



CITY COUNCIL PUBLIC HEARING

OCTOBER 2, 2023

6:30 PM

SULLIVAN CHAMBER

~MINUTES~

MEETING

Monday, October 2, 2023

TIME

6:30 PM

PRESIDING OFFICER

Mayor Sumbul Siddiqui

THE CAMBRIDGE CITY COUNCIL WILL CONDUCT A PUBLIC HEARING RELATED TO SETTING THE PROPERTY TAX RATE CLASSIFICATION. UNDER THE LAWS OF THE COMMONWEALTH, THE CITY HAS THE OPTION OF TAXING RESIDENTIAL AND COMMERCIAL/INDUSTRIAL PROPERTY AT DIFFERENT TAX RATES. AT THIS PUBLIC MEETING, THE CITY COUNCIL WILL REVIEW TAX RATES/CLASSIFICATIONS PROPOSED BY THE CITY MANAGER AND THE BOARD OF ASSESSORS. THE VOTES TAKEN WILL RESULT IN PROPERTY TAX RATES THAT REFLECT THE CITY'S PROPERTY TAX LEVY FOR FISCAL YEAR

Attendee Name	Present	Absent	Late	Arrived
Burhan Azeem	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6:35 PM
Dennis J. Carlone	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Alanna Mallon	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marc C. McGovern	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Patricia Nolan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
E. Denise Simmons	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Paul F. Toner	<input type="checkbox"/> Remote	<input type="checkbox"/>	<input type="checkbox"/>	
Quinton Zondervan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sumbul Siddiqui	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

A communication was received from Budget Director Taha Jennings, transmitting a memorandum regarding Public Hearing Notice PROPERTY TAX RATE CLASSIFICATION City of Cambridge, Massachusetts

COF 2023 #158

RESULT: PLACED ON FILE [9-0-0]

YEAS: Councillor Azeem, Councillor Carlone, Vice Mayor Mallon, Councillor McGovern, Councillor Nolan, Councillor Simmons, Councillor Toner, Councillor Zondervan, Mayor Siddiqui

I. CITY MANAGER'S AGENDA ITEMS

1. A communication transmitted from Yi-An Huang, City Manager, relative to votes necessary to seek approval from the Massachusetts Department of Revenue of the tax rate for FY2024.

CMA 2023 #250

RESULT: **PLACE ON FILE [9-0-0]**

YEAS: Councillor Azeem, Councillor Carlone, Vice Mayor Mallon, Councillor McGovern, Councillor Nolan, Councillor Simmons, Councillor Toner, Councillor Zondervan, Mayor Siddiqui

RESULT: **ORDER 1A ADOPTED [9-0-0]**

YEAS: Councillor Azeem, Councillor Carlone, Vice Mayor Mallon, Councillor McGovern, Councillor Nolan, Councillor Simmons, Councillor Toner, Councillor Zondervan, Mayor Siddiqui

RESULT: **ORDER 1B ADOPTED [9-0-0]**

YEAS: Councillor Azeem, Councillor Carlone, Vice Mayor Mallon, Councillor McGovern, Councillor Nolan, Councillor Simmons, Councillor Toner, Councillor Zondervan, Mayor Siddiqui

RESULT: **ORDER 1C ADOPTED [9-0-0]**

YEAS: Councillor Azeem, Councillor Carlone, Vice Mayor Mallon, Councillor McGovern, Councillor Nolan, Councillor Simmons, Councillor Toner, Councillor Zondervan, Mayor Siddiqui

2. A communication was received from City Managr Yi-An Huang , transmitting City Manager's tax rate letter.

COF 2023 #169

RESULT: **PLACED ON FILE [9-0-0]**

YEAS: Councillor Azeem, Councillor Carlone, Vice Mayor Mallon, Councillor McGovern, Councillor Nolan, Councillor Simmons, Councillor Toner, Councillor Zondervan, Mayor Siddiqui

**MINUTES OF THE CAMBRIDGE CITY COUNCIL
PROPERTY TAX CLASSIFICATION HEARING
Monday, October 2, 2023**

The Cambridge City Council held a Public Hearing on the Property Tax Classification on Monday, October 2, 2023. The public hearing was called to order at 6:30 p.m. by the Honorable Mayor Sumbul Siddiqui. Pursuant to Chapter 2 of the Acts of 2023, adopted by Massachusetts General Assembly and approved by the Governor, this public meeting was hybrid allowing participation in person and via Zoom.

The Chair, Mayor Siddiqui called the meeting to order and asked the Clerk to call the roll. City Clerk LeBlanc called the roll.

Councillor Burhan Azeem – Absent*

Councillor Dennis J. Carlone – Present/In Person

Vice Mayor Alanna M. Mallon – Present/In Person

Councillor Marc C. McGovern – Present/In Person

Councillor Patricia Nolan – Present/In Person

Councillor E. Denise Simmons – Present/In Person

Councillor Paul Toner – Present/Remote

Councillor Quinton Y. Zondervan – Present/In Person

Mayor Sumbul Siddiqui – Present/In Person

Present-8, Absent-1. Quorum established.

***Councillor Azeem joined at 6:25 p.m.**

The Chair, Mayor Siddiqui noted that under the laws of the Commonwealth, the City has the option of taxing residential and commercial/industrial property at different tax rates and that at this public hearing, the City Council will review the tax rates/classifications proposed by the City Manager and the Board of Assessors. The Chair, Mayor Siddiqui further noted that the votes taken will result in property tax rates that reflect the city's property tax levy for Fiscal Year 2024.

PUBLIC COMMENT

The Chair, Mayor Siddiqui opened public comment and the following individuals participated:

Heather Hoffman, 213 Hurley Street, Cambridge, MA, offered comments relative to how the City is financed, the tax rate, and offered suggestions on how the City can use its funds. James Williamson, Churchill Avenue, Cambridge, MA, offered comments on tax rates, homeowners, and commercial real estate.

CITY MANAGER'S PRESENTATION

The Chair, Mayor Siddiqui recognized City Manager Huang and his team including Deputy City Manager Owen O'Riordan, Michele Kincaid, Taha Jennings, Gail Willett and Andrew Johnson. The team reviewed the Executive Summary, copy attached, and was available to answer questions from Councillors.

The Chair, Mayor Siddiqui recognized Councillor Nolan, Co-Chair of the Finance Committee who stated that before the Council are recommendations from the City Manager for votes related to the tax rate for FY24. Councillor Nolan further noted that this is the final step in the fiscal process for FY24 that began with the submission of the annual budget to City Council last spring. As a reminder of the remarkable financial strength of the city – in this budget are over \$40 million for affordable housing, \$15.9 million to serve the unhoused, \$34 million for universal PreK and \$18 million to reduce the city’s own emission pollution. And many other programs and services we take for granted and the resident enjoy. Councillor Nolan highlighted the following points: The FY24 Budget, which has a direct impact on the tax levy required, responds to community needs and council goals and provides increased funding in several key priority areas; The property tax levy will *increase* by 8.3% from last year, which is lower than what was presented with the Adopted Budget this past spring; The tax *rate* is determined by taking the total levy divided by the total assessed valuation; Both the residential and commercial property tax rates will increase slightly from last year. This is due to both budget growth and increases in assessed values; The residential tax rate is \$5.92 per thousand of assessed value, and the commercial tax rate is \$10.46 per thousand of assessed value; Both the residential and commercial tax rates in Cambridge are significantly lower than surrounding communities; There is an increase in the residential exemption for FY24 which will save \$2,919 for taxpayers in owner occupied homes; Because the City shifts the tax burden towards commercial properties, the balance in the growth of values between commercial and residential properties allows for residential property taxes to remain affordable. Cambridge *residential* taxpayers pay the lowest proportion of the tax levy compared to neighboring communities (33.8% in FY24). The Chair, Mayor Siddiqui also recognized Councillor Zondervan for comments and questions related to the dynamic between residential and commercial taxes and what the future holds. The Chair, Mayor Siddiqui recognized Councillor Carlone, Co-Chair of the Finance Committee, who echoed the comments made by his Co-Chair, Councillor Nolan and also praised the City staff for their work. Councillor Carlone also offered comments relative to the balance of commercial and residential properties specific to labs. The Chair, Mayor Siddiqui recognized Councillor Toner who noted that moving forward, hard decisions will need to be made. City Manager Huang and his team responded to the comments and questions raised.

The Chair, Mayor Siddiqui recognized Councillor Azeem who made a motion to close public comment.

City Clerk LeBlanc called the roll.

Councillor Burhan Azeem – Yes

Councillor Dennis J. Carlone – Yes

Vice Mayor Alanna M. Mallon – Yes

Councillor Marc C. McGovern – Yes

Councillor Patricia Nolan – Yes

Councillor E. Denise Simmons – Yes

Councillor Paul Toner – Yes

Councillor Quinton Y. Zondervan – No

Mayor Sumbul Siddiqui – Yes

Yes-8, No-1. Motion passed.

The Chair, Mayor Siddiqui recognized Councillor Nolan who made a motion to authorize the City Manager to use \$2,000,000 in Overlay Surplus Reserve to be used as a revenue to reduce the Fiscal Year 2024 tax rate.

City Clerk LeBlanc called the roll.

Councillor Burhan Azeem – Yes

Councillor Dennis J. Carlone – Yes

Vice Mayor Alanna M. Mallon – Yes

Councillor Marc C. McGovern – Yes

Councillor Patricia Nolan – Yes

Councillor E. Denise Simmons – Yes

Councillor Paul Toner – Yes

Councillor Quinton Y. Zondervan – Yes

Mayor Sumbul Siddiqui – Yes

Yes-9. Motion passed.

The Chair, Mayor Siddiqui recognized Councillor Nolan who made a motion that the City Council classifies property within the City of Cambridge not five property classes allowed for the purpose of allocating the property tax levy and additionally that the City Council hereby adopts the 150% Shift and a Minimum Residential Factor of 65.0000.

City Clerk LeBlanc called the roll.

Councillor Burhan Azeem – Yes

Councillor Dennis J. Carlone – Yes

Vice Mayor Alanna M. Mallon – Yes

Councillor Marc C. McGovern – Yes

Councillor Patricia Nolan – Yes

Councillor E. Denise Simmons – Yes

Councillor Paul Toner – Yes

Councillor Quinton Y. Zondervan – Yes

Mayor Sumbul Siddiqui – Yes

Yes-9. Motion passed.

The Chair, Mayor Siddiqui recognized Councillor Nolan who made a motion that the City Council approves a thirty (30) percent residential exemption for owner occupied homes.

City Clerk LeBlanc called the roll.

Councillor Burhan Azeem – Yes

Councillor Dennis J. Carlone – Yes

Vice Mayor Alanna M. Mallon – Yes

Councillor Marc C. McGovern – Yes

Councillor Patricia Nolan – Yes

Councillor E. Denise Simmons – Yes

Councillor Paul Toner – Yes

Councillor Quinton Y. Zondervan – Yes

Mayor Sumbul Siddiqui – Yes

Yes-9. Motion passed.

The Chair, Mayor Siddiqui recognized Councillor Nolan who made a motion to suspend the rules to allow reconsideration of all three votes.

City Clerk LeBlanc called the roll.

Councillor Burhan Azeem – Yes

Councillor Dennis J. Carlone – Yes

Vice Mayor Alanna M. Mallon – Yes

Councillor Marc C. McGovern – Yes

Councillor Patricia Nolan – Yes

Councillor E. Denise Simmons – Yes

Councillor Paul Toner – Yes

Councillor Quinton Y. Zondervan – Yes

Mayor Sumbul Siddiqui – Yes

Yes-9. Motion passed.

The Chair, Mayor Siddiqui recognized Councillor Nolan who made a motion to reconsider the three votes taken relative to the Property Tax Classification.

City Clerk LeBlanc called the roll.

Councillor Burhan Azeem – No

Councillor Dennis J. Carlone – No

Vice Mayor Alanna M. Mallon – No

Councillor Marc C. McGovern – No

Councillor Patricia Nolan – No

Councillor E. Denise Simmons – No

Councillor Paul Toner – No

Councillor Quinton Y. Zondervan – No

Mayor Sumbul Siddiqui – No

Yes-0, No-9. Motion failed.

ADJOURN

The Chair, Mayor Siddiqui recognized Councillor Nolan who made a motion to adjourn.

City Clerk LeBlanc called the roll.

Councillor Burhan Azeem – Yes

Councillor Dennis J. Carlone – Yes

Vice Mayor Alanna M. Mallon – Yes

Councillor Marc C. McGovern – Yes

Councillor Patricia Nolan – Yes

Councillor E. Denise Simmons – Yes

Councillor Paul Toner – Yes

Councillor Quinton Y. Zondervan – Yes

Mayor Sumbul Siddiqui – Yes

Yes-9. Motion passed.

The Cambridge City Council adjourned at approximately 7:07 p.m.

Attachment: City Manager's Executive Summary

Clerk's Note: The City of Cambridge/22 City View records every City Council meeting and every City Council Committee meeting. This Property Tax Classification Hearing is part of a longer video that also contains the Regular City Council meeting held the same night. It can be viewed at this link, approximately an hour into the video.

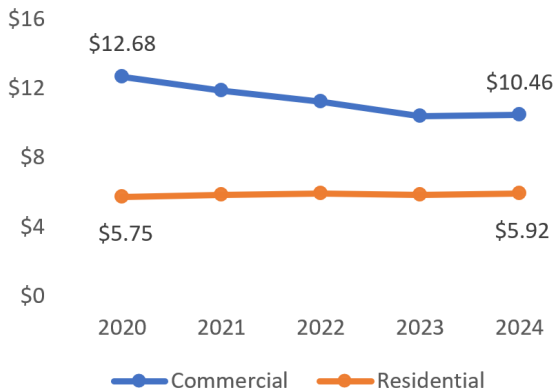
https://cambridgema.granicus.com/player/clip/583?view_id=1&redirect=true&h=ab5f1e192cd7c8002af4e50d1183832a

Executive Summary Fiscal Year 2024



This Executive Summary, in response to City Council requests, summarizes information contained in the City Manager's recommendations for the required votes by the City Council to establish the FY24 residential and commercial tax rates by the Board of Assessors and the Massachusetts Department of Revenue. Responsible and responsive fiscal policies and practices are key to addressing the challenge of balancing expansion and investment in new programs and initiatives, while also minimizing the impact of increases on taxpayers.

Property Tax Rates

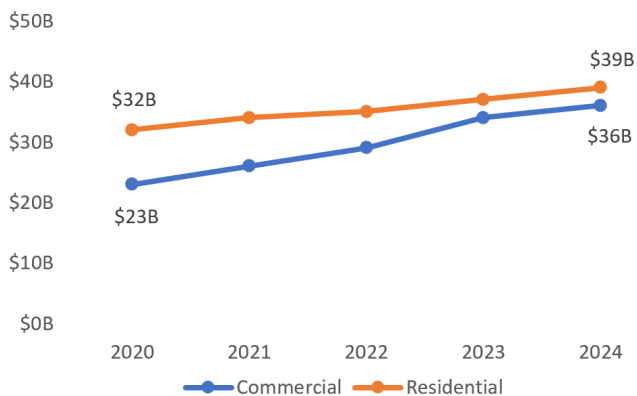


Assessed Values by Class

Property Type	FY24	Percentage
Residential Property	39,460,679,997	52%
Commercial Property	16,032,578,283	21%
Industrial Property	17,951,401,249	24%
Personal Property	2,438,935,270	3%
Total Assessed Value	75,883,594,799	100%

For FY24, the total assessed value of taxable property is \$75.9 billion, a \$4.7 billion increase over FY23. This is a 6.7% increase over FY23 values, showing the continued strength of the Cambridge real estate market.

Property Value



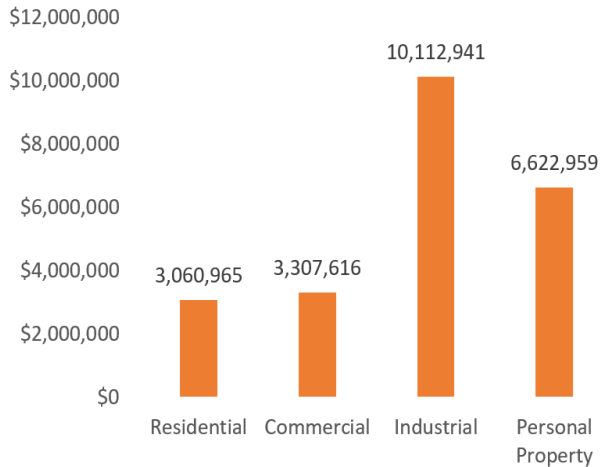
For FY24, the residential share of the levy decreased to 33.8% from 34.2% while the residential class makes up 52% of the assessed value. The commercial share of the levy has increased to 66.2% from 65.8% last year and makes up 48% of the assessed value.

This year both the residential and commercial property tax rates will increase. The continued growth in the industrial class is a benefit to residential taxpayers by allowing the City to lower the minimum residential factor calculated by the Department of Revenue.

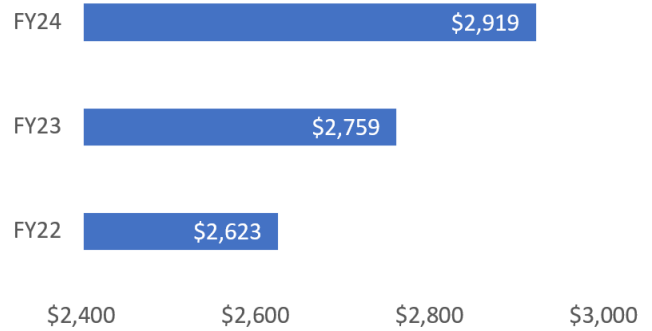
Change in the Median Value and Tax Bill by property class

	FY23 Value	FY23 Tax Bill	FY24 Value	FY24 Tax Bill	Dollar Change
Single Family	\$1,618,400	\$ 6,725	\$1,754,550	\$7,468	\$743
Condominium	\$732,600	\$1,534	\$750,900	\$1,527	(\$7)
Two Family	\$1,501,700	\$6,041	\$1,596,900	\$6,535	\$494
Three Family	\$1,737,900	\$7,425	\$1,848,300	\$8,023	\$598

FY24 New Growth by class Tax Levy



Residential Exemptions Tax Savings



The residential exemption reduces the property tax bill by excluding a portion of the residential property value from taxation for qualified homeowners.

FY24-Change to Lowest Historical Residential Percentage

The continued large new growth of the industrial class has benefited residential taxpayers. The city has again almost \$1 billion dollars in new growth value from the Industrial class. The industrial class is primarily lab properties in Cambridge. This translates into more than \$10 million dollars in tax levy growth for the industrial class. This has a direct positive impact on the residential taxpayers by lowering the residential tax rate this year. Additionally, this allows Cambridge to go below the lowest historical residential percentage for all future years. Lowering the historical percentage is advantageous to Cambridge homeowners by lowering their taxes when many residential values are increasing in a high inflation environment.

FY23 Lowest historical residential percentage based on 150% shift to CIP: 34.2329%

FY24 New lowest historical residential percentage based on 150% shift to CIP: 33.8010%

Comparison of Residential Percent of Tax Levy Paid

Municipality	Residential Percentage of Property Tax	Cmrcl/Ind/PP Percentage of Property Taxes	Res Tax Rate	Commercial Rate
Boston	41.7	58.3	10.74	24.68
Brookline	83.5	16.5	9.97	16.70
Cambridge	33.8	66.2	5.92	10.46
Newton	84.2	15.8	10.18	19.0
Somerville	70.8	29.2	10.34	17.35
Watertown	60.9	39.1	13.58	19.73

Cambridge is FY24, all others using FY23.