

Hot housing market triggers CLA slide

By David Delcore Staff Writer

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MONTPELIER — As school boards around the state ready to finalize the budgets they will ask voters in their districts to approve in March a recently released study suggests they have a “common” problem best known by its acronym: CLA.

Fueled by a hot housing market, the common level of appraisal (CLA) just dropped pretty much everywhere you look in Vermont. Those reductions will trigger corresponding increases in education tax rates that will likely be a universal talking point in the run-up to Town Meeting Day.

Late last month, the state’s tax department delivered that sobering news in the form of its annual “equalization study.” The study reflects sales-based analyses designed to equalize education property tax rates from one town to the next by creating a community-specific figure — the CLA — that is a key factor in Vermont’s education funding formula.



It is one officials in the Montpelier-Roxbury Public School District already were ready to blame for a significant portion of a budget-related tax increase before learning the estimates they were using were overly optimistic. Those estimates did predict some CLA slippage — from 84.44% to 82% of fair market value in Montpelier and from 102.19% to 98% in Roxbury. Spending and other

factors aside, those reductions alone would have added 5.4 cents to Montpelier's education tax rate and 6.4 cents to the comparable rate in Roxbury.

The problem? The equalization study indicates Montpelier's CLA didn't just drop 2.44% that was predicted it dropped 3.68% to 80.76% of fair market value. The new CLA in Roxbury — 94.09% of fair market value — reflects an 8.1% reduction, which is nearly double the drop that had been forecasted.

The new numbers will create additional upward pressure on education tax rates in both of the district's communities. Fresh estimates are expected to be presented to the school board during Wednesday's public forum on a budget that currently calls for spending \$27 million on the operation of the district's pre-K-12 school system, as well as investing \$260,000 into a separately voted capital improvement plan.

Montpelier and Roxbury are not alone, according to the equalization study that compares the ratio of the grand list listed value to the sale price for all the arms-length sales in each town over the prior three-year period. This year two of those three years occurred during a pandemic that saw homes across the state selling well above asking price, leading to an across-the-board erosion in the sales-based metric that is used to calculate education tax rates annually.

Those reductions were more pronounced in some communities than others, but there aren't many — if any — towns where the CLA ticked up over the past year.

On the surface, Barre Town appears to be one, but that is misleading because a since-completed reappraisal was still a work in progress when the equalization study came out last year.

Even the reappraised communities are misleading. According to last year's equalization study Barre Town's CLA was 79.47% of fair market value. This year's study puts Barre Town's CLA at 103.79% of fair market value — a reappraisal-related jump of 24.32%. However, the CLA that was used to calculate Barre Town's education tax rate this year wasn't the one in last year's equalization study. The town's post-reappraisal CLA was 110.26% of fair market value — 6.47% higher than the one that was just released.

Even though property in Barre Town's CLA still is comfortably above 100% fair market value, it is considerably lower than the one used to set the current tax rate — a fact that will come into play when calculating the rate for the fiscal year that starts July 1.

Barre City, which is partnered with Barre Town in the Barre Unified Union School District, saw its CLA slip from 94.97% to 92.57%. That 2.4% reduction was near the low end in a region that saw CLAs drop from a high of 13.86% in Berlin to a low of 1.27% in Orange.



Both were outliers in central Vermont, where this time last year three towns boasted CLAs above 100% of fair market value and none of them — including Berlin — still do.

Berlin's CLA plummeted from 108.77% to 94.91% of fair market value in one year. The double-digit reduction was out of step with Berlin's sister-towns in the Washington Central Unified Union School District. East Montpelier's CLA dipped from 93.93% to 87.66% of fair market value — a 4.21% reduction, while the CLA in Middlesex dropped 6% to 89.89%; Calais experienced a 6.27% slide; and Worcester's CLA fell from 99.55% to 90.65% — a one-year drop of 8.9%.

It is the same story, different district wherever you look in central Vermont.

All six towns in the Harwood Unified Union School District entered last year with a CLA above 90%, but none ended there. Reductions ranged from 2.89% in Fayston to 7.15% in Warren. Moretown and Waitsfield each experienced a 7.04% decline in their CLA and Waterbury's dropped 5.34%.

Both towns in the Twinfield Union School District experienced similar reductions. The CLA in Marshfield dropped 7.6% to 80.35% and in Plainfield it shed 5.8% and now sits at 85.36%.

In neighboring Cabot, the CLA dropped 9.3% — a reduction that will put added pressure on the local education tax rate.

Both two-town districts in the Central Vermont Supervisory Union — Paine Mountain and Echo Valley — are in a similar boat.

Barely two years since its last reappraisal Williamstown's CLA dropped from 101.37% to 95.3% — a 6.07% reduction and its Paine Mountain partner — Northfield experienced a 5.49% reduction.

In Echo Valley, Washington saw a 6.15% drop, while the 1.27% reduction in Orange was comparable to pre-pandemic adjustments.

Business managers who were waiting on the equalization study now have one of the last remaining pieces to their tax rate calculus and can run more meaningful projections for school boards as they wrap up their budget deliberations.

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