

OFFICE OF THE BOARD OF ASSESSORS



TOWN OF ARLINGTON MASSACHUSETTS

Recent Tax Assessment and Tax Bill Changes in Arlington Explained

The December 2018 release of the Fiscal Year 2019 (FY2019) third quarter real estate tax bills has raised questions from many residents about what the Town's overall tax rate increase was, what individual property owners' changes were, and how tax assessments and tax bills are calculated. The Select Board, Town Manager, and Board of Assessors worked together to help explain the assessment process. We hope the following information will answer many questions.

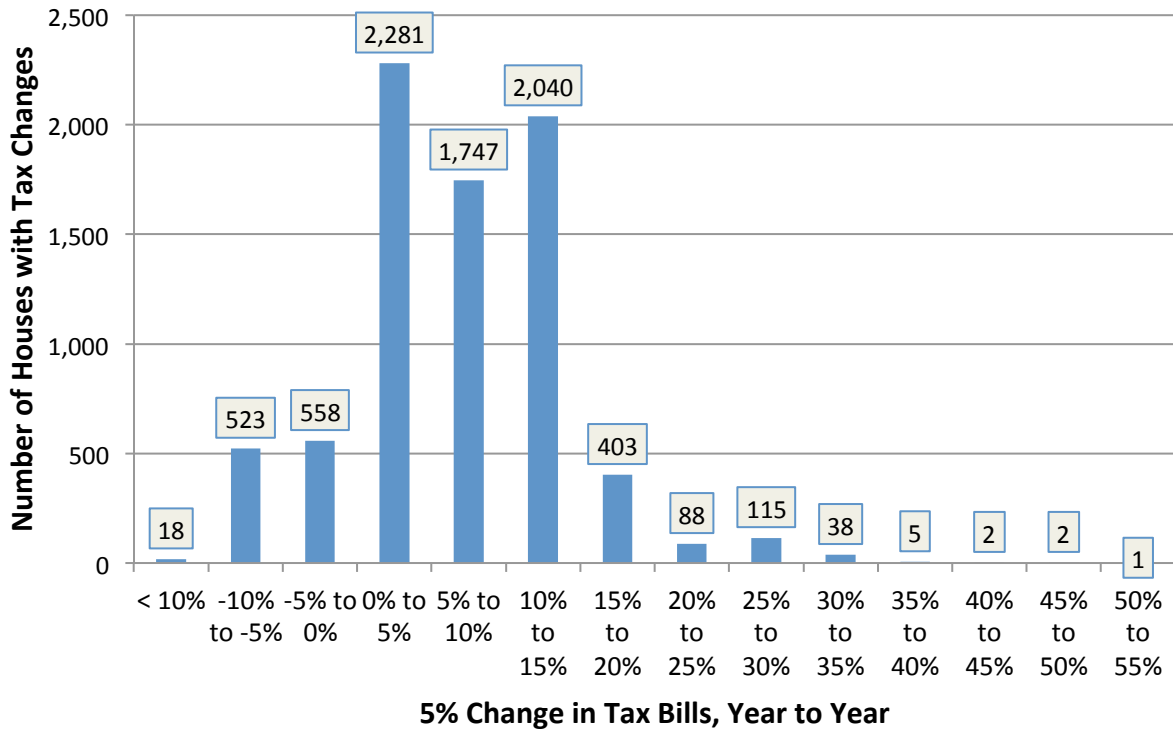
In aggregate, taxes went up \$6.8 million from FY2018 to FY2019, or 5.76%. Of that increase, just under \$1 million is due to New Growth, i.e., taxation on new buildings or additions to existing buildings. This part of the increase is borne by owners of such buildings. For most taxpayers who own homes that have not expanded or been renovated, the average tax increase is 4.9%. About \$2.7 million is due to the annual increase of 2.5% allowed under Proposition 2½, and approximately \$3 million is due to debt exclusion overrides, principally for the Gibbs School and the Minuteman Regional Vocational High School building projects.

The overall tax rate is just one of the factors in calculating each tax bill. The other factor is the valuation of the specific property. It is common knowledge that most home prices in Arlington have been climbing rapidly and that some neighborhoods have seen more increase than others. This FY2019 tax bill includes the calendar 2017 housing sales information. 2017 had particularly significant variation in price changes by neighborhood.

It is important to remember that while the overall Town tax increase set at 4.9%, some homeowners will see a higher tax increase than 4.9%, and some will see a lower tax increase than 4.9%. The variation from property to property is driven by how their value changed relative to the other property. For instance, if one house's value went up by 20%, and a second house's value went up by 10%, the first house is going to have a bigger tax bill increase than the second.

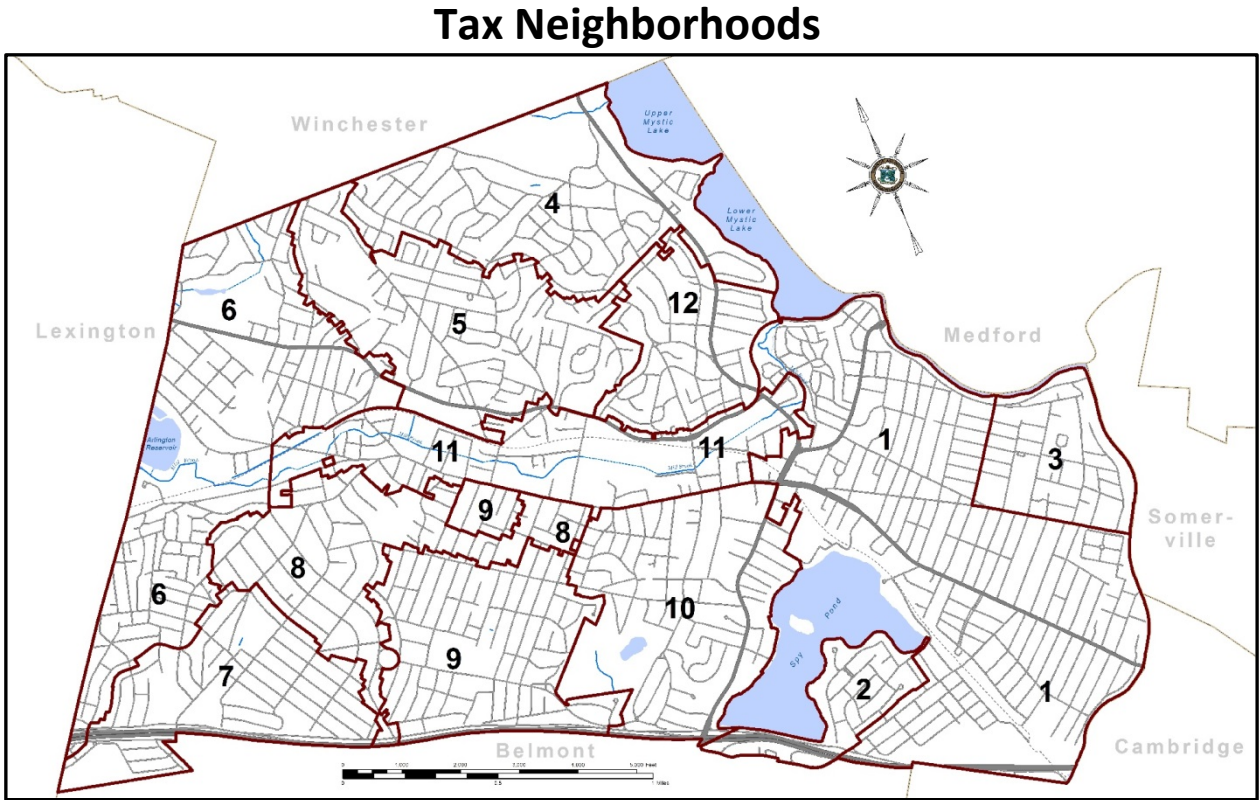
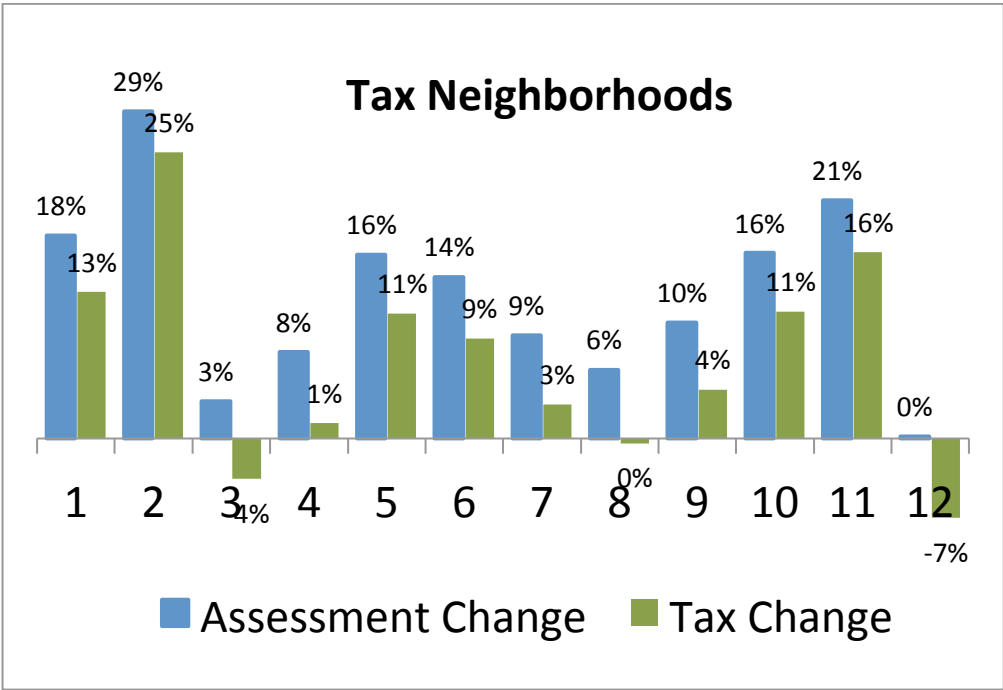
Changes in taxes and assessments vary by individual house and by neighborhood. As the chart below shows, there are over 1,000 single family households that saw a tax decrease in FY19, and there are three clusters of houses with tax increases: 2,281 single family houses saw tax increases of 0% to 5% (near or below the average increase of 4.9%), 1,747 single family houses fell into the cluster of tax increases of between 5% and 10%, and 2,040 single family houses fell into the cluster of tax increases of 10% to 15%.

Single Family Homes, Change in Annual Tax Bill FY18 to FY19 (Excludes New Growth)



This chart shows the changes in tax bills on single family homes in Arlington between Fiscal Year 2018 and Fiscal Year 2019. It excludes homes where tax bills increased because of New Growth, i.e., homes where there had been substantial improvements, additions, or renovations that would have increased their tax bills. Many of the largest tax increases were for houses that sold during 2017, thereby resetting their previous valuations.

Some parts of Arlington saw large increase in taxes while others saw minor increases or even decreases. The areas of largest assessment changes are neighborhoods 2 (Kelwyn Manor) and 11 (the Massachusetts Avenue corridor). Three neighborhoods saw decreases in taxes: 3 (Northeast Arlington), 8 (Arlington Heights), and 12 (Mystic and Ridge Avenues).



How Assessments and Taxes Differ

Assessments may go up or down based on market conditions. Arlington's Assessors are required by Massachusetts law to assess all real and personal property at its fair cash value each year.¹ Fair cash value means fair market value, which is the price a willing buyer and a willing seller would settle upon in an open market transaction, i.e., they expended a reasonable effort to determine a price and there are no special circumstances involved.²

For residential property, fair market value is determined by looking at recent sales of other similar property. This sales information is a public record and is available to anyone on the Assessors' page of the Town's website at:

<https://www.arlingtonma.gov/home/showdocument?id=40536>

For example, there were five home sales in neighborhood 2, Kelwyn Manor, in 2017. As the table below shows, sales of these homes were between 16% and 54% above their previous assessments. The new assessments are between 13% and 42% higher than the previous assessments. For the purpose of complying with state laws on assessment, the median ratio of assessments to fair market value, as indicated by recent sales prices, must be between 90% and 110%. In the example below, the median ratio is 94%.

Address	2018 Assessment	Sales Price	Sales/ Assessment	2019 Assessment	Ratio	Assessment Change
Property 1	\$1,138,100	\$1,755,000	154%	\$1,611,800	92%	142%
Property 2	\$751,000	\$1,080,000	144%	\$1,004,200	93%	134%
Property 3	\$683,000	\$985,000	144%	\$930,600	94%	136%
Property 4	\$1,164,800	\$1,350,000	116%	\$1,315,100	97%	113%
Property 5	\$634,700	\$835,000	132%	\$888,300	106%	140%

A resident's tax bill is determined by multiplying a property's **assessment** by the town's **tax rate**. In 2019, Arlington's tax rate declined by 7.2%, from \$12.13 to \$11.26.

The 2018 and 2019 assessments are available on the Assessing Department page:

<https://www.arlingtonma.gov/departments/assessor>

If residents believe they have evidence that their homes were assessed too highly, they can file an abatement application with the Assessing Department at:

<https://www.arlingtonma.gov/departments/assessor/abatement-information>

As indicated on the tax bill, the deadline to submit an abatement application is Monday, February 4, 2019 at 4:00 PM.

¹ Massachusetts General Laws Ch. 59, § 38. Fair market value is determined for each fiscal year as of January 1st preceding year. For example, Fiscal Year 20129 assessments are based on values as of January 1, 2018, which in turn reflect sales activity during 2017.

² *Boston Gas Company v. Assessors of Boston*, 334 Mass. 549 (1956) defines fair cash value as "fair market value, which is the price an owner willing but not under compulsion to sell ought to receive from one willing but not under compulsion to buy."