



OFFERED BY COUNCILORS ED FLYNN AND ERIN MURPHY

**CITY OF BOSTON
IN CITY COUNCIL**

**ORDER FOR A HEARING TO DISCUSS PROVIDING \$15 MILLION
TOWARDS RESIDENTIAL TAXPAYERS IN NEED OF RELIEF**

WHEREAS: In April this year, Mayor Wu filed a home rule petition that would levy higher taxes on commercial properties from the currently maximum commercial property tax rate of 175% to 200% for a period of five years, with the aim of protecting residential property owners from a potentially dramatic increase in their property taxes; *and*

WHEREAS: In July, Mayor Wu compromised on aspects of the tax proposal at the State House which would limit the maximum commercial tax shift to 190% over a period of three years, and offered to allocate up to \$15 million to small businesses annually for a period of three years to help mitigate any harm the petition would cause to small businesses; *and*

WHEREAS: According to investment-data provider MSCI, property sale prices in Downtown Boston fell by more than 30 percent year over year since the last quarter of 2023. The Case-Shiller Home Price Index indicates that since the third quarter of 2021, residential property values in Boston have increased by 19%. The median price per square foot for commercial buildings was \$407 in 2023, whereas the median price per square foot for residential property was \$656 in 2024; *and*

WHEREAS: Commercial property owners have lost an enormous amount of value while residential property value continues to rise, and while assessed values for the commercial class are about 30% of the City's total assessed value, commercial property owners would be required to pay 60% of the city's total property tax levy under the Mayor's proposal; *and*

WHEREAS: The administration's tax shift proposal was reportedly intended to protect seniors on fixed incomes and working families from dramatic increase in property taxes and keep residents in their homes. However, in reality, while homes with assessed values under \$1.5 million will stand to save on average about \$400 per year in property taxes, high-value residential properties with assessed values of over \$5 million will have their property taxes cut on average by about \$10,000. 9% of home listings are priced over \$5 million in Boston. This would mean that commercial properties worth less than \$400 per square foot would have to subsidize residential properties worth more than five times as much per square foot; *and*

WHEREAS: We need a more reasonable, means-tested policy approach that targets relief to cash-constrained Boston residential taxpayers. Instead of appropriating \$15 million annually to help small businesses, the city could invest the \$15 million in funding directly into Boston residents we intend to help, and eliminate the need for a property tax shift that would further harm the commercial class during an historic crisis. Tax experts have determined that a \$15 million investment could ensure that between 20-30% of Boston households with assessed home values of \$1.5 million or less would be financially protected with a property tax increase greater than 3.5%; *and*

NOW THEREFORE BE IT ORDERED:

That the appropriate Committee of the Boston City Council holds a hearing to discuss an alternative to Mayor Wu's proposal. Representatives from the Budget Department and Assessing Department are invited to attend.

Filed on: September 25th, 2024