



8.

CITY OF CAMBRIDGE • EXECUTIVE DEPARTMENT

Robert W. Healy, City Manager

Richard C. Rossi, Deputy City Manager

July 31, 2000

To The Honorable, The City Council:

In response to Awaiting Report Item No. 43, regarding a report on the possibility of providing property owners who own a large number of housing units a tax break that makes up the gap between market rents and rents available to low income families, please be advised of the following:

Under Massachusetts law, it is possible to reduce the value and thus the taxes on a property only if it is determined that the fair market value of the property is limited by legal restrictions on the property. Currently, the City has a small number of such housing where binding restrictions on rental income have allowed the City to reduce value and taxes. In all of these cases the owners are non-profit. The length of the binding restrictions must be of significant enough time so as to clearly reduce the market value of the property.

A second issue that should be addressed is the value of any tax reductions. Given the relatively low monthly per unit tax on most rental apartments in Cambridge, the likelihood of successfully closing the gap between market and affordable rents is limited. However, rent reductions of some level are possible, if property owners agree to binding restrictions.

Also, as requested in a previous Council Order, a committee comprised of Sally Powers, Director of Assessing; Darcy Jameson, Housing Director; Ellen Semonoff, Deputy Director for Human Services; and Jim Maloney, Assistant City Manager for Finance will work to develop criteria for the Assessors that can comply with state law

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Healy".

Robert W. Healy
City Manager

RWH/mec



2000 Things 2 Do in 2000

Consent Agenda #8 / 1

5220

Relative to AW #00-43
regarding a report on the
possibility of providing
propoerty owners who own a large
number of housing units a tax break
that makes up the gap between market
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low income families.

In City Council July 31, 2000

sent to M. Sullivan on 8/2/00

Referred to

Finance Committee for

9/20 hearing