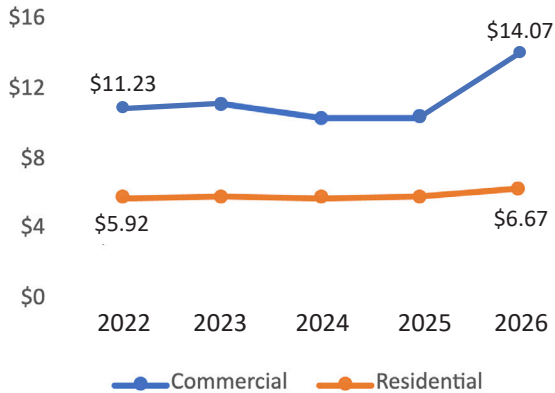


# Executive Summary Fiscal Year 2026

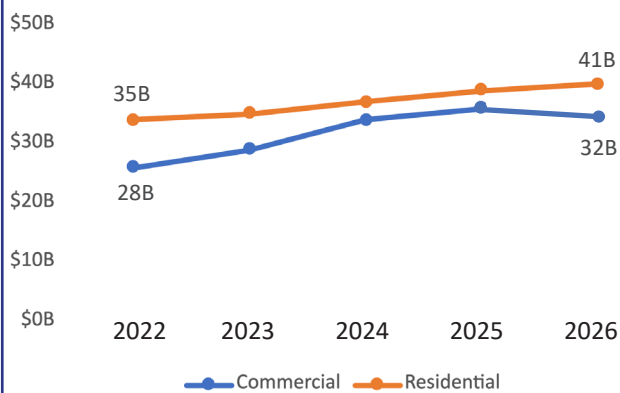


This Executive Summary, in response to City Council requests, summarizes information contained in the City Manager's recommendations for the required votes by the City Council to establish the FY26 residential and commercial tax rates set by the Board of Assessors and the Massachusetts Department of 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



## Property Value



## Assessed Values by Class

| Property type        | FY26              | Percentage |
|----------------------|-------------------|------------|
| Residential Property | \$ 41,167,007,215 | 56%        |
| Commercial property  | \$ 12,661,975,602 | 17%        |
| Industrial Property  | \$ 16,726,820,278 | 23%        |
| Personal Property    | \$ 2,555,753,198  | 4%         |
| Total Assessed Value | \$ 73,111,556,293 | 100%       |

For FY26, the total assessed value of the taxable property is \$73.1 billion, a \$3 billion decrease from FY25. This is a 4% decrease from the FY25 values. This decrease indicates the continued softening in the commercial and industrial markets. The residential markets have held steady with little inventory and high interest rates.

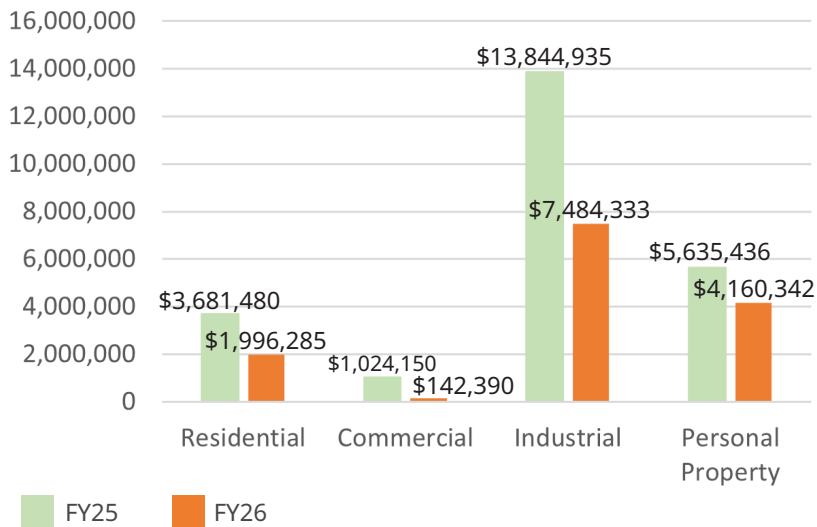
For FY26, the residential share of the levy has held steady at 33.8%. This is the same as in FY25. The commercial share of the levy also remains at 66.2%

This year both the residential and commercial property tax rates will increase. The residential rate has increased from \$6.35 to \$6.67, a 5% increase. The commercial rate has also increased from \$11.52 to \$14.07, a 22% increase. For FY26, we see little appreciation in the residential markets and downward trends in the commercial and industrial markets.

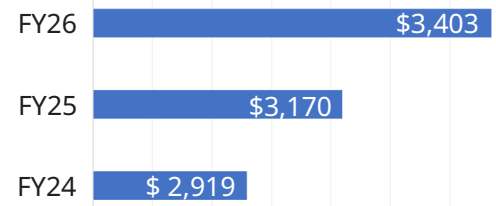
## Change in the Median Value and Tax Bill by Property Class

|                      | FY25 Value  | FY25 Tax Bill | FY26 Value  | FY26 Tax Bill | Change in Bill |
|----------------------|-------------|---------------|-------------|---------------|----------------|
| <b>Single Family</b> | \$1,767,700 | \$8,055       | \$1,841,000 | \$8,876       | \$821          |
| <b>Condominium</b>   | \$767,300   | \$1,702       | \$798,900   | \$1,926       | \$224          |
| <b>Two Family</b>    | \$1,594,700 | \$6,956       | \$1,648,750 | \$7,594       | \$638          |
| <b>Three Family</b>  | \$1,857,550 | \$8,625       | \$1,918,700 | \$9,395       | \$770          |

## FY25 & FY26 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.

## FY26— Values and New Growth

FY26 values are as of 1/1/2025 and based on market activity that occurred during calendar year 2024. Most residential classes saw fairly flat values. Higher interest rates and low inventory held sales price appreciation in check. Class A, B, C office buildings and lab sectors are continuing to show the effects of higher vacancy rates and higher supply in the regional lab development pipeline. Additionally, the impact of hybrid work and AI are causing companies to analyze square footage needs.

New growth is significantly lower than in prior years. Given that there is a considerable amount of vacant commercial space in the metro region, there is little incentive to break ground on new office or lab buildings without already having a lease commitment from a tenant. For venture capital, a key leading indicator of growth, investment is sluggish. In addition, federal cuts to National Institutes for Health funding are also having a negative impact. High interest rates, higher construction hard and soft costs and general financial uncertainty are also slowing new growth.

## Comparison of Residential Percent of Tax Levy Paid

| *Municipality    | Residential Percentage of Property Taxes | Commercial/Industrial/PP % of Property Taxes | Residential Tax Rate | Commercial Tax Rate |
|------------------|--|--|----------------------|---------------------|
| Newton           | 85.9                                     | 14.1   | \$ 9.80              | \$ 18.34            |
| Brookline        | 83.9                                     | 16.1   | \$ 9.87              | \$ 16.56            |
| Somerville       | 66.7                                     | 33.3   | \$ 10.91             | \$ 18.92            |
| Watertown        | 50.0                                     | 50.0   | \$ 11.68             | \$ 22.83            |
| Boston           | 44.1                                     | 55.9   | \$ 11.56             | \$ 25.96            |
| <b>Cambridge</b> | <b>33.8</b>                              | <b>66.2</b>                                  | <b>\$ 6.67</b>       | <b>\$ 14.07</b>     |

\*Cambridge is FY26, all others using FY25