

Fiscal Year 2025 Tax Classification Hearing November 18, 2024

Board of Assessors

Chris McKeown, Chair

Nancy Hyde, Clerk

Mark Murphy, Third Member

Cheryl Hanly, Town Assessor

Stephanie McManus, Asst. Town Administrator/Finance Director

Fiscal Year 2025

Tax Classification Hearing

- Purpose
- Assessed values & changes from FY24
- Levy to be raised, maximum levy, excess levy capacity
- Split tax rate vs. single rate - impact on the average single-family tax bill
- BOA recommendation
- Tax Rate history
- Sample properties
- How Westwood's single-family tax bills compare to surrounding communities
- Questions and/or Discussion
- Select Board must vote on a residential factor
- Conclusion

Purpose of the Tax Classification Hearing

Before the tax rate can be set, the Select Board must hold a public hearing each year to consider the tax rate options available to the municipality under property tax classification. The hearing is held after the assessors have determined final values and classified all properties and reported this information to the Department of Revenue.

The Classification Hearing does **not** determine how much money can be raised. It only determines the distribution of the tax levy among the property class types, also known as the “tax shift”.

Assessment Classification Detail Report (LA-4) – Fiscal Year 2025

Property Type	Parcel Count	Class1 Residential	Class2 Open Space	Class3 Commercial	Class4 Industrial	Class5 Pers Prop
101	4,555	5,484,388,618				
102	201	154,517,300				
MISC 103,109	17	44,135,195				
104	40	44,024,200				
105	2	2,663,800				
111-125	11	326,480,000				
130-32,106	154	41,537,000				
200-231	0		0			
300-393	112			613,749,577		
400-442	30				139,991,600	
450-452	0				0	
CH 61 LAND	0	5	0	2,500		
CH 61A LAND	0	4	0	12,521		
CH 61B LAND	0	2	0	1,105,900		
012-043	8	6,451,034	0	4,025,966	0	
501	93					8,665,130
502	157					16,516,160
503	0					0
504	2					86,735,870
505	6					12,423,300
506	1					9,017,600
508	3					2,222,050
550-552	2					2,771,260
TOTALS	5,405	6,104,197,147	0	618,896,464	139,991,600	138,351,370
Real and Personal Property Total Value						7,001,436,581
Exempt Parcel Count & Value					210	412,295,000

The LA4 shows the number of parcels and value for each class of property.

Westwood’s total taxable value for FY2025 is just over \$7B, and the **average single-family home value** (Property Type 101) is **\$1,204,037**.

This is an increase of \$38,203 from last year’s average single-family value of \$1,165,834.

In the prior fiscal year, we saw an increase of \$237,881. This year’s reduced increase indicates a leveling off of the dramatic property value increases we’ve experienced in recent years.

The values for FY2025 are determined on the Full and Fair Cash Value as of January 1, 2024, which means arms-length calendar year 2023 sales were analyzed.

Why do we change assessed values?

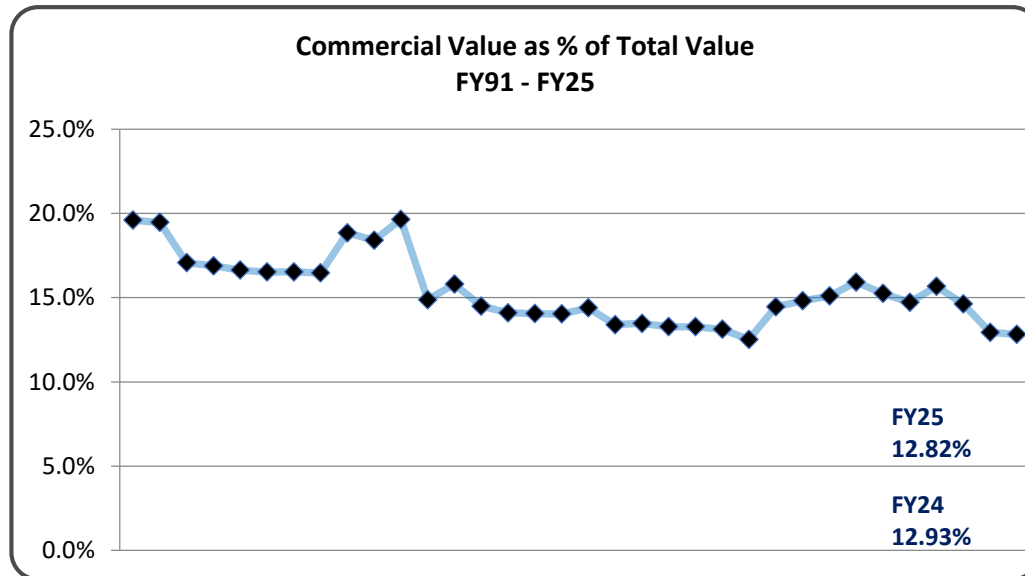
We are required to. Under the guidelines of the Department of Revenue and Massachusetts General Laws, Chapter 59, we are required to assess property at 100% full and fair cash valuation. Assessed values must reflect the market, i.e., what properties are selling for.

How did values change in Fiscal Year 2025?

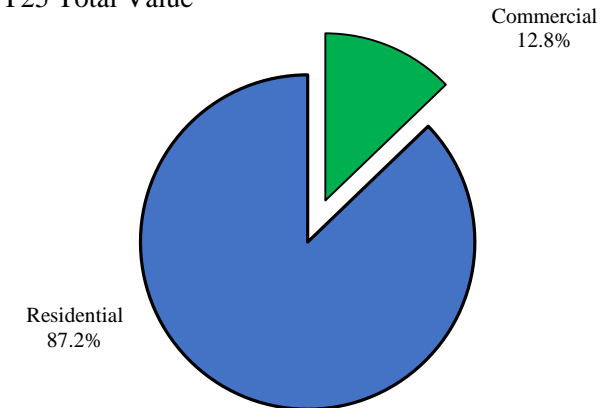
<u>Property Class:</u>	<u>%Change</u>
Residential – Single Family	3.3%
Residential – Condominium	3.3%
Residential – 2 and 3 family	3.7%
Residential – Apartments	7.5%
Commercial & Industrial	1.3%

Change in Percentage of Town Value – FY24 to FY25

Assessed Values						
	FY24	FY25	\$ Change FY24/FY25	% Change FY24/FY25	% of Total FY24	% of Total FY25
Residential Value	\$5,894,529,875	\$6,104,197,147	\$209,667,272	3.56%	87.07%	87.18%
Total Commercial	\$875,642,537	\$897,239,434	\$21,596,897	2.47%	12.93%	12.82%
Total Value	\$6,770,172,412	\$7,001,436,581	\$231,264,169	3.42%	100.00%	100.00%



FY25 Total Value



Commercial value in FY25 is 12.82% of total value, a decrease from 12.93% in FY24

Fiscal Year 2025 Levy & How a Single Tax Rate is Calculated

Levy to be raised: **\$100,121,042**
Maximum Allowable Levy : \$100,628,132
Excess Levy Capacity: \$507,090

Total Value of all property in town: \$7,001,436,581

Tax Levy: \$100,121,042 divided by
Total Value: \$7,001,436,581
Equals: 0.014300 X 1000

= Single Tax Rate of \$14.30

Single or Split Tax Rate?

Municipalities must decide whether to tax all classes of property at their full and fair cash share of the tax levy, which results in a single tax rate, or to reduce the share of the levy paid by the residential property owners and shift a portion of those taxes to commercial, industrial and personal property taxpayers (CIP), which results in a split tax rate.

The Commissioner of Revenue determines a Minimum Residential Factor (MRF) for each community. The MRF is used to ensure the shift of the tax burden complies with the law. Chapter 200 of M.G.L. c. 58 s.1A allows cities and towns to give Residential property taxpayers greater relief by adopting a shift of up to 175%.

The Board of Assessors recommends a shift factor of 1.70 for Fiscal Year 2025.

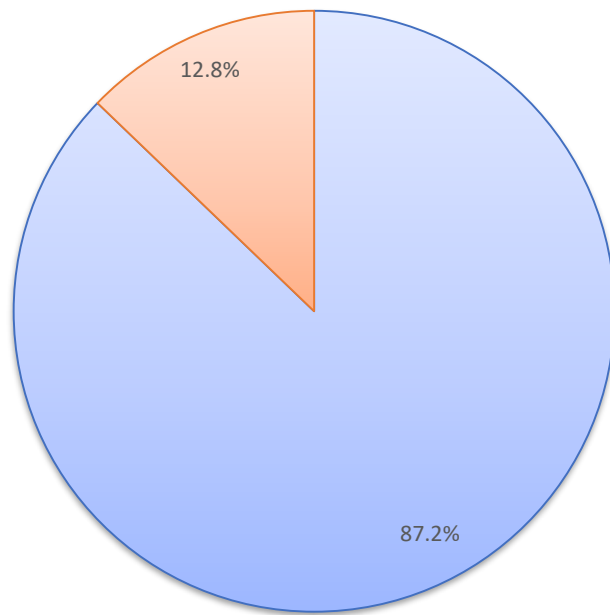
Tax Rate History

Fiscal Year	Residential Rate	CIP Rate	CIP Shift	CIP %
2015	\$15.24	\$28.79	1.70	12.52%
2016	\$14.66	\$28.27	1.70	14.46%
2017	\$14.57	\$28.20	1.70	14.81%
2018	\$15.09	\$29.30	1.70	15.10%
2019	\$14.65	\$28.24	1.68	15.92%
2020	\$14.51	\$28.22	1.70	15.25%
2021	\$14.78	\$28.59	1.70	14.73%
2022	\$14.83	\$28.99	1.70	15.67%
2023	\$14.30	\$27.63	1.70	14.62%
2024	\$12.81	\$24.68	1.72	12.94%

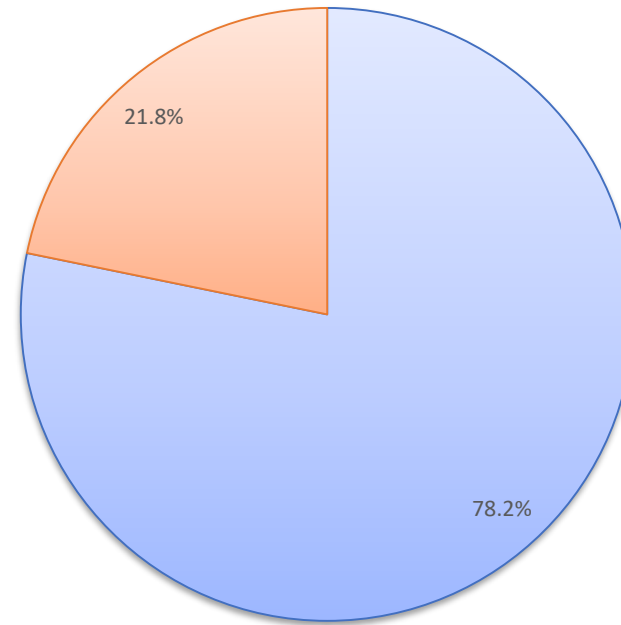
Levy Allocation

If the Select Board opts for a single tax rate, the residential class of properties would pay 87.2% of the total levy. This is because 87.2% of Westwood's tax base is classified as residential.

If the Select Board opts for the recommended shift of 1.70, the commercial, industrial and personal property (CIP) class would pay a higher percentage of the levy, and the residential burden will be reduced to 78.1% of the total levy. The CIP values equal 12.8% of the total Town value, but will pay 21.8% of the total tax levy with this shift.



■ Residential ■ CIP



■ Residential ■ CIP

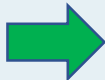
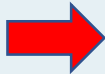
Impact of a Shift Tax Rate

The table below illustrates what portion of the levy would be paid by the Residential and CIP classes ranging from a Residential Factor of “1”, and several scenarios up to the Minimum Residential Factor of 0.897100, which results in shifting the highest amount possible to the CIP properties.

The Board of Assessors recommends a shift factor of 1.70.

**please note the tax rates stated below can change slightly during the DOR approval process.*

CIP Shift	Res Factor	CIP Levy%	Res Levy%	Res Tax Rate	CIP Tax Rate	Avg Res Bill \$Change	Med C&I Bill \$Change	Avg Res Bill % Change	Med C&I Bill % Change
1.00	1.000000	12.8151%	87.1849%	\$14.30	\$14.30	\$2,349.73	-\$15,405.53	15.5%	-36.8%
1.25	0.963300	16.0189%	83.9811%	\$13.77	\$17.88	\$1,701.12	-\$9,902.44	11.2%	-23.7%
1.40	0.941200	17.9411%	82.0589%	\$13.46	\$20.02	\$1,321.75	-\$6,612.88	8.7%	-15.8%
1.50	0.926500	19.2226%	80.7774%	\$13.25	\$21.45	\$1,064.76	-\$4,414.72	7.0%	-10.5%
1.60	0.911800	20.5041%	79.4959%	\$13.04	\$22.88	\$807.77	-\$2,216.55	5.3%	-5.3%
1.70	0.897100	21.7857%	78.2143%	\$12.83	\$24.31	\$550.77	-\$18.39	3.6%	0.0%
1.71	0.895600	21.9138%	78.0862%	\$12.81	\$24.45	\$526.30	\$196.81	3.5%	0.5%
1.72	0.894200	22.0420%	77.9580%	\$12.79	\$24.60	\$501.82	\$427.39	3.3%	1.0%
1.73	0.892700	22.1701%	77.8299%	\$12.77	\$24.74	\$477.35	\$642.59	3.2%	1.5%
1.74	0.891200	22.2983%	77.7017%	\$12.74	\$24.88	\$440.63	\$857.80	2.9%	2.0%
1.75	0.889800	22.4264%	77.5736%	\$12.72	\$25.03	\$416.16	\$1,088.38	2.7%	2.6%



FY2025 Average Single Family Home Impact

In FY2024, the average single-family homeowner paid \$14,934

If a single tax rate of \$14.30 is selected, the bill will increase to \$17,218

If the 1.70 shift is adopted, the bill will be \$15,448

Therefore, a 1.70 shift results in a \$1,770 savings to the average single-family taxpayer.

Sample Properties

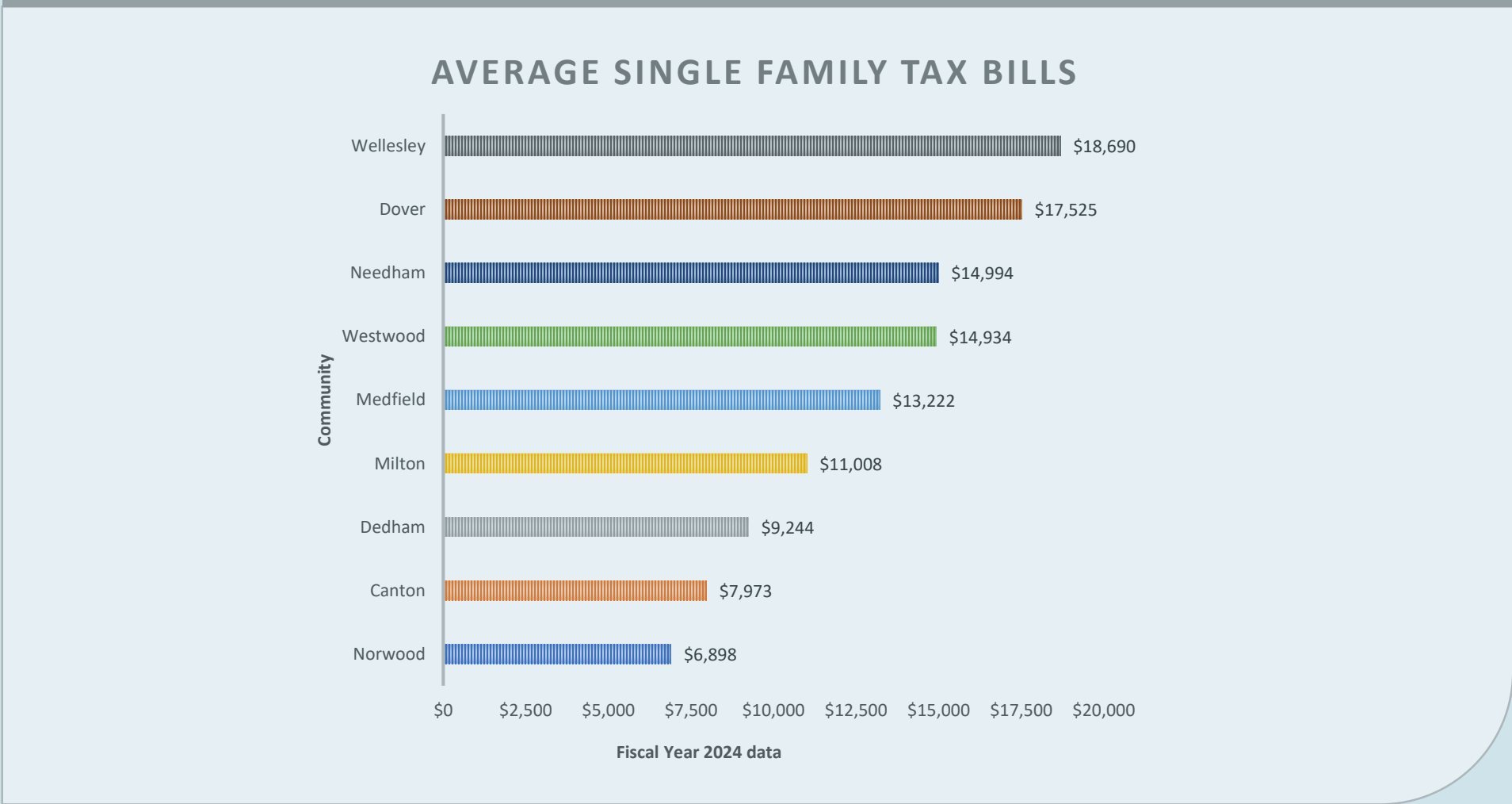
The table below illustrates the impact of a single tax rate vs. the recommended 1.70 shift on a range of residential and commercial properties in Westwood:

<u>Residential:</u>	FY25 Value:	FY25 Tax bill with no shift: (\$14.30)	Change from FY24 if a single tax rate is used:	Percentage change from FY24 if a single tax rate is used:	FY25 Tax bill at 1.70 Shift: (\$12.83)	Change from FY24 using a 1.70 Shift:	Percentage change using a 1.70 Shift %:
Sample 1	640,100	\$9,153	\$1,161	14.53%	\$8,212	\$220	2.76%
Sample 2	703,600	\$10,061	\$1,274	14.50%	\$9,027	\$240	2.73%
Sample 3	901,700	\$12,894	\$1,627	14.44%	\$11,569	\$301	2.67%
Sample 4	1,099,700	\$15,726	\$2,037	14.88%	\$14,109	\$420	3.07%
Sample 5	1,203,400	\$17,209	\$2,229	14.88%	\$15,440	\$460	3.07%
Sample 6	1,523,700	\$21,789	\$2,816	14.84%	\$19,549	\$576	3.04%
Sample 7	1,701,900	\$24,337	\$3,097	14.58%	\$21,835	\$595	2.80%
Sample 8	2,006,600	\$28,694	\$3,702	14.81%	\$25,745	\$752	3.01%

<u>Commercial:</u>	FY25 Value:	FY25 Tax bill with no shift: (\$14.30)	Change from FY24 if a single tax rate is used:	Percentage change from FY24 if a single tax rate is used:	FY25 Tax bill at 1.70 Shift: (\$24.31)	Change from FY24 using a 1.70 Shift:	Percentage change using a 1.70 Shift %:
Bibi Café	367,100	\$5,250	-\$3,727	-41.52%	\$8,924	-\$52	-0.58%
Dunkin Donuts	513,900	\$7,349	-\$5,255	-41.70%	\$12,493	-\$111	-0.88%
Rt. 109 Office Building	823,000	\$11,769	-\$8,587	-42.18%	\$20,007	-\$349	-1.71%
Westwood Pizza Plaza	1,176,000	\$16,817	-\$13,542	-44.61%	\$28,589	-\$1,770	-5.83%
Joe Carter Building	1,198,300	\$17,136	-\$12,152	-41.49%	\$29,131	-\$157	-0.54%
High St. Market Plaza	2,559,000	\$36,594	-\$25,402	-40.97%	\$62,209	\$213	0.34%
Islington Pizza Plaza	4,266,900	\$61,017	-\$42,743	-41.19%	\$103,728	-\$31	-0.03%
Target	26,337,600	\$376,628	-\$266,333	-41.42%	\$640,267	-\$2,694	-0.42%

FY24 Average Single Family Tax Bill Comparison

How we compare to surrounding communities

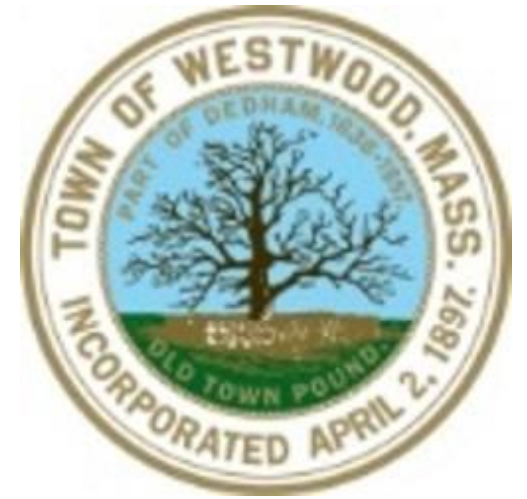


FY2025 Board of Assessors Recommendation

Select a residential factor of 0.8971 which establishes a shift of 1.70% to the CIP class

Questions and/or Discussion

Select Board to vote



Thank you!
Board of Assessors