

OFFERED BY COUNCILORS BRIAN WORRELL, TANIA FERNANDES ANDERSON,
BENJAMIN WEBER, BREADON, COLETTA, FITZGERALD, FLYNN, MEJIA, MURPHY,
PEPÉN, AND SANTANA



CITY OF BOSTON IN CITY COUNCIL

ORDER FOR A HEARING TO DISCUSS PROJECTED COMMERCIAL PROPERTY TAX VALUES IN BOSTON

WHEREAS, The City of Boston's Fiscal Year 2024 \$4.2 billion operating budget included total property tax revenue of \$3.2 billion. From that \$3.2 billion in property tax revenue, \$2.1 billion came from commercial and commercial condominium buildings; *and*

WHEREAS, Net property tax, for commercial and industrial properties has risen from 52% of the city's total revenue in 2002 to 63% of total revenue in Fiscal Year 2010 to 72% of total revenue in Fiscal Year 2024; *and*

WHEREAS, The number of property tax abatement applications filed this year was 1,715; *and*

WHEREAS, There is an office vacancy rate of 16% in the City of Boston, according to CBRE's 2023 fourth-quarter study. The office vacancy rate at the end of 2019 in the City of Boston was 7%, according to the same study; *and*

WHEREAS, Work-from-home and hybrid-work arrangements grew more popular during the COVID-19 pandemic and have led business to cut the size of their offices and have negatively affected downtown businesses; *and*

WHEREAS, Office buildings in Seaport, Back Bay and the Financial District have seen asking rents drop 10% from the end of 2019 to the end of 2023, according to the CBRE study; *and*

WHEREAS, Class A office buildings in Seaport, Back Bay, Financial District, Fenway/Kenmore and North Station/Waterfront had an average available space of 22% across 93 buildings at the end of 2023, according to the CBRE study; *and*

WHEREAS, Class B/C office buildings in Seaport, Back Bay, Financial District, Fenway/Kenmore and North Station/Waterfront had an average available space of 22.8% across 292 buildings at the end of 2023; *and*

WHEREAS, The City of Boston does have large office buildings that have recently been built and opened, which will add to the commercial property tax base; *and*

WHEREAS, Based upon strong property value growth in the 21st century, the City of Boston in Fiscal Year 2023 currently only collected taxes that amount to 1.4% of total

property value, thus giving the city large leeway before the property tax levy ceiling of 2.5%; *and*

WHEREAS, The City of Boston should have a clearer understanding of the future of its largest revenue base, and how to best deal with commercial property relief, whether it be through an exemption on older office buildings or an abatement; ***NOW, THEREFORE BE IT***

ORDERED: That the Ways & Means Committee of the Boston City Council hold a hearing on the future of commercial property tax revenues and that the city's Chief Financial Officer, representatives of the Assessing Department and Budget Office, and other interested parties be invited to attend.

Filed on: March 4, 2024