



City of Boston, Massachusetts
Office of the Mayor
Michelle Wu

Steve, Jim, Tamara, and Doug:

I write with an update on this year's City of Boston property tax valuations, following last year's good faith effort to partner in delivering balanced, reasonable residential tax relief so that the businesses you represent would benefit from excellent city services and greater stability for the Boston residents who are your community, workforce, and customer base.

As you recall, in early 2024, the City projected significant increases to residential taxes as a result of declining commercial values. We worked proactively to cushion this impact by proposing a revenue-neutral, temporary measure that Boston had successfully implemented in the past with legislative approval and business community support. Working together over weeks of negotiations, your organizations agreed to a three-year compromise, stating that you were "proud that we worked with Mayor Wu to reach a resolution that mitigates short-term property tax increases for residents while avoiding significant new burdens on commercial properties." The legislation was passed twice by the Boston City Council and the State House of Representatives, but ultimately did not receive a vote before the State Senate after being procedurally blocked by a single Senator.

After that compromise was abandoned by your groups and the State Senate, Boston residents were left facing a significant tax increase, while the commercial share of the tax burden has never been lower. Your organizations suggested that the final property valuations were not as dire as the worst case scenarios presented, although they landed squarely within the range of estimates presented throughout the process. Your coalition had anchored the compromise to a shared goal of protecting residents from double-digit annual tax increases, targeting a threshold of 9% increases. Yet after you withdrew support for our compromise, the average single family homeowner had to bear a 10.4% increase and residential property owners overall were hit with a 14.9% increase last year.

Our FY26 valuations show an even greater need for the stabilization that our home-rule petition would provide. The City is awaiting Massachusetts Department of Revenue review and approval of our submitted property values for FY26, but we can now project that overall residential property values will increase by 2% while overall commercial values will decrease by 6%, when adjusted for new growth. This means Boston residents face an even greater tax increase next year, with a projected 13% spike for

the average single family homeowner. This is why we proposed a five-year residential tax relief measure (compromising down to a three-year measure), anticipating that this multi-year transition would require multi-year protection for residents.

With taxes for the average single family home projected to be up 34% from 2023 to 2026, Boston residents are facing serious financial hardship. Meanwhile, the tax bill for the average Class A office tower is projected to decrease by 4.4%, or \$210,000. If the Legislature fails to act on our pending home-rule petition, the share of the City's tax levy paid by commercial property owners will fall to 53.9%, the lowest level since Proposition 2½ passed 45 years ago. Residents will shoulder an even greater share of the tax levy, matching the predictions we made one year ago.

We are all doing our part to ensure fiscal responsibility in uncertain times. In April, our administration put forward a constrained City budget that limited overall budget growth in FY26 to 4.4% (and just 1.7% growth for City departments), with reductions equivalent to 500 positions. As we prepare for another fiscal year with significant economic uncertainty, the City will continue to limit and further reduce expenditures in the upcoming budget cycle.

The high cost of housing is the greatest threat to our regional and statewide competitiveness in today's economy, and years of significant residential property tax increases compound this threat. Our administration has made historic progress on producing affordable housing units and boosting homeownership, reduced commercial vacancies, converted underutilized office space to housing, and invested our budget responsibly in city services and initiatives that have maintained our AAA bond rating and helped Boston consistently rank highly on quality of life indexes. However, allowing continued double-digit residential property tax increases threatens to weaken our economic prospects and our ability to remain a talent hub.

Therefore I am requesting that your organizations—the Boston Municipal Research Bureau, Greater Boston Chamber of Commerce, Massachusetts Taxpayer Foundation, and NAIOP Massachusetts—publicly reaffirm support for the previously agreed-upon compromise legislation and join the City of Boston in urging immediate passage in order to achieve the economic stability our residents and businesses need. I look forward to continuing our progress to make Boston a home for everyone and the capital of talent and innovation.

Sincerely,

A handwritten signature in cursive script that reads "Michelle Wu".

Michelle Wu
Mayor of Boston