

Holyoke Assessor notes higher property values; City Council readies to set tax rate

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By Dennis Hohenberger | Special to The Republican [Story source: MassLive.com](#)

HOLYOKE – Assessor Deborah Brunelle conducted the annual Tax Classification Hearing at City All Thursday night.

The Assessor's Office annually values all real and personal properties in Holyoke, a critical step in determining the residential and commercial tax rates. In addition, proposition 2 ½ limits the amount of taxes municipalities can collect in a calendar year.

Brunelle noted an increase in home sales and prices for 2021, with a steady increase in single-family home values. For Fiscal 2022, single-family properties rose 5.7%, two-family 15.2%, three-family 13%, condos 12.4% and apartments by 8.7%.

Mixed-use properties and land declined slightly in values during the same period. Overall residential values increased 7.8%.

Based on the Holyoke Mall's declining value, commercial properties took a hit, down 3.3%. However, Holyoke's burgeoning cannabis industry slowed the commercial bleed. "We should expect to see an increase in commercial values from marijuana facilities again next year," Brunelle said.

Industrial and personal properties also experienced a 4.2% growth in Fiscal 2022. The City of Holyoke added 5.3% value, equaling over \$122 million, with the majority coming from the residential categories.

The Assessor's Office set the new levy capacity at \$59,911,749, with the city's operational budget below the limit. As a result, the city must collect at least \$58,997,450 to balance the budget. The limit for Fiscal 2021 was over \$57.5 million.

"Excess capacity of the levy is about \$900,000," Brunelle said. "Using the entire levy limit would allow us to collect more than needed and would increase tax rates."

Brunelle said by not using the entire levy limit, the City Council could choose to lower overall property taxes.

In past years, the combined residential and commercial tax rate averaged \$25 per \$1,000 in valuation or the amount before the shift occurs between the two classes. "This the first time in many years our single tax rate has been below \$25," Brunelle said.

The single rate now stands at \$24.35 per \$1,000 in valuation. "To have our tax rate under \$25 is something that hasn't been done in a long time," Brunelle said.

The Assessor's Office submitted scenarios to the City Council which will use them to set the new rates. Then, the council stages a series of votes until the body agrees on the latest rates.

In response to Councilor At-large Peter Tallman, Brunelle said the market dictated the 13% increase in two-family homes. In conversations with property owners, Tallman said a rise in taxes would hit two-family homeowners hard. Brunelle predicted home prices would continue to climb in the coming months and years. The 2021 values are based on sales calculations from 2020. Although she did note a slight downward trend the past two months.

The Holyoke Mall's value dropped because of the complex's condition and the sale of properties. As a result, the mall's value dipped by over \$30 million, according to Brunelle. "The retail industry is having a hard time," she said. "It's hard to compete with Amazon, COVID restrictions."

The mall has shifted to a restaurant and entertainment model in the last few years. Big box stores like Sears faded into retail history.

Councilor-elect Kevin Jourdain said several multimillion properties are no longer revenue sources. Instead, the former Sear's Automotive, G&B Photography Studios, and other properties have been reclassified as tax-exempt. Former City Councilor Donald Welch asked the City Council not to raise the tax rate on residential ratepayers, especially with increasing values. "Even if you don't raise the tax rate, the taxes we pay are going to go up because values went up," he said.

Taxes on Welch's condo climbed 12% in the past year, which is particularly hard for someone on a fixed income. So even with a boost in Social Security benefits, the bulk of his windfall will go toward Medicare costs.