

## RECERTIFICATION PROCESS – FISCAL YEAR 2019

The Bureau of Local Assessment of the Department of Revenue for the Commonwealth of Massachusetts provides detailed guidelines to assist assessors to plan and perform a reassessment program necessary to achieve full and fair cash value assessments, in accordance with the requirements of Massachusetts General Laws, Chapter 40, Section 56 and Chapter 58, Sections 1, 1A and 3.

Every year, the assessors are required to make interim adjustments and every five years the assessors undergo intense scrutiny in their recertification to ensure consistency and uniformity of local assessments. We are required to look at all of our data and provide written documentation to support the mass appraisal system that includes items like cost and depreciation schedules, field review documentation, income and expense analysis, land valuation schedules and sales ratio studies.

The Town of Hopkinton completed a recertification of values as required by the Department of Revenue and received preliminary approval of those values. The Fiscal Year 2019 values are based on the value of property on January 1, 2018 and were developed based on calendar year 2017 sales; on income and expense information received from commercial and industrial properties; and from information on personal property accounts.

The analysis by the Assessor's Department and our consultant from Mayflower Valuation indicated the following statistical changes:

<u>Type of Property</u>	<u>Percentage Change</u>
Single Family	5%
Commercial	9.5%
Industrial	1.5%
Vacant Land	0%

These are statistical averages town-wide but statistics can be deceiving. In general, there has been an increase in the market value of property in the last fiscal year cycle. However, in the single family class as an example, some properties remained essentially the same in value and some properties decreased in value while most of the properties increased in value. Some of the increases were more substantial than others if there were additions or renovations or corrections to the property record card.

Consider the following sample list of a section of one random street in town and you will see that even in this limited sample the numbers range from an increase in value from 3% to 9%.

<u>Street Name</u>	<u>Fiscal Year 2018</u> <u>Value</u>	<u>Fiscal Year 2019</u> <u>Value</u>	<u>Percentage</u> <u>Difference</u>
Huckleberry Road	701,900	726,800	1.035
Huckleberry Road	727,200	752,800	1.035
Huckleberry Road	718,900	783,700	1.090
Huckleberry Road	739,300	765,500	1.035
Huckleberry Road	700,700	730,300	1.042
Huckleberry Road	700,100	745,900	1.065
Huckleberry Road	760,300	787,700	1.036
Huckleberry Road	770,900	794,800	1.031
Huckleberry Road	840,500	869,600	1.035
Huckleberry Road	738,000	764,100	1.035
Huckleberry Road	803,000	832,400	1.037

Average Percentage Difference  
in This Sample 1.04

A public disclosure notice was published in the Metro West Daily News on September 18, 2018 advising Hopkinton property owners that the proposed values were available for review at Town Hall and the Library during normal business hours from September 20, 2018 to October 3, 2018 and were on the town's website at [www.hopkintonma.gov](http://www.hopkintonma.gov) under the assessor's page listed as 2019 Proposed Values For Real Estate and Personal Property.

It was suggested that any taxpayer who was concerned with the accuracy of the valuation of their property should visit or call (508 497-9720) the Assessor's office. Remember that the assessed value represents the value of the property on *January 1, 2018* and not the current value of the property.

At the end of the public disclosure period, we requested final certification of the assessed values from the Department of Revenue.

The responsibility of the Assessor is to fairly value all of the property in Town. ***The Assessor does not set the tax rate.*** The tax rate is determined each year as a result of the amount of money the town residents decide to spend at Town Meeting. Hopkinton has an Open Town Meeting Form of Government where all the residents can participate in the democratic process within established guidelines. The residents share the responsibility for any increase or decrease in the total amount of spending and therefore any increase or decrease in the tax rate. The residents choose what services they would like the town to provide and determine whether or not they can afford those services. It is similar to planning a family budget. The budget approved at Town Meeting is then divided by the total value of properties in town to determine the tax rate.

The formula basically looks like this:

Tax Levy	\$68,365,275
Divided by The Real and Personal Property Total Value of the Town for Fiscal Year 2019	\$3,981,670,060
Equals the Proposed Tax Rate	\$17.17

While the taxes in Hopkinton might be higher than the taxes on a similar style and size single-family home in Franklin or Milford for example, there are also different characteristics and demographics between Hopkinton and those towns. Franklin and Milford have a larger population, a broader tax base and more commercial and industrial type properties that all contribute to the total tax revenue.

Perhaps the better comparisons to Hopkinton might be Holliston or Medfield or Westborough for example? And the unfortunate part of the equation is that when the total valuation of all of the property in the town is lower than the total valuation for the previous year, then the tax rate needs to be higher than the previous year unless the town votes to operate on a lower budget than the previous year and this scenario could increase the annual tax on a property; or conversely, when the total valuation of all of the property in the town is higher than the total valuation for the previous year, then the tax rate would be lower but the assessed value of property would be higher than the previous year unless the town votes to operate on a lower budget than the previous year and this scenario could increase the annual tax on a property.

The following chart compares Hopkinton to some other similar or surrounding communities:

<u>Town</u>	<u>Residential Tax Rate</u> <u>Fiscal Year 2018</u>	<u>Residential Tax Rate</u> <u>Fiscal Year 2019</u>	<u>Percentage</u> <u>Increase or Decrease in Tax Rate</u>
Ashland	\$16.61	\$16.28	-2%
Foxborough*	\$14.57	\$14.70	+1%
Framingham*	\$16.32	\$15.38	-6%
Franklin	\$14.65	\$14.66	0%
Holliston	\$18.67	\$18.83	+1%
Hopkinton	\$16.90	<b>\$17.17</b>	+1.5%
Medfield	\$17.03	\$17.87	+5%
Medway	\$17.66	\$16.97	-4%
Milford*	\$16.56	\$16.54	0%
Sherborn	\$19.30	\$19.62	+2%
Southborough	\$16.14	\$16.74	+4%
Upton	\$17.23	\$17.31	+0.5%
Walpole*	\$15.27	\$15.10	-1%
Westborough	\$18.46	\$18.33	-1%

\* Community with split rate

Still, any property owner in Hopkinton might be asking “How could my property increase in value?” Here are some of the possible answers to that question:

Addition to the Property  
Renovations to the Property  
Change from Vacant Land to Single Family Home  
Changes to the Property Record Card  
Finished Basement  
Land Value Increase  
Market Changes

The real question that each property owner needs to answer is not whether the assessed value of their property decreased too little in value or increased too much in value, *but whether the assessment for Fiscal Year 2019 is an accurate reflection of the full and fair cash value of the property as of January 1, 2018!*

A homeowner who is concerned with the accuracy of the valuation of their property might read the article entitled “**Procedure for Real Estate Tax Abatement**” that explains the process to follow to file for an abatement. This article is available at Town Hall and is posted on the Town Website on the assessor’s page with the abatement application. Remember that the assessed value represents the value of the property on *January 1, 2018* and not the current value of the property.