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Empty Office Buildings Squeeze City Budgets as Property Values Fall.

A looming hit to tax revenues puts pressure on Congress to deliver relief.

WASHINGTON — At a meeting with Treasury Secretary Janet L. Yellen last month, Jeff Williams, the mayor of Arlington, Texas, laid out his grim economic predicament: Heavy spending on coronavirus testing and vaccine distribution had dwarfed dwindling tax revenue, forcing the city to consider painful cuts to services and jobs. While sluggish sales and tourism were partly to blame, the big worry, Mr. Williams said, is the empty buildings.

Those dormant offices, malls and restaurants that have turned cities around the country into ghost towns foreshadow a fiscal time bomb for municipal budgets, which are heavily reliant on property taxes and are facing real estate revenue losses of as much as 10 percent in 2021, according to government finance officials.

While many states had stronger-than-expected revenue in 2020, a sharp decline in the value of commercial properties is expected to take a big bite out of city budgets when those empty buildings are assessed in the coming months. For states, property taxes account for just about 1 percent of tax revenue, but they can make up 30 percent or more of the taxes that cities and towns take in and use to fund local schools, police and other public services.

Continue reading.

The New York Times

By Alan Rappeport

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