

November 2024

FY25 Property Tax Update Tax Exemptions & Tax Deferral

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Dear Cambridge Residents and Taxpayers:

On October 7, 2024, the City Council took votes that resulted in the following FY25 tax rates:

- FY25 Residential tax rate: \$6.35 per thousand dollars of value - an increase of \$0.43, or 7.3% from last year.
- FY25 Commercial tax rate: \$11.52 per thousand dollars of value - an increase of \$1.06 or 10.1% from last year.

These rates have been approved by the Massachusetts Department of Revenue (DOR).

The City continues to make new investments related to long established priorities and planned initiatives such as the new Cambridge Preschool Program; increased school department funding to support a longer school day; and an increase in debt service costs related to major capital projects including the Tobin School, fire station renovations and reconstruction of fire headquarters, and essential improvements to municipal buildings. The City has consistently been able to achieve a lower property tax rate and lower residential property tax bills than surrounding communities.

This newsletter explains your property tax bill in detail and provides answers to some frequently asked questions. This newsletter also contains information about property tax exemptions and tax deferrals that may help you reduce or defer real estate taxes.

The City continues to offer one of the most generous tax exemption programs in the Commonwealth. The FY25 residential exemption is \$499,263, which results in a tax bill

reduction of \$3,170 for owners who reside in their property and file a Massachusetts income tax return using that address.

Please read this information carefully, and if you believe you are eligible for an exemption or tax deferral program, contact the City of Cambridge Assessing Department at 617-349-4343 to request an application form or to discuss your particular situation. Information is also available on the City’s Assessing Department web page: cambridgema.gov/assessing.

The Assessing Department will be offering virtual taxpayer assistance meetings. Please see page 5 for dates.

FY25 Property tax bills for the first half of the fiscal year will be mailed on October 25, 2024, with a due date of November 25, 2024. Please note that if you did not receive a FY25 Property tax bill, you should contact the Finance Department immediately (617-349-4220 or treasurer@cambridgema.gov) to receive a copy. Under State law, you are still responsible for paying your property tax bill on time, even if you did not receive the actual bill.

I encourage you to read this publication and to seek out City staff from the Departments listed on the back cover with any questions.

Sincerely,

Yi-An Huang, City Manager

Mark your calendars!

Please note that payments are considered made when received by the Finance Department. The City does not accept postmarked or mailing dates. Please plan accordingly if mailing payment. You can also use the payment drop box located behind City Hall (795 Massachusetts Avenue, Cambridge, MA 02139) or make payments online.

- If you did not receive your tax bill, please contact the Finance Department at 617-349-4220 or treasurer@cambridgema.gov
- First Half Tax Bills Due: **November 25, 2024**
- Abatement Applications Due: **November 25, 2024**
- Exemption Applications Due: **April 1, 2025**

Property Tax Highlights

- The Property Tax Levy of \$628.4 million reflects a 9.21% increase from FY24.
- The FY25 Adopted Budget of \$955.6 million increased by 8.1% over the FY24 Adopted Budget.
- Commercial property owners will pay 66.2% of the Property Tax Levy, while residential owners will pay 33.8%.
- The 30% residential exemption reduces your assessed value by \$499,263, resulting in tax savings of \$3,170.

Assessment Update

FY25 assessed values are established as of January 1, 2024 based upon market activity that occurred during calendar year 2023, which is the basis for the property assessment calculation. Overall, the total assessed value of taxable property in the City equals \$76.2 billion:

- Residential Property Values – \$40.1 billion
- Commercial Property Values – \$33.6 billion
- Personal Property Values – \$2.5 billion

Tax classification allows municipalities to tax commercial taxpayers at a higher rate than residential taxpayers. For this year, commercial property owners will pay 66.2% of the property tax levy, and residential property owners will pay 33.8% of the FY25 tax levy.

For calendar year 2023, changes in values between the classes indicate the softening of the commercial and industrial markets and a relatively sluggish residential market with low inventory.

A concern going forward is that if residential values increase and commercial values continue to decline, the City could hit the ceiling for the property tax classification shift. Once the classification ceiling is reached, the residential class will bear all tax levy increases while this condition persists.

While the city has no control over the increase or decrease in property values, it does have control over levy increases, which ultimately impact taxes paid by property owners.

Three Major Factors Determine Your Tax Bill:

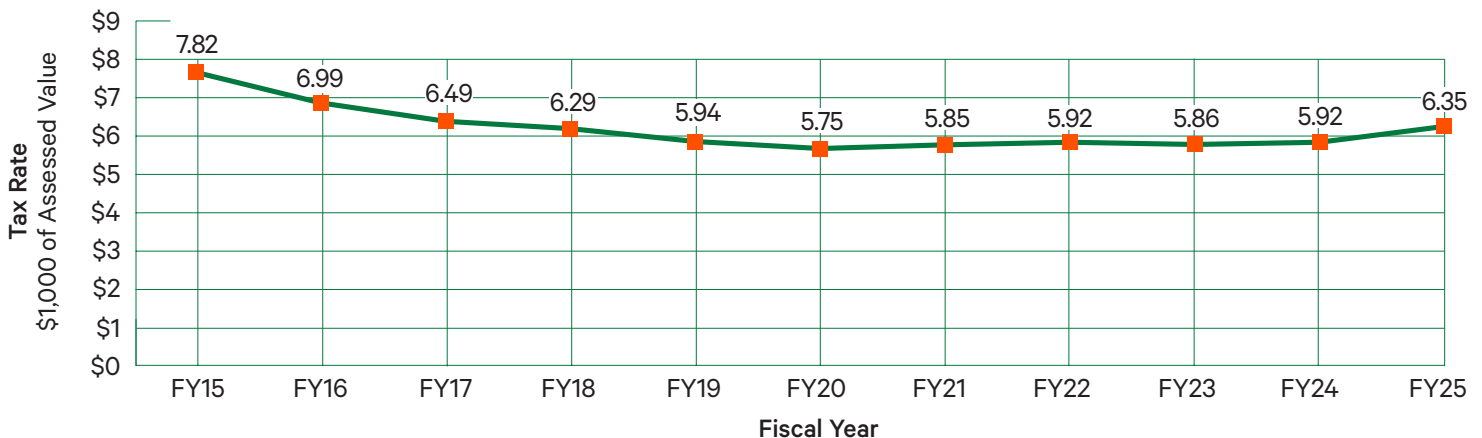
- **The City's Budget:** As a result of the recommendations adopted by the City Council, there is an 9.2% increase in the property tax levy required to balance the FY25 Budget. The property tax levy for FY25 is \$628,388,753.
- **Property Values:** FY25 values are based on market activity from January 1, 2023 through December 31, 2023.
- **The Commercial-Residential Property Tax Classification:** The share of FY25 property taxes paid by the commercial taxpayers is 66.2% and the share of FY25 property taxes paid by the residential taxpayers is 33.8%.

Changes in the Median Value and Tax Bills by Property Class*

	FY24 Value	FY24 Tax Bill	FY25 Value	FY25 Tax Bill	Tax Dollar Change
Single Family	\$1,754,550	\$7,468	\$1,767,700	\$8,055	\$587
Two Family	\$1,596,900	\$6,535	\$1,594,700	\$6,956	\$421
Three Family	\$1,848,300	\$8,023	\$1,857,550	\$8,625	\$602
Condominium	\$750,900	\$1,527	\$767,300	\$1,702	\$175

*Includes Residential Exemption

Cambridge Residential Tax Rate FY15 - FY25



How to Read Your Tax Bills

City of Cambridge
795 Massachusetts Avenue
Cambridge, MA 02139

Fiscal Year
2025

Collector of Taxes: Claire Spinner

Based on Assessments as of January 1, 2024, your REAL ESTATE tax for the Fiscal Year beginning July 1, 2024 and ending June 30, 2025 on the parcel of real estate described below is as follows:

Tax Rate	Residential	Commercial	Industrial
Per \$1000	\$ 6.35	\$ 11.52	\$ 11.52
Property Description and Location			
Parcel ID 40-84	Book Page 14998/502		
Area 3250 sq. ft	Class	101	
Location 123 MAIN ST			

Fiscal Year 2025 Real Estate Tax Bill			
Assessed Owner		Bill #	
Smith, Jane		21845031	
Real Estate Taxes and Changes			
Residential	\$ 1,767,700	RES TAX	\$ 11,224.90
Commercial		COMM TAX	
Total Taxable Value		CPA	\$ 317.70
Residential Exemption	\$ 499,263	Betterment/Liens	
Special Assessments			
		Exemptions/Deferrals/Abatements	\$(3,265.43)
		Total Due FY2025	\$ 8,277.16
		1 st Payment Due 11/25/2024	\$ 4,138.58
		2 nd Payment Due 5/01/2025	\$ 4,138.58
		Amount Due 11/25/2024	\$ 4,138.58

Property Description and Location

Parcel ID: This identifies your property on the Assessor's map. When making a payment, please reference the parcel ID on your check.

Book/Page: South Middlesex Registry of Deeds' recording reference.

Location: The legal address of the assessed property.

Class: The state code that identifies the type of property.

Area: Square footage of the parcel.

Real Estate Values

Residential/Commercial: The value of your property as of January 1, 2024.

Total Taxable Value: The sum of residential and commercial value.

Residential Exemption: An exemption granted to property owners who occupy their property as their primary residence. The FY25 exemption is \$499,263.

This results in a tax savings of \$3,170.

Assessed Owner

Assessed Owner: Person who owned the property as of January 1, 2024.

Real Estate Taxes and Charges

RES TAX: Taxes due on residential property. It is calculated by dividing the Total Taxable Value by 1,000 and then multiplying by the residential tax rate.

COMM TAX: Taxes due on commercial property.

CPA: Community Preservation Act Surcharge.

The City's surcharge is 3%, with a \$100,000 exemption for residential property. In the example above, the calculation would be:

$$(A) \$1,767,700 - \$100,000 = \$1,667,700$$

$$(B) (\$1,667,700 / 1,000) \times 6.35 \times 3\% = \$317.70$$

Betterment/Liens: Water and sewer charges more than 90 days overdue are added to your tax bill.

Full amount is due with first half payment.

Exemptions/Abatements: Tax deduction due to abatements and exemptions. The full residential exemption reduces a homeowner's taxes by \$3,170.32 and the CPA by \$95.11. Therefore, the total reduction is \$3,265.43.

Abatement applications are due November 25, 2024.

Download an application at:

cambridgema.gov/services/realestatepropertytaxabatement

Questions about your tax bill or assessment?

Email us at: treasurer@cambridgema.gov or assessor@cambridgema.gov

Frequently Asked Questions

About Your Assessment

How does the City determine the value of my house?

The State requires that the City establish the full and fair cash value of all real estate as of January 1 of each year. To determine FY25 values, the Assessing Department reviewed all valid sales that occurred between January 1, 2023 and December 31, 2023.

A computer model is used to calculate property values based on this market activity, as well as certain property-specific attributes such as location, size, type, and condition. This is known as the “mass appraisal method.”

Real Estate Valuations Timeframes for Fiscal Year

Fiscal Year	Lien Date	Calendar Year Property Sales
FY2023	1/1/2022	2021
FY2024	1/1/2023	2022
FY2025	1/1/2024	2023
FY2026	1/1/2025	2024

What if I own a two or three-family house and it has some vacant units. Does that impact my property assessment?

Two and three-family homes are traditionally purchased as primary residences not as investment real estate; therefore, the comparable sales approach is the most appropriate method to value the property. The sales comparison approach uses similar sales to determine the market value as of January 1 and does not use the income the property generates to determine the assessed value.

Who verifies that the assessing model used by the City and the resulting property values are accurate?

As of each January 1, the City of Cambridge must meet Massachusetts Department of Revenue (DOR) requirements to certify that property values represent full and fair market value. The DOR performs a statistical validation of the City’s property values annually, as well as a comprehensive review every five years.

Why can’t the City just lower property values in order to reduce tax bills?

State law requires the City to assess property at full and fair market value as of January 1 each year. However, lower property values do not necessarily result in lower tax bills. Since a fixed amount of revenue must be raised each year through property taxes in order to fund the budget, lower overall property values would result in a higher tax rate.

What if I disagree with my assessment?

You may file an application for abatement with the Assessing Department. Abatement applications are due on or before the first bill due date. You may obtain an application by calling the Assessing Department or downloading the form from the City’s website. Download an application at: cambridgema.gov/services/realestatepropertytaxabatement

About the City Budget

What are property taxes used for?

Property taxes are used to fund the City’s Operating and Capital Budgets. Approximately 65% of the City’s budget is funded through property taxes.

What is excess levy capacity?

Excess levy capacity is the difference between what the City actually levies and what it could levy under Proposition 2½. The City’s excess levy capacity in FY25 is \$189.1 million.

About Your Bill

When should I expect to receive my real estate tax bill?

Real estate tax bills are issued semi-annually. Bills are typically issued and mailed to taxpayers during the months of October and April of each year. Payment of these bills is due 30 days from the date of issue, generally in November and May. First half FY25 bills will be dated October 25, 2024. If you do not receive a tax bill by early November and early April contact the Finance Department.

What will happen if I do not pay my bill by the due date?

If your real estate tax bill is not paid by the bill due date, interest will immediately begin accruing on your real estate tax bill at a rate of 14% as of the due date, according to Massachusetts State Law.

I live on a limited income, what options are available to reduce my taxes?

Unfortunately, regardless of age or income, all property owners must pay taxes. If you or your spouse are age 65 or older and meet income requirements, you may qualify for a tax exemption of up to \$2,000. Exemptions are also available for disabled veterans, persons who are legally blind, and for active duty Massachusetts military members. In cases of extreme hardship, the City may grant a full or partial exemption of taxes. Hardship exemptions are granted on a case-by-case basis and are usually a one-time exemption. Deferral of taxes may also be an option, depending on your age and income. Information about specific exemptions will be mailed to all taxpayers soon after the tax bills are mailed.

Frequently Asked Questions

I am a new owner, will the tax bill be sent to me?

Not necessarily. The assessment date is January 1, 2024. The property is legally assessed and billed to the owner as of January 1. The City makes every effort to get new owner address changes into its system. However, sometimes it is several months before the City receives a copy of the new deed. If you do not receive a bill by early November, please contact the Finance Department to request a duplicate bill. You are responsible for paying the bill whether you receive it or not.

Am I eligible for a residential exemption?

You are eligible for a residential exemption if you owned and occupied your property as your principal residence as of January 1, 2024. An individual owner may qualify for a residential exemption on only one parcel. If you do not see this exemption on your bill, an application form must be submitted by April 1, 2025.

You may obtain the form by calling the Assessing Department or downloading the form from the City's website. You do not need to reapply each year. The FY25 residential exemption of 30% equates to \$499,263 and will reduce the tax bill for owner occupied homes by \$3,170.

My mailing address has changed. How do I notify the City so that my tax bill is sent to the correct address?

The City's Assessing Department requires a mailing address change form. You may obtain the form by calling the Assessing Department (617-349-4343) or by emailing an address change request to addresschangerequest@cambridgema.gov.

What is the CPA Surcharge? What is this money used for?

Cambridge residents voted to adopt the Community Preservation Act (CPA) in 2001, which resulted in a property tax surcharge of 3%. The adoption of the CPA had an essentially neutral effect on tax bills, and enabled the City to qualify for matching funds from the state. Money raised through the CPA must be used to acquire and improve open space, preserve historic buildings, and create and maintain affordable housing. The state provides matching funds to communities that have enacted the CPA legislation.

Is tax bill and payment information available online?

Yes. You may view your real estate tax, personal property tax, motor vehicle excise tax, and water bills online at the City's website. The City also accepts online payments via credit card, debit card, or electronic check (ACH), subject to a convenience fee. You may also use the City Payment Drop Box at the rear entrance of city hall to submit payment.

I recently bought a new condominium. The FY25 tax bill is for the entire property. How do I pay only my share?

Your portion of the tax bill is based on your share of the common interest, which can be found on your unit deed. Speak with the developers to see if they intend to pay the first half and will be collecting payments from the individual unit owners. If not, and your mortgage company is collecting an escrow payment for real estate taxes, contact their escrow department to give them the percentage of your common interest. Otherwise, you may request an apportionment letter from the Board of Assessors to determine your portion of real estate taxes owed.

Motor Vehicle Excise Tax

I sold my car. Can I have any excise tax refunded?

Yes, you may file for a motor vehicle excise abatement for the following reasons.

- (1) If your vehicle was traded, stolen, or sold during the year it was taxed and you canceled your registration
- (2) If you moved to another state, registered your vehicle in the new state and canceled your Massachusetts registration
- (3) If you canceled your registration in the year you were taxed

The Assessing Department is pleased to host an online portal for excise tax abatements on our website with our service provider Just Appraised.

taxpayer.justappraised.com/cambridgema

Taxpayer Assistance Schedule

The Assessing Department is offering Zoom taxpayer assistance meetings in addition to its normal office hours. If you have any questions or concerns regarding your FY25 property taxes, please see the taxpayer assistance schedule below. Prior to the schedule date, links to the meetings will be on the Assessing Department's website at cambridgema.gov/assessing.

Taxpayer Assistance Schedule		
Date	Time	Location
Oct. 31, 2024	10 a.m. – 12 p.m.	Zoom
Nov. 5, 2024	10 a.m. – 12 p.m.	Zoom
Nov. 7, 2024	2 p.m. – 4 p.m.	Zoom
Nov. 12, 2024	10 a.m. – 12 p.m.	Zoom
Nov. 13, 2024	2 p.m. – 4 p.m.	Zoom

Elderly, Veteran, and Other Statutory Exemptions

A variety of statutory exemptions are available to reduce property tax obligations for certain qualifying taxpayers: low income elderly persons, blind persons, disabled veterans, surviving spouses or orphaned minor children, and extreme hardship. There is also an exemption for active duty Massachusetts military service members.

Applications for FY25 statutory exemptions are due no later than April 1, 2025 (MGL Ch.59, S.5, effective 11/7/2016)

General Qualifications for Exemptions: Applicants must meet age, income, and residency qualifications as of July 1, 2024. In most cases, the applicant must have owned and occupied real estate property in Massachusetts for five years (and owned and occupied the current property on July 1 in the year of application). In certain cases, there is also a requirement that the applicant has lived in Massachusetts for the past ten (10) years.

In some circumstances, if two or more persons jointly own a property and each qualifies for a different exemption, more than one exemption may be applied to a single property tax bill.

For Owners of Property in Trust: Trust ownership arrangement may affect qualification for a statutory exemption. Consult your attorney if these requirements pertain to you.

As a general rule, an applicant must be a trustee and a beneficiary and submit:

- A copy of a recorded trust instrument, including amendments
- A copy of the schedule of beneficiaries

The following table provides a general idea of the exemptions available. For more information, please contact the Assessing Department at 617-349-4343.

Clause	Basic Qualifications as of July 1, 2024	Maximum Income*	Maximum Assets**	Potential Tax Relief
ELDERLY				
17D	Age 70 surviving spouse	No Maximum	\$80,504	\$407 - \$814
41C	Age 65 - single	\$33,288	\$66,571	\$1,000 - \$2,000
41C	Age 65 - married	\$49,932	\$91,536	\$1,000 - \$2,000
VETERAN				
22	10% disability or Purple Heart	No Maximum	No Maximum	\$400 - \$800
22A	Loss or permanent loss of use of one hand, foot or eye	No Maximum	No Maximum	\$750 - \$1,500
22B	Loss or permanent loss of use of both hands, feet or eyes	No Maximum	No Maximum	\$1,250 - \$2,500
22C	Specially adapted housing	No Maximum	No Maximum	\$1,500 - \$3,000
22D	Surviving spouse of service member or guardsman who died as a result of being in a combat zone	No Maximum	No Maximum	Full
22E	100% disability, incapable of working	No Maximum	No Maximum	\$1,000 - \$2,000
58/8A (22P)	Paraplegic veteran & surviving spouse	No Maximum	No Maximum	Full
OTHER				
17D	Surviving spouse or orphaned minor children	No Maximum	\$80,504	\$407 - \$814
18	Extreme hardship	Case by Case	Case by Case	Varies
37A	Legally blind	No Maximum	No Maximum	\$500 - \$1,000
42/43	Surviving spouse or minor children of police officer or firefighter killed in the line of duty	No Maximum	No Maximum	Full

*Income: salary, wages, interest, dividends, rental income, IRA distributions, pensions

**Assets: stocks, bonds, IRAs, bank account balances, real estate holdings other than primary residence

Residential Exemption

Almost two-thirds of the residential property in Cambridge is owner occupied. You are eligible for a residential exemption if you owned and occupied your property as your primary residence as of January 1, 2024. Check your bill to make sure that you received the residential exemption. If you do not see this on your bill, and you qualify, an application form must be submitted no later than April 1, 2025. You do not need to reapply each year.

Senior Tax Deferral Program

Homeowners who are 65 or older and who meet certain income and asset guidelines are eligible to defer up to 100% of annual property taxes. As required by State law, deferred taxes accumulate with simple interest at 4% as a lien on the property until it is sold or the owner is deceased.

Massachusetts Military Service Tax Payment

Another form of tax relief available to Massachusetts National Guardsmen and Reservists deployed outside of the State, is the Massachusetts Military Service Tax Payment Deferment. National Guardsmen and Reservists deployed outside Massachusetts, and their dependents, are granted up to 180 days after that service to pay their property taxes without interest or penalties. This local option statute is patterned after the provisions of the Federal Service Members Civil Relief Act, which allows similar benefits for federal, state, or local income taxes. The deferment applies to all outstanding property taxes of qualifying Guardsmen or Reservists and their dependents, regardless of when the taxes are due.

Community Preservation Act (CPA)

CPA Residential Exemption: The first \$100,000 of residential property value is automatically exempt from the CPA surcharge. The CPA surcharge on your property tax bill accounts for the \$100,000 exemption.

CPA Low/Moderate Income Exemption: Qualifying lower income owners and low to moderate income seniors may be eligible for a full surcharge exemption, based on income guidelines established by the Commonwealth each year. The form is available on the City's Assessing Department webpage.

Senior Circuit Breaker Tax Credit

Eligible seniors are able to reduce their property taxes even further through this State Tax Credit program. A tax credit is available to assist low to moderate income seniors in paying property taxes and utility charges. Under this program, eligible homeowners and renters receive a refundable credit on their state income taxes, if they file annual income tax return (for the previous taxable year). This is a State program. For more information, please contact the Massachusetts Department of Revenue Customer Service at 617-887-6367.

Abatement Applications

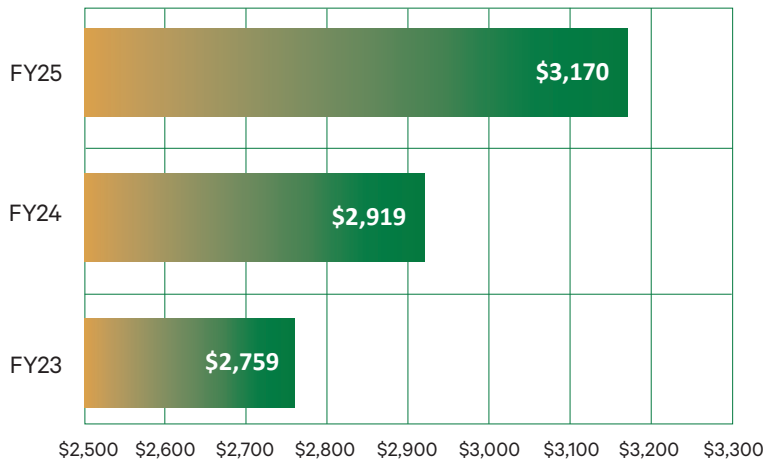
You may file an application for abatement with the Assessing Department after the 1st tax bill issue date. Abatement applications are due no later than the first bill due date. For FY25, this is November 25, 2024. You may obtain an application by calling the Assessing Department or downloading the form from the City's website. Download an application at:

cambridgema.gov/services/realestatepropertytaxabatment

Reasons to file for an abatement include:

- Overvalued, based on an assessment date of January 1, 2024;
- Disproportionately assessed in comparison with other properties;
- Classified incorrectly as residential, open space, commercial or industrial real property; or
- Partially or fully exempt.

Residential Exemptions – Tax Savings



Important Dates

- **October 25, 2024:** Tax Bills Mailed
- **November 25, 2024:** Tax Bills & Abatement Applications Due (If paying by mail allow sufficient time for payment to be received.)
- **April 1, 2025:** Exemption Applications Due



A publication of the Office of the City Manager, City of Cambridge
795 Massachusetts Avenue • Cambridge, MA 02139
617-349-4300 • cambridgema.gov

Tax Related Questions or Need More Information

Property Value Information:
Assessing Department

617-349-4343,
cambridgema.gov/assessing

Tax Bill Information:
Finance Department

617-349-4220,
cambridgema.gov/finance

Budget Information:
Budget Office

617-349-4270,
cambridgema.gov/budget

General Information:
City Manager's Office

617-349-4300,
cambridgema.gov/citymanager

 cambridgema.gov

 [@cambma](https://twitter.com/cambma)



Cambridge Awards \$240,000 In City Scholarships

This year, the City awarded 80 scholarships of \$3,000 each for a total of \$240,000 to Cambridge high school seniors and others pursuing higher education. Since the programs inception in 1993, the City has awarded 1,433 scholarships totaling \$3.6 million.

Taxpayers receive a separate envelope with their property tax bill to make a donation to the Scholarship Fund. In addition, individuals can make an online scholarship donation by going to cambridgema.gov/paybill or mail a donation to City of Cambridge, P.O. Box 2005, Cambridge, MA 02139