

The Boston Globe

Boston residents may vote on property tax surcharge



PAT GREENHOUSE/GLOBE STAFF/FILE 2015

Affordable housing is a pressing issue, Councilor Michael Flaherty says.

By Tim Logan GLOBE STAFF FEBRUARY 09, 2016

Boston voters could soon be asked to pay higher property taxes to raise money for housing, parks, and historic preservation.

This week, two City Council members are filing a measure that would put a 1 percent property tax surcharge on the November ballot in Boston.

That would boost the average tax bill on a single-family house by about \$23, though office and apartment buildings would face steeper increases. It would raise an estimated \$13 million, with another \$6 million to \$7 million coming

from the state. The money would be split among housing, parks, and preservation programs.

The tax increase would help finance more affordable housing amid Boston's surging real estate market, said Councilor Michael Flaherty, who's sponsoring the measure with Councilor Andrea Campbell.

"There is no more pressing issue I hear about than lifelong residents of the city being priced out," he said. "And there's just not enough funds."

If put on the ballot by the City Council and approved by voters, the measure would implement the 2000 Community Preservation Act in the state's largest city. The law allows Massachusetts municipalities to raise money for housing programs, parks or open space, and historic preservation projects with property tax surcharges. About 160 other cities and towns — including Cambridge, Somerville and Quincy — have approved such surcharges.

In Boston, voters rejected a CPA proposal in 2001 that would have added a 2 percent surcharge on property taxes. That would have raised more than \$200 million over the last 15 years, Flaherty said.

He and other supporters believe voters may be more supportive now, with the city's economy in stronger shape and a growing population of younger renters trying to find housing in an expensive housing market.

"It's a proven program now. We think the demographics of the city have changed," said Joe Kriesberg, executive director of the Massachusetts Council of Community Development Corporations, part of a coalition of housing groups backing the plan. "We plan on putting together a strong campaign."

Almost immediately, real estate groups sounded the alarm.

Boston's property tax structure already leans heavily on office, retail and apartment buildings, said Greg Vasil, chief executive of the Greater Boston Real Estate Board. Asking them to pay more risks squashing investment and hurting small businesses, he said, and it won't end up saving renters any money.

"I think it would be an amazing step in the wrong direction," Vasil said. "And it's going to be passed through. It's just going to raise rents."

The bill calls for exemptions for low-income and elderly homeowners and affordable housing developments, and it would exempt the first \$100,000 in valuation on homes and most commercial property. Still, it could result in significant tax hikes, especially for large buildings that have significantly increased in value in recent years.

The CPA is one of several efforts by housing advocates and City Council members to get developers and landowners to subsidize affordable housing while strengthening protections for renters.

Late last year, Mayor Martin J. Walsh revamped the city program that governs how much affordable housing must be included in new condo and apartment buildings. City officials are also weighing whether to levy higher fees on new office and industrial developments to finance housing and job-training programs.

And this spring, the City Council is expected to take up a "just cause eviction" measure that would require mediation when residential landlords want to raise rents more than 5 percent.

Flaherty acknowledged that developers are being asked for a lot these days. He said it's important to balance the need for more affordable housing with the needs of existing property owners.

“Whatever we do needs to be fair to both homeowners and commercial property owners,” Flaherty said. “If this passes the council, we can get it on the ballot and let the voters decide.”

A key voice in the debate is likely to be Walsh’s. His housing plan in 2014 called for \$20 million in new funding for affordable housing and said the administration would “evaluate” adopting the Community Preservation Act to raise the money. Since then, the mayor has been noncommittal.

On Tuesday, Walsh’s housing chief, Sheila Dillon, said Flaherty’s plan needs serious study.

“We’ve done some preliminary analysis on what a CPA would raise,” she said. “We are looking forward to analyzing the issue further and hearing from housing advocates and small-business owners on how it might impact them.”

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