



## CITY OF BOSTON IN CITY COUNCIL

### RESOLUTION IN SUPPORT OF ESTABLISHING A BLUE RIBBON COMMISSION TO STUDY AND ADDRESS DOWNTOWN OFFICE VACANCIES AND CITY REVENUE

- WHEREAS:** Downtown Boston is an important economic driver of our city, state, and New England's economy. For several years, since the outset of the COVID-19 pandemic, many of Boston's neighborhoods, especially those in the Downtown area, have been, and continues to be negatively impacted by office vacancies due to changes to hybrid and remote work; *and*
- WHEREAS:** The City of Boston's budget is heavily reliant on property taxes, with more than 70% of the City's FY26 \$4.8 billion budget coming from property taxes. The city's commercial tax base, which includes offices and retail spaces, is Boston's largest revenue source, making up 35% of the city's revenue; *and*
- WHEREAS:** A 2023 BPDA market analysis 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% of building stock in the Financial District are marked as office use; *and*
- WHEREAS:** According to a report by the real estate firm Cushman & Wakefield, the office vacancy rate in Boston is at 17%, up from 15.1% last year. Vacancy rates impact the value of real estate, which in turn impacts the amount of tax revenue that they generate; *and*
- WHEREAS:** Over the last year, a number of high-profile buildings in Downtown have sold for large discounts, included buildings at 101 Arch Street, selling for \$78 million compared to what it was bought for at \$121.7 million in 2005, One Lincoln Street, formerly known as the State Street Building and now HarborVest, which was sold for \$400 million at a foreclosure auction in March this year, less than half of its value a few years ago, and 99 High St, which sold for \$227 million in late April compared to what it was bought for at \$273 million in 2005 - which is \$100 million below its assessed value of \$373.7 million; *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 now a potential shortfall of \$1.7 billion to \$2.1 billion in city revenue over the next 5 years. The Report also found that office values are likely to fall 35-45% from 2024 levels, which is far higher than the 20-30% decline anticipated from last year's findings (between \$1.2 billion - \$1.5 billion); *and*

- WHEREAS:** Commercial real estate executives in Boston have 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. There are also continued concerns that falling commercial property prices would spike property taxes for residential homeowners; *and*
- WHEREAS:** In 2023, 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 value and prosperity. Since that time, only the Boston Planning Department monthly Board of Directors meeting has shifted to in-person meetings with a hybrid option for accessibility; *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:** 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 recommend strategies to fill these vacancies, address city budget revenue, and ensure the long term vitality of our City and the whole region; *and*

**NOW THEREFORE BE IT RESOLVED:**

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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