

Understanding the Residential Exemption



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Principal
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What is the Residential Exemption?

- This is an annual local option vote permitted under property tax classification MGL c.59, sec. 5C.
- The intent is to lower the taxes of owner occupied primary residences of below a “break point in value”.
- The “break point in value” is determined by the Town’s average residential value.

How The Exemption Works

- The Town Council sets a dollar amount – up to 35% of the average residential value.
- The exemption cannot reduce a property’s assessed value below 10% of it’s full and fair cash value.
- The exemption does not impact commercial or industrial properties.
- Appeals must be received by the Assessors on or before April 1st, or you lose the right to appeal.

Who Qualifies

- To qualify for the exemption you need to own and occupy your property as of January 1st of the year; meaning the property must be where you maintain a permanent home, file your taxes, register to vote, register your cars, and complete census information.

Communities That Have Adopted A Residential Exemption

Mainland cities and towns: Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Marlborough, Somerset, Somerville, Waltham, and Watertown.

Cape Cod and the Islands towns: Barnstable, Chatham, Eastham, Mashpee, Nantucket, Oak Bluffs, Provincetown, Tisbury, Truro, Wellfleet, and West Tisbury.

Motivation & Examples

- Boston & Brookline adopted the exemption due to high numbers of non-owner occupied homes and a high volume of apartment buildings and similar structures.
- Cambridge & Malden are primarily looking to shift the residential burden from low value homes to high value homes.
- The Cape & Islands have similar motivation to Cambridge & Malden, but with the added level of the high value homes predominately being secondary residences, so this directly benefits the year-round population.

PROS

- Provides some relief for lower valued owner occupied homes.

CONS

- Increases tax bill for higher valued and non-owner occupied residences. **Biggest Impact are apartment complexes.**
- There can be an unavoidable impact to the overlay due to the statutory exemption deadlines
- Labor intensive; numerous appeals, verifying owner occupancy.

EXEMPTION CALCULATION (at 10%)

EXEMPTION PERCENT	RESIDENTIAL EXEMPTION AMOUNT	POTENTIAL REDUCTION IN RESIDENTIAL PROPERTIES	NEW TAXABLE VALUE	ESTIMATED NEW TAX RATE	2025 RESIDENTIAL LEVY
10.00%	54,707	469,396,047	4,865,090,977	0.01273	5,334,487,024

ESTIMATED IMPACT ON RESIDENTIAL RE TAX BILL

APPROX. PARCELS IN RANGE	OWNER OCCUPIED HOME VALUE	TAX BILL <u>WITHOUT</u> EXEMPTION (0.01161)	TAX BILL <u>WITH</u> EXEMPTION (0.01273)	CHANGE IN TAX BILL	NOTES
207	60,000.00	696.60	67.38	-629.22	
34	170,000.00	1,973.70	1,467.68	-506.02	
409	260,000.00	3,018.60	2,613.38	-405.22	
443	350,000.00	4,063.50	3,759.08	-304.42	
1376	440,000.00	5,108.40	4,904.78	-203.62	
3637	530,000.00	6,153.30	6,050.48	-102.82	
2223	621,804.58	7,219.15	7,219.15	.00	
820	720,000.00	8,359.20	8,469.18	109.98	
344	810,000.00	9,404.10	9,614.88	210.78	
129	900,000.00	10,449.00	10,760.58	311.58	
63	990,000.00	11,493.90	11,906.28	412.38	
14	1,080,000.00	12,538.80	13,051.98	513.18	
5	1,170,000.00	13,583.70	14,197.68	613.98	
47	1,260,000.00	14,628.60	15,343.38	714.78	

EXEMPTION CALCULATION (at 20%)

EXEMPTION PERCENT	RESIDENTIAL EXEMPTION AMOUNT	POTENTIAL REDUCTION IN RESIDENTIAL PROPERTIES	NEW TAXABLE VALUE	ESTIMATED NEW TAX RATE	2025 RESIDENTIAL LEVY
20.00%	109,414	938,792,007	4,395,695,017	0.01409	5,334,487,024

ESTIMATED IMPACT ON RESIDENTIAL RE TAX BILL

APPROX. PARCELS IN RANGE	OWNER OCCUPIED HOME VALUE	TAX BILL <u>WITHOUT</u> EXEMPTION (0.01161)	TAX BILL <u>WITH</u> EXEMPTION (0.01409)	CHANGE IN TAX BILL	NOTES
222	110,000.00	1,277.10	8.25	-1,268.85	
23	180,000.00	2,089.80	994.55	-1,095.25	
451	270,000.00	3,134.70	2,262.65	-872.05	
466	360,000.00	4,179.60	3,530.75	-648.85	
1681	450,000.00	5,224.50	4,798.85	-425.65	
3660	540,000.00	6,269.40	6,066.95	-202.45	
1825	621,631.20	7,217.14	7,217.14	.00	
754	710,000.00	8,243.10	8,462.25	219.15	
383	800,000.00	9,288.00	9,730.35	442.35	
145	890,000.00	10,332.90	10,998.45	665.55	
70	980,000.00	11,377.80	12,266.55	888.75	
19	1,070,000.00	12,422.70	13,534.65	1,111.95	
5	1,160,000.00	13,467.60	14,802.75	1,335.15	
47	1,250,000.00	14,512.50	16,070.85	1,558.35	

EXEMPTION CALCULATION (at 35%)					
EXEMPTION PERCENT	RESIDENTIAL EXEMPTION AMOUNT	POTENTIAL REDUCTION IN RESIDENTIAL PROPERTIES	NEW TAXABLE VALUE	ESTIMATED NEW TAX RATE	2025 RESIDENTIAL LEVY
35.00%	191,475	1,642,886,077	3,691,600,947	0.01678	5,334,487,024
ESTIMATED IMPACT ON RESIDENTIAL RE TAX BILL					
APPROX. PARCELS IN RANGE	OWNER OCCUPIED HOME VALUE	TAX BILL <u>WITHOUT</u> EXEMPTION (0.01161)	TAX BILL <u>WITH</u> EXEMPTION (0.01678)	CHANGE IN TAX BILL	NOTES
277	200,000.00	2,322.00	143.05	-2,178.95	
419	270,000.00	3,134.70	1,317.65	-1,817.05	
345	340,000.00	3,947.40	2,492.25	-1,455.15	
618	410,000.00	4,760.10	3,666.85	-1,093.25	
2450	480,000.00	5,572.80	4,841.45	-731.35	
2745	550,000.00	6,385.50	6,016.05	-369.45	
1471	621,459.70	7,215.15	7,215.15	.00	
628	690,000.00	8,010.90	8,365.25	354.35	
382	760,000.00	8,823.60	9,539.85	716.25	
196	830,000.00	9,636.30	10,714.45	1,078.15	
91	900,000.00	10,449.00	11,889.05	1,440.05	
53	970,000.00	11,261.70	13,063.65	1,801.95	
21	1,040,000.00	12,074.40	14,238.25	2,163.85	
55	1,110,000.00	12,887.10	15,412.85	2,525.75	
**This program shifts tax burden within the Residential Class. No additional revenue is realized.					
**FY2024 information, used DOR Analytics/Residential Exemption Calculator https://dlsgateway.dor.state.ma.us/reports/rdPage.aspx?rdReport=Analysis.ResExemptionCalc					

Properties with the Biggest Impact

LOCATION	UNITS	FY25 VALUE	FY25 TAXES	NEW TAXES W/10% EXEMPT	TAX BILL INCREASE	AVG RENT INC PER UNIT
LIBERTY ST REAR	113	\$ 27,661,000.00	\$ 321,144.21	\$ 352,124.53	\$ 30,980.32	\$ 274.16
640 N MAIN ST	160	\$ 32,869,100.00	\$ 381,610.25	\$ 418,423.64	\$ 36,813.39	\$ 230.08
5 PACELLA PARK DR	234	\$ 45,507,986.00	\$ 528,347.72	\$ 579,316.66	\$ 50,968.94	\$ 217.82
WOODVIEW	300	\$ 54,055,000.00	\$ 627,578.55	\$ 688,120.15	\$ 60,541.60	\$ 201.81
1 AVALON DR	276	\$ 78,576,200.00	\$ 912,269.68	\$ 1,000,275.03	\$ 88,005.34	\$ 318.86
CHESTNUT WEST	504	\$ 134,336,300.00	\$ 1,559,644.44	\$ 1,710,101.10	\$ 150,456.66	\$ 298.53
LOCATION	UNITS	FY25 VALUE	FY25 TAXES	NEW TAXES W/20% EXEMPT	TAX BILL INCREASE	AVG RENT INC PER UNIT
LIBERTY ST REAR	113	\$ 27,661,000.00	\$ 321,144.21	\$ 389,743.49	\$ 68,599.28	\$ 607.07
640 N MAIN ST	160	\$ 32,869,100.00	\$ 381,610.25	\$ 463,125.62	\$ 81,515.37	\$ 509.47
5 PACELLA PARK DR	234	\$ 45,507,986.00	\$ 528,347.72	\$ 641,207.52	\$ 112,859.81	\$ 482.31
WOODVIEW	300	\$ 54,055,000.00	\$ 627,578.55	\$ 761,634.95	\$ 134,056.40	\$ 446.85
1 AVALON DR	276	\$ 78,576,200.00	\$ 912,269.68	\$ 1,107,138.66	\$ 194,868.98	\$ 706.05
CHESTNUT WEST	504	\$ 134,336,300.00	\$ 1,559,644.44	\$ 1,892,798.47	\$ 333,154.02	\$ 661.02
LOCATION	UNITS	FY25 VALUE	FY25 TAXES	NEW TAXES W/35% EXEMPT	TOTAL TAX BILL INCREASE	AVG RENT INC PER UNIT
LIBERTY ST REAR	113	\$ 27,661,000.00	\$ 321,144.21	\$ 464,151.58	\$ 143,007.37	\$ 1,265.55
640 N MAIN ST	160	\$ 32,869,100.00	\$ 381,610.25	\$ 551,543.50	\$ 169,933.25	\$ 1,062.08
5 PACELLA PARK DR	234	\$ 45,507,986.00	\$ 528,347.72	\$ 763,624.01	\$ 235,276.29	\$ 1,005.45
WOODVIEW	300	\$ 54,055,000.00	\$ 627,578.55	\$ 907,042.90	\$ 279,464.35	\$ 931.55
1 AVALON DR	276	\$ 78,576,200.00	\$ 912,269.68	\$ 1,318,508.64	\$ 406,238.95	\$ 1,471.88
CHESTNUT WEST	504	\$ 134,336,300.00	\$ 1,559,644.44	\$ 2,254,163.11	\$ 694,518.67	\$ 1,378.01



Questions? Comments?

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