

Offered by Councilors Matt O'Malley and Andrea Campbell

**AN ORDER FOR A HEARING REGARDING VACANT
PROPERTIES IN THE CITY OF BOSTON**



WHEREAS: The success of Boston's booming real estate market, linked to Boston's growing success as an economically vibrant city and an attractive place to live, has nevertheless contributes to small businesses facing higher rents; and

WHEREAS: The displacement of neighborhood anchor small businesses, replaced by empty storefronts, is a phenomenon linked to the overall lack of affordability commercial space; and

WHEREAS: Cities across the United States have begun to experience "high-end blight," in which high commercial rents cause vacant storefronts in otherwise vibrant neighborhoods; and

WHEREAS: The growth in the number of residential units in large, luxury buildings over 50,000 square feet that are purchased for investment and left empty, or only occasionally inhabited, has challenged the City's efforts to house a growing population and create vibrant neighborhoods; and

WHEREAS: Data from the US Census and the Metropolitan Area Planning Council indicate that new construction to relieve Boston's housing crunch is partially counteracted by increasing vacancy; and

WHEREAS: The structure of the federal tax code allows landlords with a number of properties to realize tax benefits from writing off losses on vacant space against taxes on other properties, a misaligned incentive that runs counter to local government's interest in keeping space active and productive in the city; and

WHEREAS: High-cost cities face the challenge of foreign real estate investment that prioritizes capital accumulation over vibrant local space, a challenge that worsens as real estate in cities such as Boston becomes more expensive and therefore more attractive as an asset for investment; and

WHEREAS: The City of Boston has implemented many initiatives aimed at increasing the affordability of commercial and residential space ranging from zoning reform to subsidies, but has not explored incentives to fill space such as fees levied on long-term vacant properties; and

WHEREAS: The City's problem properties management system currently provides few tools to reduce vacancy rates and does not address or have data collection capacity on vacancies that are not traditional problem properties; and

WHEREAS: Municipalities including Washington DC, New York, San Francisco, Paris, and Vancouver, as well as Arlington, Lowell, and New Bedford in Massachusetts, have explored or implemented a variety of financial disincentives to keeping residential or commercial property vacant; and

WHEREAS: Boston is a city of diverse neighborhoods, in which vacancy in some locations manifests more similarly to high-end speculative blight in Manhattan, while vacancy in other areas is more similar

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to the long-term vacancies of inactive landlords in Arlington's business district or the foreclosures that Lowell and New Bedford are seeking to address; and

WHEREAS: Boston therefore requires a variety of approaches to the challenge of long-term vacant space, which will differ between areas seeking economic opportunity and areas that already have it; and

WHEREAS: Many Bostonians can name properties on their main streets and in their neighborhoods that have been vacant for years or even decades, creating holes in the fabric of the community; and

WHEREAS: Storefronts left vacant for multiple years suggest a market failure, empty residential units remove housing that could otherwise provide homes, and filling vacant space improves the vibrancy and livelihood of our city while placing downward pressure on rents; **THEREFORE BE IT**

ORDERED: The Boston City Council, hereby assembled, orders a hearing on a vacancy data collection, a fee to reduce vacancy of commercial or residential properties, and a streamlined permitting process for pop-ups in vacant properties. The Office of Economic Development, the Metropolitan Area Planning Council, Department of Neighborhood Development, Boston's main streets districts, small business owners, and all other interested parties are invited to attend.