

to Selectmen when setting the tax rate; and a Statewide income tax surtax, possibly earmarked for education.

The Committee decided that the Sudbury exemption, if pursued for Concord, should be available to homeowners of modest means, not only to seniors. The Committee met with Senator Mike Barrett and Representative Jay Kaufman, co-chair's of the legislative Tax Fairness Commission to discuss how these options might fare in the legislature. Later the Committee met with Paul LoVecchio, Treasurer of the Hugh Cargill Trust, who also administers the Selectmen's Tax Relief Fund, and Finance Director Tony Logalbo.

Mr. Logalbo recommended a legislative home rule petition allowing Concord to allocate funds in the budget for assistance to homeowners for whom the increasing property tax is becoming a burden.

After further discussion the Committee invited members of the Hugh Cargill Trust and the Tax Relief Committee to meet with them. In the meantime the Committee will submit an article to reserve a place on the 2015 Town Warrant.

BOARD OF ASSESSORS



From left: Christian Fisher, Tory Lambert, David Karr, Cynthia Rainey. Not pictured: Jim Sommers, Chair

The Board of Assessors began Calendar Year 2014 by processing 53 abatement applications, completing all by the deadline of May 3, 2014. The Board granted abatements in whole or in part for 21 applications.

The remainder of the year was devoted to the Fiscal Year 2015 tri-annual re-certification year revaluation program. Property valuation for FY15 tax purposes (the tax year beginning July 1, 2014) is based on a valuation date of January 1, 2014. Market value as of this valuation date is derived from the analysis of calendar year 2013 sales.

The Board of Assessors revalues all properties in the Town every year in accordance with the State law requirement that property valuations must be at 100% of market value each year. The values are certified by the Massachusetts Department of Revenue (DOR) once every three years through on-site and intensive examination of the procedures and methodology being employed by the local Board of Assessors. In the intervening years, the local valuation process is the same, but State oversight consists of review and approval of the required statistical analysis. The DOR has approved Concord's FY15 assessed values. This year was the re-certification year and the next two years will be interim year adjustment valuations.

The major objective in any year is to update the various factors in the tables of the Computer Assisted Mass Appraisal (CAMA) system. CAMA is used to calculate the assessed value for each property, adjusting the valuation tables as indicated by sales data. The DOR issues regulations that define how the statistical sales analysis must be done. There were 423 sales with 235 qualified sales in calendar year 2013, the time frame required by DOR guidelines. A qualified sale is an open market transaction between a willing and educated buyer and seller. Types of sales not considered qualified by the DOR include those between family members or intra-corporation sales, those not exposed to the market, auction and foreclosure sales, those that involve more than one property and/or additional personal property, stressed sales (such as an estate sale, court settlement or as a result of a divorce), and where there has been a significant change in the property after the sale and before the sales analysis is done.

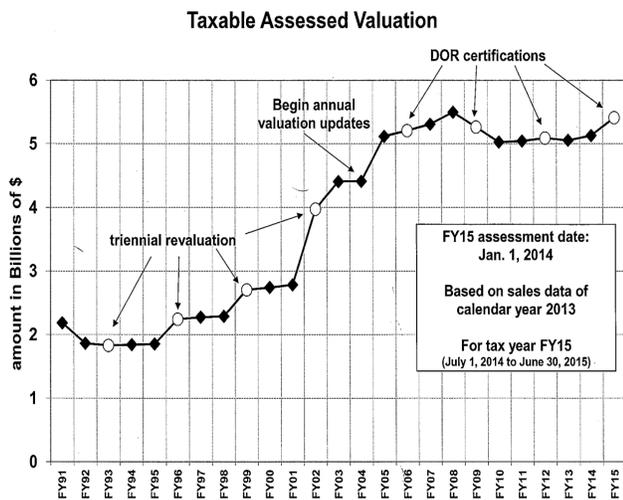
State law requires that the median Assessment to Sales Ratio (ASR) fall within required parameters each year:

- The overall ASR median must be within plus or minus ten percent of 100% of full and fair market value.
- The median for each subcategory within the sales stratifications—such as style, location and size - must be within plus or minus five percent of the overall median.

The overall median ASR is 0.95 for FY15. The DOR requires that buildings and land be valued separately and that land valuations must also be supported by the sales. In the absence of vacant land sales, a technique called "Land Residual" analysis is used. This analysis subtracts the building's calculated value from the sales price, and

then the assessed land value is divided by the residual sale price amount to produce a land residual ASR. This ASR for the land must be within 5% of the overall ASR and proves the land value to be correct.

For FY15 Concord's average Single Family Residence (SFR) is valued at \$901,857 (up 6.39% from FY14) and the median SFR is valued at \$732,600 (up 7.67%). The overall valuation of the Town indicates that property values have had the first increase in several years. Assessed values are 2 years behind the actual real estate market, because State law requires a valuation date of January 1st of the prior year using the sales information from the previous calendar year. Therefore the downturn in the real estate market of calendar 2007 was not seen in assessment value until FY09. The real estate market and therefore the assessments remained fairly stable with only slight changes through last year. For FY15, the Board used the sales that occurred in Calendar 2013, which indicated an increase in overall FY15 values of 5.5%. This change reflected an improving residential real estate market of calendar 2013 over 2012. The commercial and Industrial segments of the market had a slight downturn in value, which accounts for the overall increase being lower than the average residential increases described above. Please see the graph below for the overall change in value from FY1991 to FY15



The FY15 final values are then used to establish the tax rate in order to meet the budget requirements as voted at Town Meeting. Since the percent increase in the overall value of the Town was greater than the percent increase in the levy, the tax rate decreased 1.11%, from \$14.45 to \$14.29 per thousand dollars of valuation.

New Growth

The value of new construction increases the levy limit. It is measured for the period from July 1, 2013 through June 30, 2014. The new growth amount for FY15 is attributable primarily to building permits from additions and new construction of mostly single-family dwellings. There were no major projects started or completed in the past year. This lack of major projects accounts for the drop in growth from fiscal 2014 to 2015. (See Below).

Property Class	Value	Levy Limit Adjustment	% of Total New Growth
Class One, Residential	\$47,955,500	\$692,957	82.94%
Class Three, Commercial	738,200	10,667	1.28%
Class Four, Industrial	1,467,036	21,199	2.53%
Personal Property	<u>7,659,220</u>	<u>110,676</u>	13.25%
Totals	\$57,819,956	\$835,499	

Classification Hearing

The Board of Assessors recommended to the Board of Selectmen that for FY15 it vote: to adopt a Uniform Tax rate, not to grant an Open Space discount, not to adopt a Residential Exemption and not to adopt a Small Commercial Exemption. Since FY1998, the Board of Selectmen has adopted a uniform tax rate for all classes of property. A public hearing was held on November 17, 2014, at which time the Selectman voted a uniform tax rate for FY15. The full report of the Board of Assessors is available on the Town's website.

Valuation, Tax Rates, and Tax Levy: FY05 to FY15

FY	Assessed Valuation	Tax Rate	Tax Levy	% Change Tax Levy	Tax Levy as % of Assessed Value
2005	\$5,117,100,515	\$9.80	\$50,147,585	7.30%	0.980%
2006	\$5,207,535,371	10.23	\$53,273,087	6.20%	1.023%
2007	\$5,309,253,833	10.56	\$56,065,720	5.20%	1.056%
2008	\$5,498,736,316	10.72	\$58,946,453	5.10%	1.072%
2009	\$5,264,591,702	11.90	\$62,648,641	6.30%	1.190%
2010	\$5,026,552,229	13.09	\$65,797,569	5.00%	1.309%
2011	\$5,045,140,030	13.19	\$66,545,397	1.10%	1.319%
2012	\$5,090,058,629	13.58	\$69,122,996	3.90%	1.358%
2013	\$5,054,970,094	14.07	\$71,123,429	2.90%	1.407%
2014	\$5,130,493,662	14.45	\$74,135,633	4.20%	1.445%

Statutory Exemptions

Tax exemptions are available by State statute to qualified homeowners who are disabled veterans, elderly (subject to certain income and asset limits) or blind. The State reimburses the town for certain specified amounts. In recent years (commencing in FY02), the Town has voted to accept an optional State law to double the value of

these exemptions, with the additional cost being borne by the Town. Beginning in FY10, several of these exemptions also have an annual State-determined cost-of-living adjustment applied to the qualifying thresholds (income and/or whole estate value), pursuant to a vote at the 2009 Annual Town Meeting. Exemptions granted for FY14 and the related State exemption reimbursements to the town are shown in the table on the right.

Exemption Type	MGL Ch.59,S.5,	# Granted	FY14 Exemptions Granted				
			State Base Amount	Total Base	Actual Abated*	State Reimbursement	Net Town Funds
Veterans	22	52	\$400	\$20,800	\$41,600	\$11,700	\$29,900
Veterans	22A	0	0	0	0	0	0
Veterans	22D	3	Various	18,195	18,195	18,195	0
Veterans	22E	6	1,000	6	12,000	4,950	7,050
Elderly & Surviving Spouse	17D	5	175	875	1750	900	850
Elderly	41C	9	500	4,500	9,000	0	9,000
Blind	37A	14	500	7,000	14,000	1,225	12,775
TOTALS					\$96,545	\$36,970	\$59,575

Agricultural, Recreational and Forest Land

State law provides property tax relief designed to encourage the continuation of certain types of land use. These classifications carry strict application requirements. The law directs the valuation methods and procedural requirements, as well as how to calculate the payment of back taxes when land is withdrawn from these tax-favored classifications. The three categories are:

Chapter 61 - Forest Land refers to land of at least 10 contiguous acres held in a wooded state and subject to a management plan certified by the State Forester. Such land is valued at a specific acreage value set by the state.

Chapter 61A - Agricultural/Horticultural Land refers to land of at least 5 contiguous acres that is used to raise

agricultural or horticultural products to be sold on the market. The State requires the Town to verify the income requirements from the sale of the products. The State has also established specific acreage valuations which depend upon the product produced on the land.

Chapter 61B - Recreational Land refers to land of at least 5 contiguous acres that is retained in substantially a natural, wild or landscaped condition designed to preserve wildlife and natural resources. Included under this classification are golf courses, horse stables and riding areas, hunting and fishing areas, areas for target shooting, camps, and other picnic, swimming, boating and recreational areas.

FY14 Forest, Agricultural, and Recreation Land - Values and Discounts						
Chapter	Class	# of Parcels	Market Value	Taxable Value	Exempted Value	Tax Levy Impact
61	Forest Land	14	\$21,169,200	\$6,895,242	\$14,273,958	\$203,975
61A	Agricultural Land	36	\$65,130,500	\$43,174,784	\$21,955,716	\$313,747
61B	Recreation Land	15	\$83,778,900	\$56,895,312	\$26,883,588	\$384,166
	Totals	65	\$170,078,600	\$106,965,338	\$63,113,262	\$901,888

FY15 Taxable Assessed Value								
Assessment Date:		1-Jan-13		1-Jan-14				
Budget Year:		7/1/13 - 6/30/14		7/1/14 - 6/30/15				
Class		FY14 Valuation	FY15 Valuation	\$ Change FY14-15	% Change FY14-15	FY15 % Share	Last Year FY14 % Share	10 Years Ago FY05 % Share
Class 1	Residential	\$4,646,613,799	\$4,925,995,175	\$279,381,376	6.01%	91.01%	90.57%	91.34%
Class 2	Open Space	\$0	\$0	\$0	n/a	0.00%	0.00%	0%
	R/O Subtotal	\$4,646,613,799	\$4,925,995,175	\$279,381,376	6.01%	91.01%	90.57%	91.34%
Class 3	Commercial	\$411,116,033	\$411,733,207	\$617,174	0.15%	7.61%	8.01%	7.13%
Class 4	Industrial	\$26,044,900	\$27,724,000	\$1,679,100	6.45%	0.51%	0.51%	0.68%
Class 5	Personal Property	\$46,718,930	\$46,846,180	\$127,250	0.27%	0.87%	0.91%	0.84%
	C/I/P Subtotal	\$483,879,863	\$486,303,387	\$2,423,524	0.50%	8.99%	9.43%	8.66%
	TOTAL	\$5,130,493,662	\$5,412,298,562	\$281,804,900	5.49%			
Class 9	Exempt	\$757,809,200	\$818,279,600	\$60,470,400	7.98%			