

Offered by City Councilors Michelle Wu and Kenzie Bok, Breadon, Edwards, Mejia, Essaibi-George, Flynn, Arroyo, O'Malley, Flaherty, Campbell and Janey



CITY OF BOSTON IN CITY COUNCIL

ORDER FOR A HEARING REGARDING GREEN AND SOCIAL BONDS

WHEREAS: In December 2020, the City of Boston issued its first series of Green Bonds and Social Bonds, with \$25 million for Green Bonds to retrofit municipal buildings and build climate resilience infrastructure, and \$35 million for Social Bonds to finance affordable housing projects; *and*

WHEREAS: Nationwide, the annual issuance of bonds identified as green rose from less than \$500 million in 2010 to \$6.5 billion in 2016, and research from Harvard Business School found that yields at issue for green bonds are on average 0.06 percentage points below yields paid on otherwise equivalent bonds; *and*

WHEREAS: Climate resilience requires not only physical infrastructure, but also investments to reduce social vulnerability to climate impacts, including measures to protect the affordability of housing and prevent green gentrification; *and*

WHEREAS: The Housing a Changing City: Boston 2030 report sets the goal of constructing 16,000 new units of income-restricted housing by 2030, but among all new permitted units from 2011 to Q2 of 2017, fewer than 9% were affordable for residents making up to 60% of the Area Median Income (AMI), who make up 44% of all Boston residents; *and*

WHEREAS: Small residential buildings account for 19% of the City's greenhouse gas emissions, and energy inefficient buildings fail to maximize economic, social and physical and mental health benefits for residents; *and*

WHEREAS: Building owners have reported that green buildings command a 7% increase in asset value over traditional buildings, yielding a stable revenue stream that could be used for debt service to repay bond issuances; *and*

WHEREAS: The growth of the social housing sector, which includes cooperatives, non-profits, community land trusts, and public housing, can stabilize communities by removing housing from the speculative market and ensuring long-term affordability; *and*

WHEREAS: By investing in maintenance, upgrading, and retrofitting, social housing can also reduce the City's carbon footprint, lower utility bills for residents, and yield public health benefits through improved indoor air quality, which reduces rates of asthma, respiratory allergies, depression, and stress;

WHEREAS: The City of Boston has maintained a AAA bond rating since 2014, and in FY2019, the City's debt servicing expenditures accounted for only 5.2% of operating budget expenditures, well below the 7.5% debt affordability limit, presenting an opportunity to leverage additional Green and Social Bonds to meet climate resilience and housing affordability goals; *NOW THEREFORE BE IT*

ORDERED: That the appropriate committee of the Boston City Council hold a hearing to discuss the execution of the December 2020 Green and Social Bond issuance, the status of the projects financed through the new bonds, and the potential for future Green and Social Bonds to support large-scale investments in social housing in the City of Boston; and that representatives from the Treasury Department, Administration and Finance Cabinet, the Boston Housing Authority, and other interested parties be invited to testify.

Filed on: January 22, 2021