Property for Fiscal Year 2024 would result in...*

- The average single-family residence saving \$136.29
- The average Commercial building seeing a tax increase of \$1,149.88
- The average Industrial building seeing a tax increase of \$2,500.72

# Board of Assessors Tax Rate Recommendation

- Historically, Holliston has opted for a SINGLE Tax Rate.
- The Board of Assessors recommends retaining the SINGLE Tax Rate structure for Fiscal Year 2024.

# Residential Exemption

An exemption can be granted of up to 35% of the average assessed value of residential properties used as the principal residence of the owner.

- This exemption, if adopted, would increase the residential tax rate because the residential share of the levy must still be met.
- This exemption benefits towns with large numbers of seasonal housing (ex: Cape Cod, Nantucket) or those with large numbers of rental units (ex: Boston, Brookline, Cambridge, Somerville) and only 18 communities adopted this exemption last year.
- Historically, Holliston does not support this discount.
- The Board of Assessors does not recommend a Residential Exemption.

# Open Space Exemption

A tax exemption can be granted to properties classified as “Open Space.”

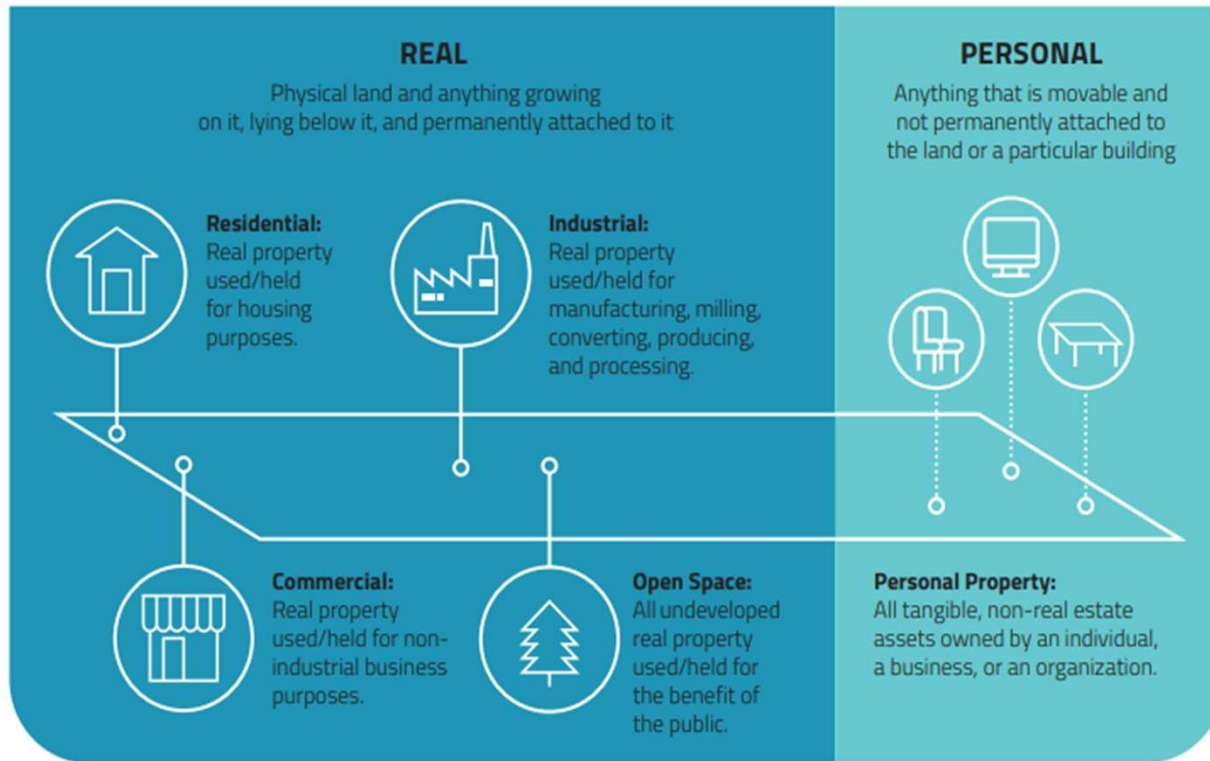
- The Board of Assessors has not classified any property as open space to apply this discount.
- So, historically, Holliston does not support this discount.
- The Board of Assessors does not recommend an Open Space Exemption.

# Small Commercial Exemption

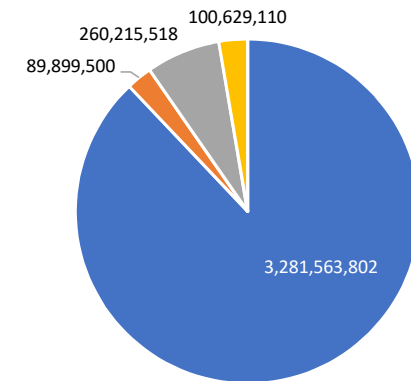
Up to 10% of the value of commercial parcels can be exempt if the property is occupied by small business that:

- ✓ Have an annual employment of less than 10 employees
- ✓ Have property valued at less than \$1 million
- ✓ Have all tenants in compliance (less than 10 employees, property valued <\$1 million)
- Shifts the tax burden to property occupied by other commercial and industrial taxpayers.
  - *Caveat: The exemption benefits the building owner, not the businesses.*
- Only 15 communities have adopted this exemption.
- Historically, Holliston does not support this discount.
- The Board of Assessors does not recommend a Small Commercial Exemption.

# Holliston Property Classes



\$3,724,198,830 in FY24 **+5.7%**



■ Residential ■ Commercial ■ Industrial ■ Personal Property

**+7.7%** **-2.3%** **-5.0%** **-13.6%**

**Change in Total Values from Fiscal Year 2023**

**87.9%** **2.4%** **7.0%** **2.7%**

**Percent of Total Fiscal Year 2024 Valuation**

# Changes from FY 2023 to FY 2024

- Residential: 15 new house lots; 12 new homes / 1 condo completed
  - 3 group homes now tax-exempt status
- Commercial: 2 properties converted to single-family home status
- Industrial: 1 new parcel (was residential); marijuana growth abatements
  - \$22.7 million – Mayflower, Mederi, Pharmacannis / 40% of FY23 growth
- Personal Property: Pharmacannis (exempt) and Mayflower Medicinal (moved)
- Other: 5 parcels acquired by Mass Audubon (now tax-exempt)

# New Growth

\$26,417,635 in added value -> -> Translates into \$406,832 in tax revenue

- Residential: \$18,817,200
  - Primarily new single-family homes, additions, etc.
- Commercial: \$517,400
  - New commercial building at 599 Concord Street
  - New house on Norfolk Street (Chapter 61A farmland)
- Industrial: \$367,000
  - New warehouse under construction at 58A Hopping Brook Road
- Personal Property: \$6,715,435
  - NSTAR Gas/NSTAR Electric = \$3,041,430
  - Telecoms = \$588,800
  - Algonquin Gas = \$108,600
  - High Mark Provisions (marijuana) = \$22,770



# Growth Going Forward

**CAUTION**

**Residential** building growth is slowing due to high interest rates

- Only 10 residential sites larger than 5 acres and classified as “developable” remain
- 44 residential units are approved (5 started)
  - “Village on the Green” (16)
  - “Geoffrey Park” (24)
  - “The Trails at Jennings Hill” (4)
  - January Lane (4)
- Other smaller developments in works (ex: Hidden Cove, Jasper Hill Road)

# Growth Going Forward

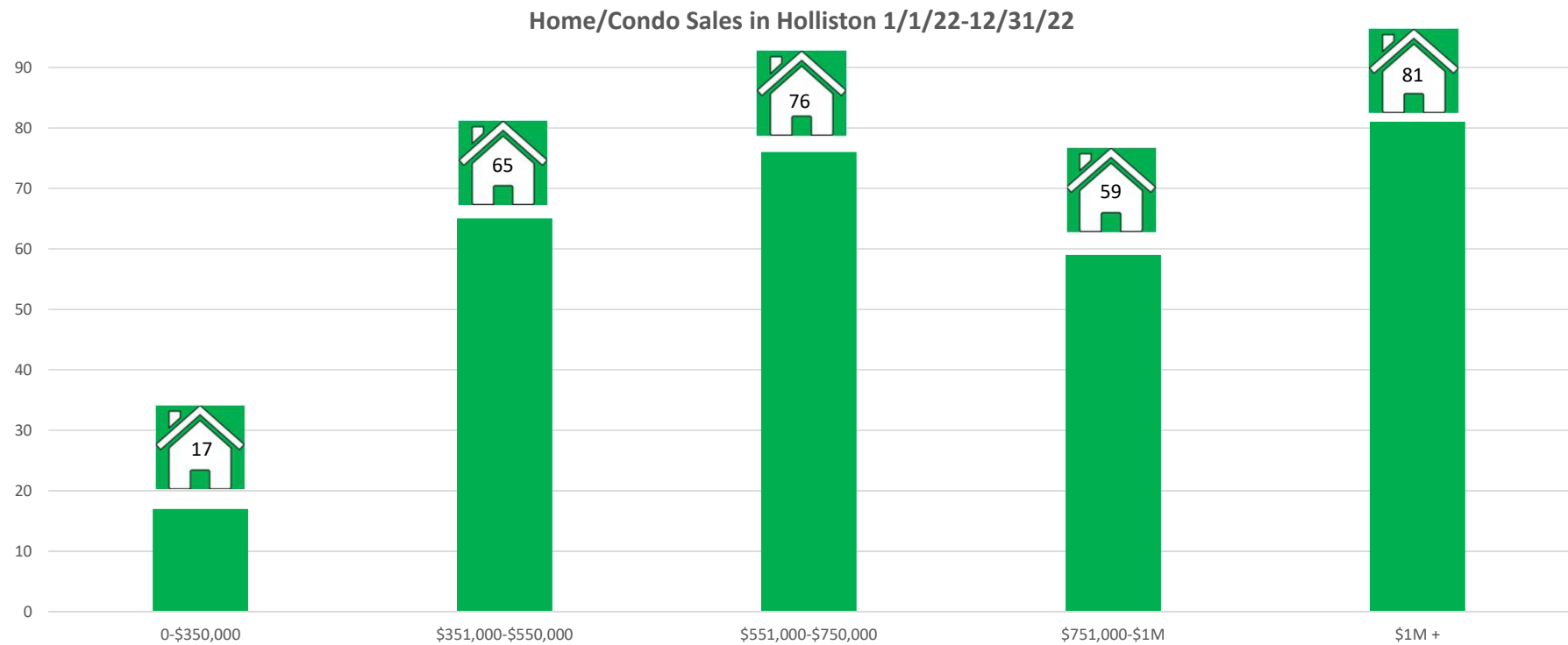
**CAUTION**

**Commercial/Industrial** growth almost at a standstill

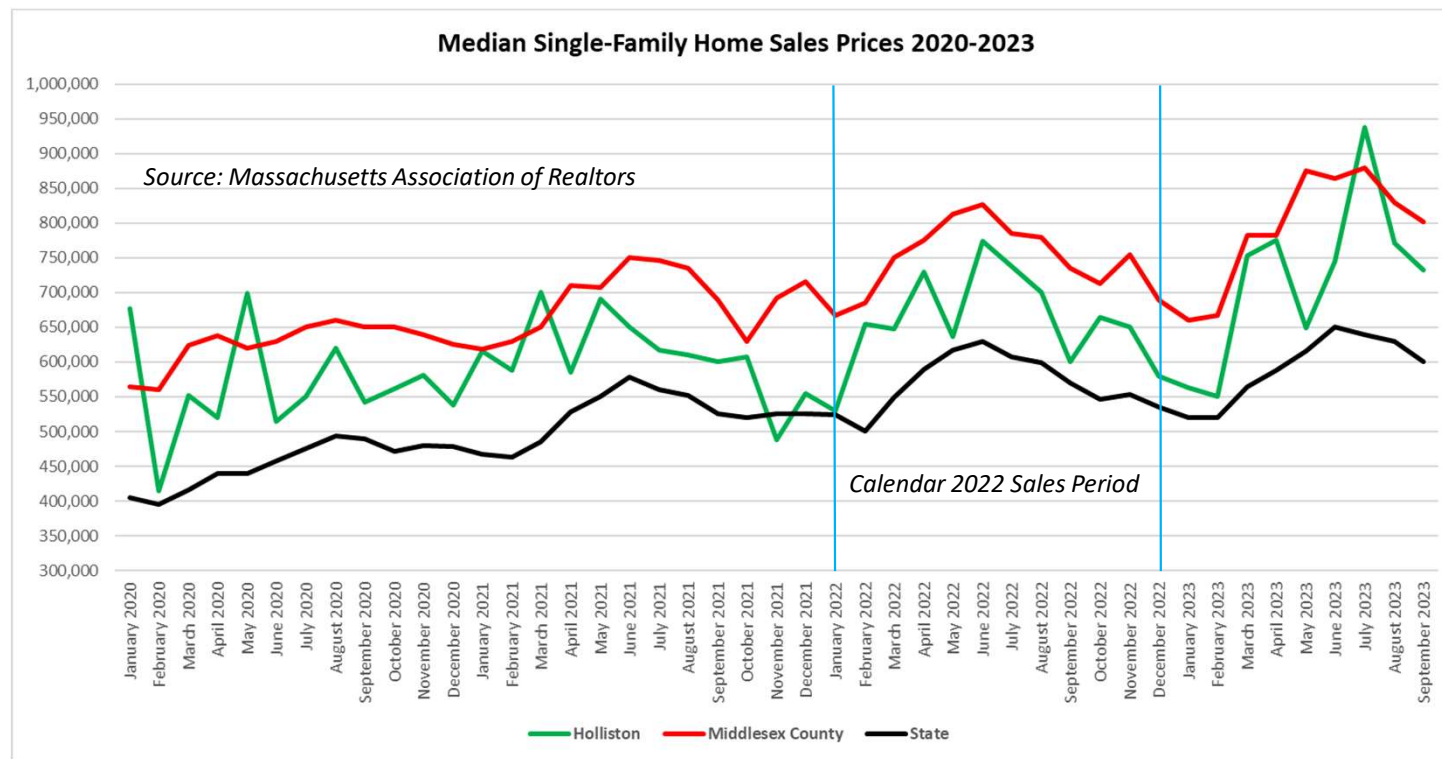
- Only 5 industrial sites larger than 5 acres and classified as “developable” are still available:
  - Fisher Street (1 parcel = 17.2 acres)
  - Lowland Street (1 parcel = 8.7 acres)
  - Hopping Brook Park (3 parcels = 187.1 acres)
- Anticipating solar PILOT revenue by end of FY 2024
  - Town-owned land on Marshall Street
  - \$56,867/year, pro-rated by months in operation

# Supplemental Information

# 298 Home/Condo Sales in our Analysis



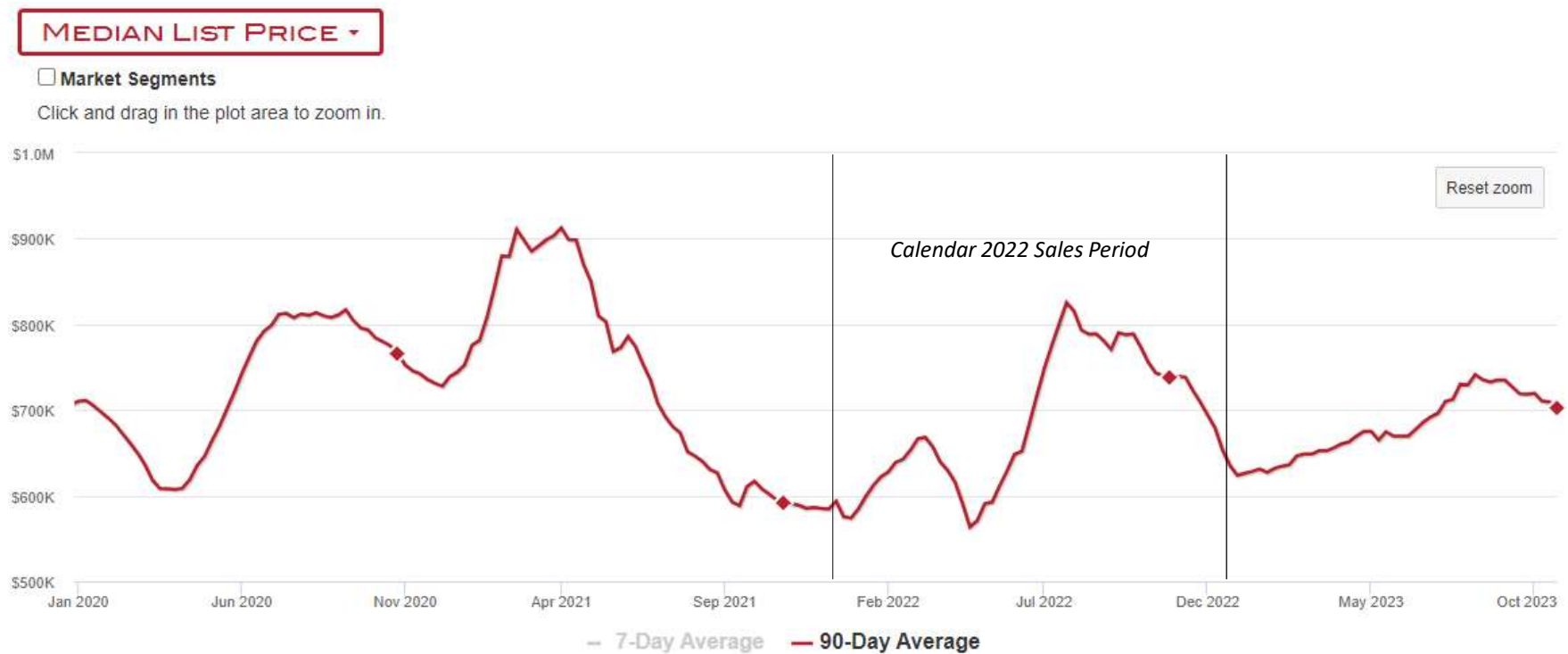
# Market Values From 2020 through 2023



“Median Sales Price” means 50% of the sales prices are above it and 50% are below

# Median List Prices 2020 through 2023

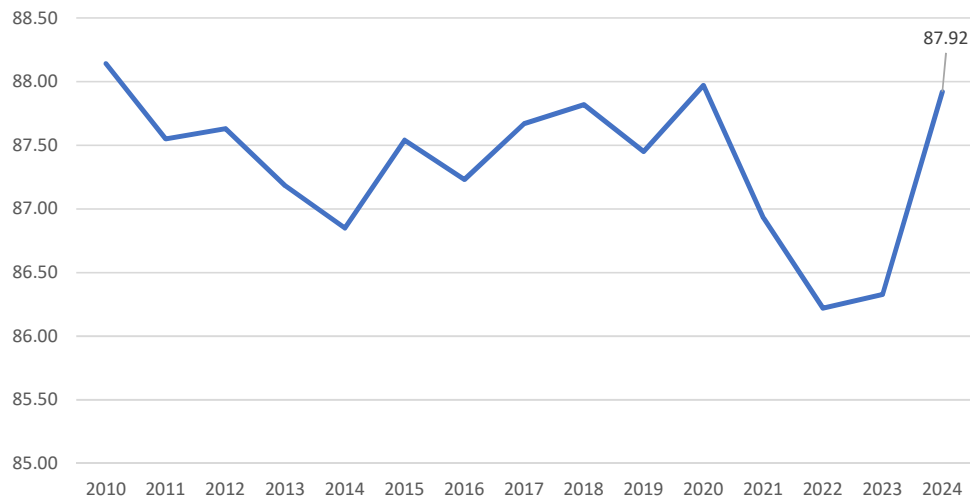
Source: Altos Research, Inc.



# What % of Value is Residential? Commercial?

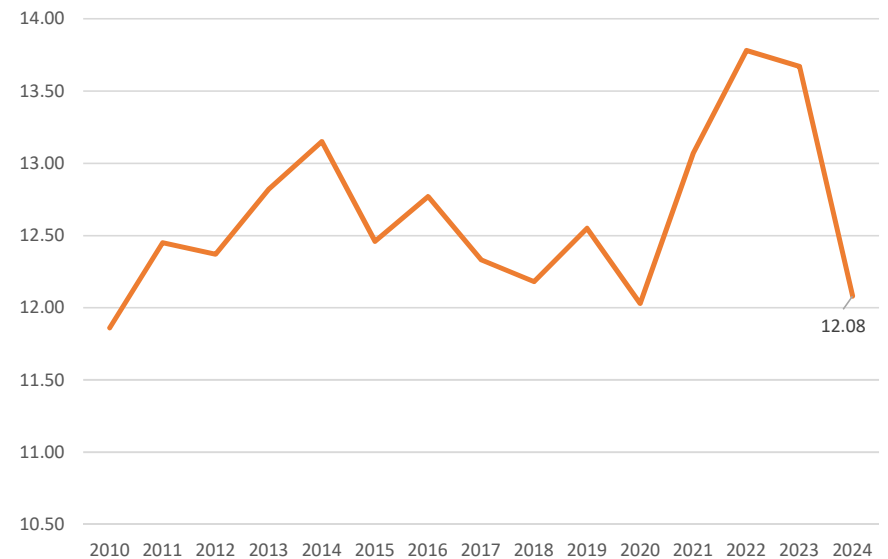
## Residential Values

Residential as % of Total Valuation



## Commercial Values

C/I/P as % of Total Valuation



# Trends Over Time

FISCAL YEAR	VALUE	LEVY	AVERAGE SINGLE-FAMILY VALUE	SINGLE-FAMILY VALUE CHANGE	AVERAGE TAXES	AVERAGE % CHANGE TAXES	TAX RATE	AMOUNT TO BE RAISED	% CHANGE	GROWTH	FREE CASH
1998	947,890,050	16,189,962	196,288		3,352.59		17.08	26,169,400		406,687	
1999	976,993,630	17,449,106	200,500	2%	3,580.93	7%	17.86	27,395,041	5%	345,341	939,494
2000	1,086,985,363	19,543,997	222,883	11%	4,007.44	12%	17.98	31,102,026	14%	497,637	
2001	1,242,227,748	20,099,245	252,966	13%	4,092.99	2%	16.18	32,808,509	5%	572,947	
2002	1,341,279,171	23,660,165	267,400	6%	4,716.94	15%	17.64	36,251,258	10%	736,665	1,962,411
2003	1,484,259,560	24,030,162	295,700	11%	4,787.38	1%	16.19	41,207,758	14%	498,503	574,474
2004	1,732,784,444	25,697,193	344,700	17%	5,111.90	7%	14.83	42,244,899	3%	868,923	631,408
2005	1,832,144,215	26,621,055	364,300	6%	5,293.28	4%	14.53	44,773,500	6%	466,115	258,447
2006	1,971,271,653	27,913,207	391,981	8%	5,550.45	5%	14.16	46,131,800	3%	528,170	758,141
2007	2,199,008,748	29,356,767	435,200	11%	5,809.25	5%	13.35	51,684,168	12%	498,725	1,094,909
2008	2,120,370,599	30,787,781	414,223	-5%	6,014.52	4%	14.52	52,654,239	2%	356,599	882,642
2009	2,070,821,863	32,014,906	398,244	-4%	6,156.85	2%	15.46	51,665,013	-2%	564,613	582,828
2010	2,061,165,463	33,617,610	394,400	-1%	6,432.66	4%	16.31	52,999,321	3%	319,602	206,643
2011	1,983,870,700	35,590,640	376,485	-5%	6,754.14	5%	17.94	54,343,913	3%	307,098	604,887
2012	1,998,259,000	36,608,105	377,499	0%	6,915.78	2%	18.32	56,487,308	4%	475,041	1,084,078
2013	2,033,229,010	37,858,724	380,756	1%	7,089.68	3%	18.62	58,644,838	4%	406,573	1,819,966
2014	1,970,885,610	39,181,206	363,184	-5%	7,220.10	2%	19.88	60,251,402	3%	464,129	1,358,776
2015	2,093,782,535	40,577,506	386,800	7%	7,496.18	4%	19.38	64,114,950	6%	650,163	690,000
2016	2,275,395,000	42,754,672	416,124	8%	7,818.97	4%	18.79	67,305,347	5%	850,223	2,083,684
2017	2,397,773,025	44,406,756	436,900	5%	8,091.39	3%	18.52	70,559,401	5%	757,068	2,005,149
2018	2,489,277,031	46,474,802	449,676	3%	8,395.45	4%	18.67	73,060,215	4%	932,198	2,273,203
2019	2,541,853,327	47,863,098	451,262	0%	8,497.26	1%	18.83	74,834,639	2%	962,923	3,022,466
2020	2,661,778,206	50,174,519	470,600	4%	8,870.81	4%	18.85	77,994,398	4%	678,400	2,867,104
2021	2,860,673,392	51,063,020	499,556	6%	8,917.07	0%	17.85	80,891,164	4%	837,770	2,854,475
2022	3,039,553,733	52,827,444	522,952	5%	9,088.91	2%	17.38	80,371,939	-1%	665,444	3,451,500
2023	3,530,388,773	54,356,729	604,062	16%	9,032.56	2%	15.40	88,125,347	10%	1,526,362	3,716,249
2024	3,732,307,930	56,208,557	648,998	7%	9,773.91	5%	15.06	96,617,383	10%	406,832	2,661,149



# Trends Over Time

FISCAL YEAR	RESIDENTIAL %	CIP %	RESIDENTIAL VALUATION	% CHANGE	CIP VALUATION	% CHANGE
2000	89.44	10.56	972,146,643		114,838,720	
2001	89.58	10.42	1,112,816,333	14%	129,411,415	13%
2002	89.29	10.71	1,197,656,757	8%	143,622,414	11%
2003	89.41	10.59	1,327,123,176	11%	157,136,383	9%
2004	89.79	10.21	1,555,940,400	17%	176,844,045	13%
2005	89.99	10.01	1,648,852,560	6%	183,291,655	4%
2006	90.57	9.43	1,785,545,803	8%	185,725,850	1%
2007	90.57	9.43	1,991,067,650	12%	207,941,098	12%
2008	89.99	10.01	1,908,100,520	-4%	212,270,079	2%
2009	88.88	11.12	1,840,462,569	-4%	230,359,294	9%
2010	88.14	11.86	1,816,610,457	-1%	244,555,006	6%
2011	87.55	12.45	1,736,961,400	-4%	246,909,300	1%
2012	87.63	12.37	1,751,073,157	1%	247,185,843	0%
2013	87.18	12.82	1,772,694,140	1%	260,534,870	5%
2014	86.85	13.15	1,711,717,476	-3%	259,168,134	-1%
2015	87.54	12.46	1,832,919,425	7%	260,863,110	1%
2016	87.23	12.77	1,984,886,587	8%	237,508,413	-9%
2017	87.67	12.33	2,102,147,508	6%	295,625,517	24%
2018	87.82	12.18	2,186,030,769	4%	303,246,262	3%
2019	87.45	12.55	2,222,844,659	2%	319,008,668	5%
2020	87.97	12.03	2,341,570,221	5%	320,207,985	0%
2021	86.93	13.07	2,486,851,682	6%	373,821,710	17%
2022	86.22	13.78	2,620,597,878	5%	418,955,855	13%
2023	86.33	13.67	3,047,813,348	16%	482,575,425	15%
2024	87.92	12.08	3,281,563,802	8%	450,744,128	-7%