



**CITY OF BOSTON
IN CITY COUNCIL**

**RESOLUTION IN SUPPORT OF ESTABLISHING A BLUE RIBBON
COMMISSION TO STUDY STRATEGIES IN FILLING DOWNTOWN
OFFICE VACANCIES**

- WHEREAS:** Downtown Boston is an important economic driver of our city, state, and New England's economy. For several years, many of Boston's neighborhoods, especially those in the Downtown area, were negatively impacted during the COVID-19 pandemic, with office vacancies continuing to be a serious issue; *and*
- WHEREAS:** The City of Boston's budget is heavily reliant on property taxes, with three quarters of the City's FY24 \$4.28 billion budget coming from property taxes. The city's commercial tax base, which includes offices and retail spaces, is assessed at \$63 billion in the current fiscal year; *and*
- WHEREAS:** A BPDA market analysis last year has found that the Financial District is the largest office submarket in Boston by a substantial margin, with 445 office buildings compared to 178 in Back Bay and 94 in the South Boston Waterfront. 91 percent of building stock in the Financial District are marked as office use; *and*
- WHEREAS:** According to recent research from brokerage firm Newmark, the office vacancy rate is now 20.1% in Downtown, which is up from 14.8% from last year. Vacancy rates impact the value of real estate, which in turn also impacts the amount of tax revenue that they generate; *and*
- WHEREAS:** Boston Policy Institute and Tufts University's Center for State Policy Analysis latest research also finds that due to the decreasing value of office spaces, there is a potential shortfall of \$1.2 to \$1.5 billion in city revenue over the next 5 years; *and*
- WHEREAS:** Last week, the Boston Globe reported that tax abatement requests are also up in the Downtown area where most offices are, with 322 abatement requests submitted by February 1st, up from 253 requests last year; *and*
- WHEREAS:** According to reports, the City's Assessing Department stated that they have not seen indicators from the real estate market that would translate into loss of revenue for the City, but we should still take proactive steps in order to address any potential revenue issues in the future; *and*
- WHEREAS:** Commercial real estate executives in Boston have also expressed serious concerns about the future of the city's office space, and asked for assistance from local, state, and federal officials to play a key role in helping to bring more workers and foot traffic back Downtown; *and*

WHEREAS: Last year, the City Council held a hearing on bringing back foot traffic by having in-person meetings for all City boards and commissions, as a way to both set an example and encourage all sectors to work with their employees to begin to shift to more in-person workdays, since our small businesses, restaurants, and retailers need to be supported by visitors to Downtown, and for it to have sustained prosperity; *and*

WHEREAS: Having a vibrant Downtown is vitally important to the prosperity of our city and state, and Downtown residents, businesses and city officials all agree that higher foot traffic and healthy economic activity is much needed to restore confidence and improve public safety in the neighborhood; *and*

WHEREAS: Moreover, while concerns about exacerbating our transportation crisis should be looked at closely, Boston's traffic issues preceded these serious concerns on Downtown property values, our commercial tax base, and foot traffic. Pre-pandemic, Boston was rated worst in the nation with traffic and congestion, according to INRIX Global Traffic Scorecard in 2019; *and*

WHEREAS: In November of 2019, the Boston City Council held a hearing on the impact of Transportation Network Companies (TNCs), such as Uber & Lyft, on traffic & sustainability; which, at that time, included data from the Massachusetts Department of Public Utilities (DPU) indicating 42 million trips in Boston in 2018 (115,000 per day) and a 21% increase from the year prior, as well as 59% of all ridesharing trips adding additional vehicles in our region; *and*

WHEREAS: Addressing our office vacancies is also a critical component to a revitalized Downtown, and filling office vacancies will also be important in ensuring the stability of our city's tax base and budget; *and*

WHEREAS: Establishing a Blue Ribbon Commission made up of business leaders, city and state officials and leaders, neighborhood advocates, and other relevant experts to study the impact of the office vacancies and suggest strategies to fill these vacancies would be a good step forward in addressing this issue and ensure the long term vitality of our City and the whole region; *and*

NOW THEREFORE BE IT ORDERED:

That the Boston City Council works to address the office vacancies in the City of Boston, and that it sends its support in creating a blue ribbon commission in studying this issue, as well as other efforts in ensuring long term economic vitality of Boston.

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