



Town of Wayland Fiscal 2021 Tax Classification Hearing

Presented by the Board of Assessors

Zachariah Ventress, Chair

John Todd, Vice Chair

Molly Upton, Secretary

Massimo Taurisano, Member

Philip Parks, Member

November 30, 2020

Purpose of the Hearing

To adopt the Town's Tax Policy by allocating or classifying the tax levy among the property types

Action Required by the Board of Selectmen

1. Vote to maintain a single tax rate or shift a portion of the tax levy from the Residential class to the Commercial/Industrial and Personal Property classes.
2. Vote to whether adopt a residential exemption.
3. Vote to whether adopt a small commercial exemption.

Property Assessment Review

- Fiscal Year 2021 was an Interim Valuation Year for the Assessing Department with the Department of Revenue certifying assessed values on November 16, 2020.
- The average residential single-family assessment decreased from \$800,314 to \$800,115, a decrease of 0.02% from the Fiscal Year 2020 assessments.
- This change was based on sale prices for properties selling in 2019.

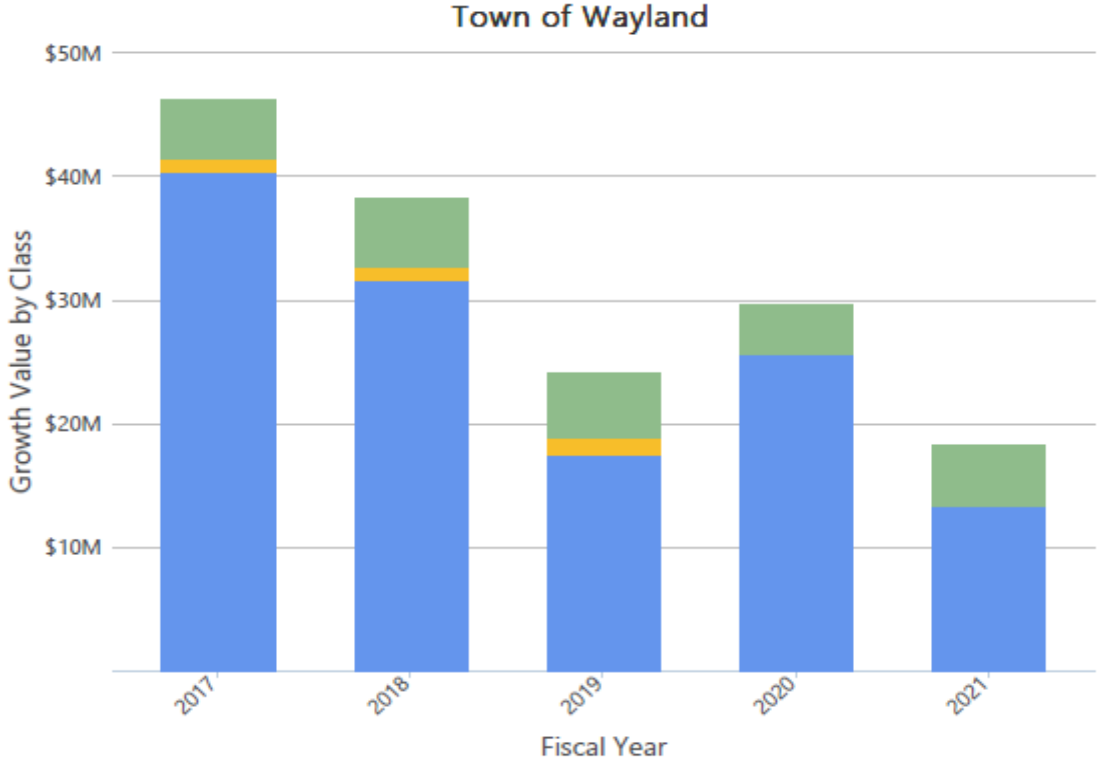
Property Assessment Review (continued)

| Assessment Date: | 1-Jan-20 | 1-Jan-19 | | | | | | |
|------------------------------|----------------|-----------------|------------------------|-----------------------|--------------|--------------|---------------|--|
| Property Class | FY21 Valuation | FY 20 Valuation | \$ Change FY20 to FY21 | % Change FY20 to FY21 | FY21 % Share | FY20 % Share | FY 11 % Share | |
| Class 1 - Residential | 3,816,051,966 | 3,811,844,266 | 4,207,700 | 0.1104 | 95.4144% | 95.4170% | 94.8796% | |
| Class 2 - Open Space | 0 | 0 | | | 0.0000% | 0.0000% | 0.0000% | |
| R/O Subtotal | 3,816,051,966 | 3,811,844,266 | 4,207,700 | 0.1104 | 95.4144% | 95.4170% | 94.8796% | |
| Class 3 - Commercial | 131,565,734 | 132,854,334 | -1,288,600 | -0.9699 | 3.2896% | 3.3256% | 2.9928% | |
| Class 4 - Industrial | 4,452,500 | 4,452,500 | 0 | 0.0000 | 0.1114% | 0.1113% | 0.9596% | |
| Class 5 - Personal Property | 47,379,700 | 45,781,200 | 1,598,500 | 3.4916 | 1.1847% | 1.1460% | 1.1707% | |
| C/I/P Subtotal | 183,397,934 | 183,088,034 | 309,900 | 0.1693 | 4.5857% | 4.5829% | 5.1231% | |
| Total Taxable Assessed Value | 3,999,449,900 | 3,994,932,300 | 4,517,600 | 0.1131 | | | | |
| Class 9 - Exempt | 315,418,600 | 313,597,400 | 1,821,200 | 0.5807 | | | | |

New Growth

- New Growth is defined by the DOR as a dollar increase in the annual levy limit that reflects additions to the community's tax base since the last fiscal year.
- New Growth was certified on November 13, 2020 a \$18,431,430 in Assessed Value, or \$327,342 in Tax Levy Growth (based on the FY20 tax rate of \$17.76).
- New Growth in FY20 was \$29,705,790 , resulting in a decrease of 37.9% in Fiscal Year 2021. The decrease is a result of minimal building activity in the Spring of 2020.

New Growth Value



■ Residential
 ■ Open Space
 ■ Commercial
 ■ Industrial
 ■ Personal Property

| CLASS | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Residential | 40,291,300 | 31,625,907 | 17,339,000 | 25,529,200 | 13,303,900 |
| Open Space | 0 | 0 | 0 | 0 | 0 |
| Commercial | 1,196,800 | 986,100 | 1,418,300 | 0 | 0 |
| Industrial | 0 | 0 | 0 | 0 | 0 |
| Personal Property | 4,779,780 | 5,659,430 | 5,427,970 | 4,176,590 | 5,127,530 |
| Total | 46,267,880 | 38,271,437 | 24,185,270 | 29,705,790 | 18,431,430 |

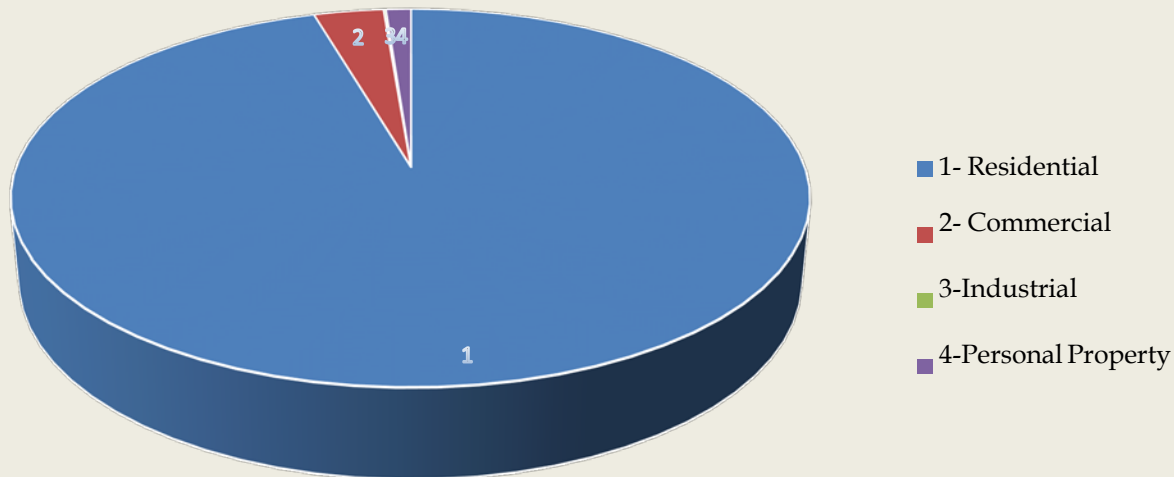
Fiscal 2021 Value by Class

| Fiscal 2020 | | |
|-------------------|------------------|-----------|
| | Value | % of Levy |
| Residential | \$ 3,811,844,266 | 95.4170% |
| Commercial | \$ 132,854,334 | 3.3256% |
| Industrial | \$ 4,452,500 | 0.1114% |
| Personal Property | \$ 45,781,200 | 1.1460% |
| Total Value | \$ 3,994,932,300 | 100.00% |

| Fiscal 2021 | | |
|-------------------|------------------|-----------|
| | Value | % of Levy |
| Residential | \$ 3,816,051,966 | 95.4144% |
| Commercial | \$ 131,565,734 | 3.2896% |
| Industrial | \$ 4,452,500 | 0.1113% |
| Personal Property | \$ 47,379,700 | 1.1847% |
| Total Value | \$ 3,999,449,900 | 100.00% |

0.11% increase in total value

Percent of Levy



How the Tax Rate is Calculated

$$\frac{\text{FY 2021 Property Tax Levy}}{\text{FY 2021 Town Taxable Valuation}} = \frac{\$74,069,812}{\$3,999,449,900} = 0.01852$$

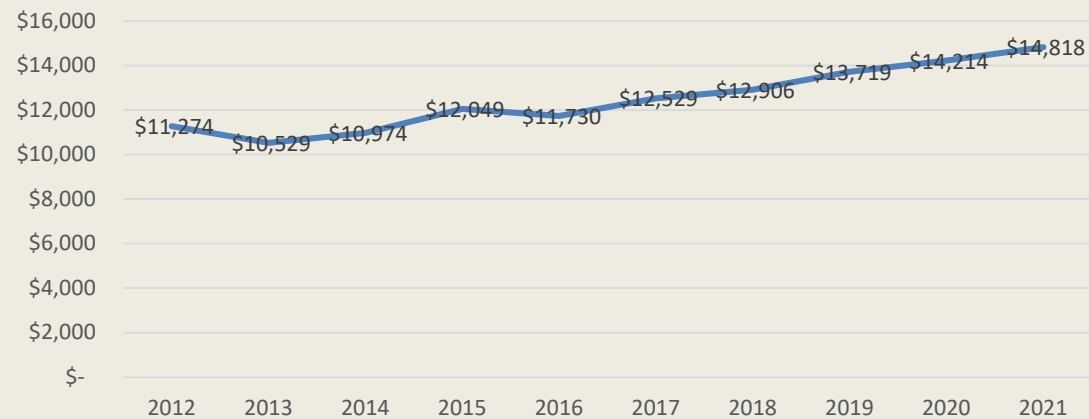
or

**\$18.52 per thousand dollars of assessed value
if a uniform rate is selected tonight**

Historical Recap of Average Single Family Tax Bill

| Year | Average Single Family Value | % Value Change | Single Family Tax Bill* | Single Family Tax Bill as % of Value* | \$ Change YOY | % Change YOY |
|------|-----------------------------|----------------|-------------------------|---------------------------------------|---------------|--------------|
| 2012 | \$ 593,050 | | \$11,274 | 1.90 | | |
| 2013 | \$ 588,530 | -0.762% | \$10,529 | 1.79 | \$(745) | -6.61% |
| 2014 | \$ 598,679 | 1.724% | \$10,974 | 1.83 | \$445 | 4.23% |
| 2015 | \$ 655,211 | 9.443% | \$12,049 | 1.84 | \$1,075 | 9.80% |
| 2016 | \$ 676,477 | 3.246% | \$11,730 | 1.73 | \$(319) | -2.65% |
| 2017 | \$ 690,698 | 2.102% | \$12,529 | 1.81 | \$799 | 6.81% |
| 2018 | \$ 715,824 | 3.638% | \$12,906 | 1.80 | \$377 | 3.01% |
| 2019 | \$ 750,469 | 4.840% | \$13,719 | 1.83 | \$813 | 6.30% |
| 2020 | \$ 800,314 | 6.642% | \$14,214 | 1.78 | \$495 | 3.61% |
| 2021 | \$ 800,115 | -0.025% | \$14,818 | 1.85 | \$604 | 4.25% |

Average Single Family Tax Bill



Historical Percent of Levy by Class

| FY | Residential % of Levy | CIP % of Levy |
|-----------|----------------------------------|--------------------------|
| 2011 | 94.88 | 5.12 |
| 2012 | 94.85 | 5.15 |
| 2013 | 94.75 | 5.25 |
| 2014 | 94.48 | 5.52 |
| 2015 | 94.90 | 5.10 |
| 2016 | 94.91 | 5.09 |
| 2017 | 94.96 | 5.04 |
| 2018 | 95.08 | 4.92 |
| 2019 | 95.16 | 4.84 |
| 2020 | 95.42 | 4.58 |
| 2021 | 95.41 | 4.59 |

Wayland's percentage of Commercial, Industrial and Personal Property Values has historically been at 5% or less of the total valuation of the Community.

Wayland remains a residential community.

Selection of Minimum Residential Factor

- A residential factor of 1 will result in the taxation of all property at the same rate (single tax rate).
- A residential factor of less than 1 increases the share of the levy raised by Commercial, Industrial and Personal Property (CIP) owners and reduces the share paid by residential property owners (split tax rate).
- Since 95.4144% of Wayland tax revenue comes from Residential, a slight reduction for the residential properties would put a large increase on CIP properties.
- The minimum residential factor for the Town of Wayland for Fiscal Year 2021 is 97.5970, as determined by the MA Department of Revenue.

Residential Factor / Split Rate

- MGL Ch. 40 § 56 allows a shift of up to 150% of the tax burden between the classes of property.
- Adoption of a Residential Factor(RF) of 1.0 results in a single tax rate.
- The Town of Wayland has always taxed property equitably with a single rate.
- The impact on the Property Class rate is as follows:

| Res. Factor | Residential | CIP | Residential | Comm/Indust(CIP) |
|-------------|-------------|---------|--------------|------------------|
| 1.00 | \$18.52 | \$18.52 | \$70,673,267 | \$3,396,546 |
| 1.05 | \$18.48 | \$19.45 | \$70,503,440 | \$3,566,373 |
| 1.10 | \$18.43 | \$20.37 | \$70,333,614 | \$3,736,201 |
| 1.15 | \$18.39 | \$21.30 | \$70,163,787 | \$3,906,028 |
| 1.25 | \$18.30 | \$23.15 | \$69,824,134 | \$4,245,682 |
| 1.50 | \$18.07 | \$27.78 | \$68,975,002 | \$5,094,819 |

Average Property Examples

Single Tax Rate:

| | | |
|----------------------------------|---------------------------------------|-------------|
| Avg. Single Family House Value = | $\$800,115 \times \$18.52 / 1000 =$ | \$14,818.13 |
| Avg. Commercial Value = | $\$1,124,263 \times \$18.52 / 1000 =$ | \$20,821.35 |

2 Rates With CIP Increase of 105%:

| | | |
|----------------------------------|---------------------------------------|-------------|
| Avg. Single Family House Value = | $\$800,115 \times \$18.48 / 1000 =$ | \$14,786.13 |
| Avg. Commercial Value = | $\$1,124,263 \times \$19.45 / 1000 =$ | \$21,866.92 |
| Avg. Residential Savings = | | \$32.00 |
| Avg. Commercial Increase = | | \$1,045.56 |

2 Rates With CIP Increase of 110%:

| | | |
|----------------------------------|---------------------------------------|-------------|
| Avg. Single Family House Value = | $\$800,115 \times \$18.43 / 1000 =$ | \$14,746.12 |
| Avg. Commercial Value = | $\$1,124,263 \times \$20.37 / 1000 =$ | \$22,901.24 |
| Avg. Residential Savings = | | \$72.01 |
| Avg. Commercial Increase = | | \$2,079.89 |

2 Rates With CIP Increase of 115%:

| | | |
|----------------------------------|---------------------------------------|-------------|
| Avg. Single Family House Value = | $\$800,115 \times \$18.39 / 1000 =$ | \$14,714.11 |
| Avg. Commercial Value = | $\$1,124,263 \times \$21.30 / 1000 =$ | \$23,946.80 |
| Avg. Residential Savings = | | \$104.01 |
| Avg. Commercial Increase = | | \$3,125.45 |

2 Rates With CIP Increase of 150%:

| | | |
|----------------------------------|---------------------------------------|-------------|
| Avg. Single Family House Value = | $\$800,115 \times \$18.07 / 1000 =$ | \$14,458.08 |
| Avg. Commercial Value = | $\$1,124,263 \times \$27.78 / 1000 =$ | \$31,232.03 |
| Avg. Residential Savings = | | \$360.05 |
| Avg. Commercial Increase = | | \$10,410.68 |

*Average values are rounded

Selection of Open Space Discount

- There are no parcels in Wayland currently classified as open space
- Open Space is defined in Massachusetts General Law as:
MGL Chapter 59 Sec 2A(b) “Class two, open-space”, Land which is not otherwise classified and which is not taxable under the provisions of chapters sixty-one, sixty-one A or sixty-one B, or taxable under a permanent conservation restriction, and land not held for the production of income but is maintained in an open or natural condition, which contributes significantly to the benefit and enjoyment of the public”.
- In Wayland, forty-three (43) parcels participate in the Chapter Land Program under MGL Chapters 61A and 61B, which results in more savings than if they were designated as Open Space.
- Under the Chapter Land program the discount ranges from 75% to 98%.
- The open space discount has a maximum discount of 25%.

Residential Exemption

- Must be owner-occupied, primary residence to qualify.
- Must apply annually.
- The reduced value remains within the residential levy percent resulting in a higher residential rate.
- All residential properties above a “break-point” value would see an increase in taxes.
- Only 16 of 351 communities adopt a residential exemption:
 - Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Nantucket, Provincetown, Somerset, Somerville, Tisbury, Truro, Waltham, Watertown, Wellfleet

Granting a Small Commercial Exemption

- The Board of Selectmen may adopt a small commercial exemption.
- This exemption is for commercial parcels (property class three) occupied by businesses with an average annual employment of not more than ten people during the previous calendar year and with assessed values of less than one million dollars.
- The intent of the exemption is to give a tax reduction to small commercial property owners at the expense of the larger commercial and industrial parcels.
- Selectmen can choose an exemption that reduces the taxable valuation of each eligible parcel by a percentage of up to 10%.

Classification Vote Summary

1. Selection of a Minimum Residential Factor
 - A Factor of 1 yields a single rate.
 - A single rate for FY21 would result in an estimated \$18.52 rate.
2. Vote on whether to adopt a Residential Exemption
 - With a low number of non-owner occupied properties, this shifts a portion of the residential levy from lower-valued residential properties to higher valued properties.
 - Only 16 communities in the Commonwealth have a Residential Exemption.
3. Vote on whether to adopt a Small Commercial Exemption
 - This exemption is for commercial properties valued under \$1 million and occupied by business(s) with less than ten employees.
 - This exemption benefits property owners, typically not small business tenants.
 - This shifts up to 10% of the value of those properties to other commercial and industrial properties.