

# Bond Case Briefs

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## Boston Offers Tax Breaks to Turn Empty Offices Into Housing.

- **City announces pilot program to encourage office conversions**
- **Office-to-residential transformations are costly to take on**

Boston Mayor Michelle Wu is offering hefty tax breaks to companies to turn offices into housing, the latest example of a city seeking to address the challenges of remote work hitting downtowns and a lack of affordable residences.

Wu announced a program this week to encourage conversions by taxing developers at the city's much lower residential tax rate. The city would then offer a discount of up to 75% on the residential levy, so for a building with an assessed value of \$10 million, annual property taxes would drop to as low as \$26,850 from as high as \$246,800.

There's no shortage of potential buildings to tap. Boston's office market has seen its vacancy rate climb to 14.2% during the second quarter, the highest level in two decades, according to data from CBRE Group Inc. Meanwhile, the city of 650,000 is struggling with escalating housing costs. Median monthly rent for a one-bedroom has jumped 8% in just a year to \$2,800, Zumper figures show.

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### **Bloomberg CityLab**

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July 12, 2023