



*Building a better, stronger New Bedford*

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## **AN IDEA TO REDUCE THE PROPERTY TAX BURDEN ON NEW BEDFORD HOMEOWNERS**

Throughout my campaign for Mayor, I have talked about my love for the city and my vision of a better, stronger New Bedford. I have discussed my plans to grow jobs, strengthen our schools, and improve public safety. And I have gone door to door to meet with residents and discuss the issues that are important to them.

From all my conversations, all my coffee hours, and all the debates, one key theme has emerged: New Bedford residents want to hear ideas. They want to have real discussions about issues that are important. And they want to know how our city can advance more efficiently, and more effectively.

As your Mayor, I will not be afraid of new ideas. I will seek input from the community, and search out best practices from other cities. I will implement strategies that work, and dismiss those that don't. I will never settle for the status quo, and I won't be afraid to initiate conversations on important topics.

But actions speak louder than words. To that end, I want to take action on an issue that has not been mentioned much during this campaign: the residential property tax.

### **Fair Tax Policy for Homeowners**

There are thousands of homeowners in New Bedford who pay their property taxes on time, maintain their properties, and work to make their neighborhoods clean and safe. There are other property owners who live elsewhere, some in far-flung reaches of Massachusetts or even out of state. They make significant money on their properties, but too often fail to maintain them, and care little for their neighborhoods. Yet

all residential property owners pay the same property tax rate. We can change that.

Massachusetts state law<sup>1</sup> allows a community to apply a tax exemption to the assessed value of every residential parcel that is the principal residence of a taxpayer.<sup>2</sup> This is called a residential property tax exemption, and it means that every homeowner in New Bedford who lives in his or her home can qualify for a tax break.

Currently, thirteen communities in Massachusetts have implemented residential property tax exemptions, including Boston, Cambridge, Somerville, Everett, Chelsea, and Brookline.<sup>3</sup> I think New Bedford should join them.

*In my first 30 days as Mayor I will submit to the City Council a proposal to establish a residential property tax exemption of 20% for New Bedford residents.*

**“Virtually every New Bedford homeowner who resides in their home would see a tax cut, averaging \$175 per year.”**

## **Clear Benefits**

The benefits of a residential property tax exemption for New Bedford homeowners are clear.

First, according to the formula used by the state, virtually every New Bedford homeowner who resides in their home would see a tax cut, with an average cut of \$175 per year. The plan would allow New Bedford homeowners who live in their homes to reduce the assessed value of their properties, resulting in a property tax cut for every resident whose home is valued at less than \$306,000. Under this

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<sup>1</sup> (MGL C.59 section 5C)

<sup>2</sup> It does not apply to accessory land incidental to a residential use, summer homes or residential property in addition to the principal residence of the owner.

<sup>3</sup> Full list of communities: Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Nantucket, Somerset, Somerville, Tisbury, Waltham, and Watertown.

proposal, the exemption would apply to approximately 16,000<sup>4</sup> of the 23,000 residential parcels in New Bedford

**“The tax burden shifts from New Bedford residents to absentee landlords who do *not* reside in properties they own.”**

Second, the proposal is revenue neutral. The property tax responsibility shifts from New Bedford residents to absentee landlords who do *not* live in properties they own. The tax burden does not shift to commercial or industrial properties, but occurs entirely within the residential tax bracket. While all owner-occupiers will apply the exemption, those with home values above \$306,000 will actually see a

slight increase in their tax bill. However, very few owner-occupied residential properties in New Bedford are valued above this level.

**How it works:**

This exemption can be proposed by the mayor and must be approved by the City Council.

A community can exempt up to 20% of the average assessed value of all residential property in a community. Once the exemption amount is determined, that dollar figure is subtracted from the assessed value of all qualifying properties.

For example, if the average assessed value is \$100,000, the exemption (at 20%) would be \$20,000. Every residential taxpayer in the city would therefore subtract \$20,000 from the total value of their home, and pay property taxes on the reduced value. So if Resident A lives in a home she owns with a value of \$200,000, she would pay taxes on \$180,000, while Resident B, who owns a home worth \$200,000, but does not live in it, would still pay taxes on \$200,000.

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<sup>4</sup> New Bedford currently does not track or provide information on the breakdown between owner-occupied and non-owner-occupied residential properties in New Bedford. According to the 2010 census, there are 16,003 owner-occupied properties in the city.

In New Bedford, the average assessed value of all residential property is \$212,800, so the exemption would be \$42,560.

### **Goals we can all support:**

We can all agree with the goals of implementing a residential property tax exemption.

- 1) It delivers property tax relief to the majority of homeowners in New Bedford.
- 2) It encourages New Bedford residence among property owners.
- 3) It shifts the tax burden to absentee landlords who take advantage of New Bedford's services but sometimes don't contribute to the community.

There are certainly other factors to consider, including the additional tax burden on highly valued homes, as well as the impact on rents and investments. *But we can't weigh the pros and cons of this proposal until we begin to discuss it, and we can't build a better, stronger New Bedford by standing still.*

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As Mayor, I will bring this proposal and many others to the public and the city council for debate and consideration. My administration will encourage new ideas and civil discourse on the future of our city. I will engage the community. And I will always take action to push our city towards a brighter future.