



CITY OF BOSTON OFFICE OF FINANCE

December 9, 2024

Dear Councilors,

Thank you so much for your continued partnership to ensure stability for Boston taxpayers and to protect residents in our neighborhoods. As a follow up to the hearing on Docket #1211, #1715 and #0999 On December 3, 2024, we wanted to share additional information that follows from our values being certified that may help inform your vote on the minimum residential factor and residential exemption, which is the final step needed to set tax rates for FY25.

The City of Boston had values certified by the Department of Revenue on December 4, 2024, consistent with the approval timelines of previous years. Although final tax rates are still subject to City Council approval of the specific level of tax shift and residential exemption percentage, the certified valuations show a 3% market value increase in year-over-year residential values and a 5% commercial value decrease, which are within the range of the margin of earlier uncertainty shared in September. Without this home-rule authorization, the average single-family homeowner receiving a residential exemption will see an approximate increase of 21% in their tax bill in January over their last quarterly bill, or an annual increase of 10.5% compared to 2024. With the legislation, at the maximum allowed shift, the average single-family homeowner would see an approximate 10.4% bill-to-bill increase and 5.2% annual increase.

While business groups have pegged the maximum shift on the statistic that Boston's average annual tax increase for a single-family home was 9% over the last five years, these years represent a significantly higher level than those prior. The average annual tax increase for a single family home in Boston was 5% over the last decade, 4.8% over the last 15 years, and 4.1% over the last 18 years. See Appendix A for details. Without legislation, this would be the second-highest annual residential increase since 2010, and the jump in the

residential share of total taxes would be the highest single-year increase since 2007. This would be a significant burden of compounding high tax increases for families and especially seniors struggling to afford to stay in Boston.

Lastly, to help inform your vote for the minimum residential factor, we wanted to share estimated tax rates for FY25 at different shift percentages, between 100% and 181.5%. The rates included in this table include the impact of a 35% residential exemption and can still change by pennies due to finalization of the levy amount and the total number of residential exemptions granted. See Appendix B for details.

We are continuing to work with the Massachusetts Senate to pass the legislation to set the maximum shift. This legislation would provide Boston residents and businesses with the stability of being able to prevent worst case scenarios over the next several years even as the forecast for continued valuation shifts remains uncertain.

We look forward to more conversations with you over the coming days. Please reach out to our staff if you have any questions.

Sincerely,



Ashley Groffenberger
Chief Financial Officer & Collector-Treasurer
City of Boston

Appendix A. Historical Single Family Home Tax Bills and Percent Change, FY06-FY24

Fiscal Year	Average Single Family Tax Bill	% Change
FY06	\$ 2,753	-
FY07	\$ 3,091	12.3%
FY08	\$ 2,949	-4.6%
FY09	\$ 2,762	-6.3%
FY10	\$ 2,935	6.3%
FY11	\$ 3,155	7.5%
FY12	\$ 3,305	4.8%
FY13	\$ 3,481	5.3%
FY14	\$ 3,417	-1.8%
FY15	\$ 3,520	3.0%
FY16	\$ 3,530	0.3%
FY17	\$ 3,231	-8.5%
FY18	\$ 3,324	2.9%
FY19	\$ 3,570	7.4%
FY20	\$ 3,838	7.5%
FY21	\$ 4,281	11.5%
FY22	\$ 4,690	9.6%
FY23	\$ 5,118	9.1%
FY24	\$ 5,522	7.9%

Appendix B. FY25 Tax Rates at Different Minimum Residential Factors

See attachment.

**Appendix C. Assessment/Classification Report as of January 1, 2025 - Fiscal Year 2025
(LA4)**

See attachment.