THE POLITICS OF ECONOMIC DEVELOPMENT PLANNING:

BOSTON IN THE 1980s

by

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ABSTRACT

A study of economic development planning in Boston. The local
state has played an integral role in restructuring Boston's
economy since the 1960s. Economic forces and national poli-
cies set the broad context within which local governments make
economic development policy. The local state promotes private
capital accumulation to avert fiscal crisis and to advance the
economic well-being of their citizens. The local state also
mediates conflicts that result from restructuring.

Two case studies illustrate how Boston's city government
intervenes in the local economy. The Boston Redevelopment
Authority promotes and manages downtown development. During
the past thirty years economic and political conditions have
dramatically changed in Boston, but this has not caused a
fundamental change in the city's growth policies. Conserva-
tive, liberal, and populist mayors have all supported downtown
development. The city also adopted a housing linkage policy
to ameliorate of the impacts of economic growth on the city's
housing market and to maintain political support for develop-
ment.

The Economic Development and Industrial Corporation was formed
in 1971 to preserve Boston's manufacturing base. The agency
formed a coalition to save the Chinatown garment industry and
develop the Bronstein Industrial Center. EDIC successfully
completed the project, strengthened the city's economy, and
mediated conflicts over redevelopment. The project also
enhanced the agency's capacity to further promote industrial
development in Boston. A recent innovation in Boston's
economic development policy is to extract cash and in-kind
contributions from projects to finance public expenditures.

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INTRODUCTION

In the past decade, Boston has regained its place as a leading city in the United States. The city was a center of politics, culture, and industry in the New World from the seventeenth to the early twentieth century, but then slid into a long depression. Even as the nation's economy dramatically expanded in the years following World War II, Boston's economy stagnated. Businesses and population left in large numbers for the suburbs and for other regions in the country, a fate that Boston shared with all older U.S. cities.

The city slowly began to reverse its situation during the 1960s, however, when changes in the private economy and national policy accelerated the growth of Boston's two largest industries, financial and medical services, and when the city's political and corporate leadership developed an urban renewal plan to rebuild and reshape the city's physical form. Since the late 1970s, the city has experienced intense growth. Employment grew by 82,400, or 16 percent, between 1976 and 1985: a quarter of these new jobs were in financial services and another third were in business and professional services. At the same time, manufacturing employment continued its long decline. Beginning in 1980, Boston's population also began to rise for the first time in thirty years.

This thesis looks at the role played by Boston's two economic development agencies in this economic transformation. The Boston Redevelopment Authority (BRA) and the Economic Development and Industrial Corporation (EDIC) are important because of their abilities to control and manage land use in the city. Since the late 1950s, the BRA has assisted and regulated downtown development. EDIC has been assisting Boston's manufacturing industries since the early 1970s. Other government institutions, particularly transportation
authorities, are also critical to the functioning of private enterprise in the city. In the following pages we will explore the economic, political, and institutional processes underlying the formation of policy in each of these agencies. The central question of this thesis is how and why does the local state intervene to promote private economic growth?

Economic transformation has not, however, equally benefited all who work or live in the city. The process has variably distributed benefits and costs to different social groups and classes. For some, it has meant higher wages, profits, and rent income. For others it has meant job loss, displacement from housing, rent increases, and impoverishment. Growth has engendered social conflict. In Boston, the local state has been a mediating force between opposing social and economic groups.

Urban redevelopment cannot be understood purely as an economic phenomenon or as a political event. Redevelopment of Boston's physical and social form has involved a complex interaction of public and private actions. The structure of the regional and international economy is the single most important factor in the city's economic transformation, but it does not fully explain the process of revitalization. National policies have also been important, as have been the actions of corporate elites, state institutions, and citizen groups in shaping the direction of economic change. This thesis focuses primarily on the role of state institutions in the process of Boston's economic restructuring.

Our analysis of Boston's economic development policy relies on synthesis of theory and case study. Chapter 1 reviews recent theoretical, historical, and comparative studies of urban redevelopment. In this literature review we identify important themes and theories that guide the subsequent case studies: the process of urban growth and uneven development; the structure of urban fiscal crisis; competition between cities for jobs and taxes; the importance of national
policies to local economic development; and the role of autonomous development agencies like the BRA and EDIC.

Chapter 2 is a case study on downtown development and housing linkage policy. It begins with a historical overview of Boston's redevelopment policy since the 1950s, and then traces the evolution of that policy in the context of changing economic conditions, national urban policies, and fiscal crisis. The case study centers on the decision by the BRA and Mayors White and Flynn to approve nine downtown projects (representing 5.2 million square feet of new office space) in 1983 and 1984. Because rapid downtown growth has fueled a citywide housing crisis, that case study also looks at the development of Boston's housing linkage policy.

Chapter 3 is a study of industrial crisis and development in the city. Following decades of industrial decline in Boston, corporate leaders helped create the city's Economic Development and Industrial Corporation. A leading factor of manufacturing loss in recent years has been displacement of firms from downtown as a result of building conversions and rising rents. This case study focuses on EDIC's role in mitigating the displacement of the Chinatown garment industry in 1981. EDIC helped build a coalition of garment firms, workers, community groups, and political leaders to relocate the garment industry to a new industrial development. Although the project did not turn out as anticipated, it still yielded other important benefits to the city's economy. The case also illustrates the local state's role in mediating conflicts over restructuring.

The conclusion attempts to draw together the themes that have emerged in the earlier chapters. The two case studies highlight the process of change in different sectors of the local economy, as well as the unique strategies employed by the BRA and EDIC. But these cases also highlight fundamental similarities in the city's downtown and industrial development policies. Both are about Boston's struggle to preserve and
expand its employment and tax base, and about its competition with other cities and regions for economic growth. They also demonstrate the ways that the local state controls and manages land use to facilitate the modernization of its industrial base, and how it mediates conflict between opposing social groups in the process of change. The case studies highlight the differences, but also the similarities, of Boston's two economic development agencies.
CHAPTER 1

THE POLITICAL ECONOMY OF URBAN REDEVELOPMENT POLICY:
A REVIEW OF LITERATURE

Competition between individual firms drives capitalist economies. The competitive drive for innovation and efficiency underlies the process of capitalist economic growth. But local states also compete for growth even though they are political, not economic, institutions: they reflect the interests of social groups and classes and control territory and people. The policies of the local state are primarily dependent on politics, not markets. Why, then, does the state behave like an entrepreneur? The answer to this question is found in the structure of the urban political economy. In this chapter we explore the economic structures, state structures, and political processes that underlie the formation of urban economic development policies.

ECONOMIC STRUCTURES

Urban redevelopment policies are created to maintain or enhance the economic competitiveness of a city or urban region. In a capitalist system, economic structures set the parameters within which policy is made. Among these structures and processes are: the dynamic of capitalist growth and innovation; uneven development; and the city's position in the international division of labor.

The Dynamic of Urban Capitalist Growth

Paul Peterson argues strongly for the economic primacy of local government policy-making. As an exponent of public choice theory, he maintains that economics is all that really
counts. "The place of the city within the larger political economy of the nation fundamentally affects the policy choices that cities make...cities select those policies which are in the interests of the city, taken as a whole".1 For Peterson, "the political variables no longer remain relevant to the analysis".2 He believes that the city has a transcendent, unitary interest in economic growth, one that supercedes all other individual or group interests. City governments have a strong interest in promoting this growth because of their fiscal dependency on local businesses, and also because economic growth is considered good politics. City politics is limited, however, because cities lack the powers available to the national government to control their borders, issue currency, invoke tariffs, make war, etc. Land is the one factor of production that cities control; thus urban politics is above all the politics of land use. Cities can also adjust their economic conditions by providing infrastructure and direct subsidies to businesses, and by lowering taxes.

The importance of economic growth and competition for urban policy is highlighted in much of the literature; but while Peterson uncritically accepts the capitalistic basis of this arrangement, others, particularly those working within the marxist tradition, explore the possible contradictions in the underlying structures. Harvey Molotch writes, "the political and economic essence of virtually any locality, in the present American context, is growth...growth provides the key operative motivation toward consensus for members of politically mobilized local elites".3 Molotch also affirms the centrality of land-use in urban politics. The idea of growth as a transcendent interest of cities is reaffirmed by David Harvey:
The quantities and qualities of physical and social infrastructure affect the competitive position of the urban region in the international division of labor, the profits of enterprise, the standard of living of labor, and a whole host of other possibilities for the qualities of living and working within the urban region. A broad consensus of interests therefore exists behind the principle (though not necessarily the detailed practices) of enhancing investment in social and physical infrastructures (emphasis added). 4

For both Molotch and Harvey, the broad interest in economic growth lays the basis for political coalitions at the city and regional level. Yet Harvey sees these alliances as inherently unstable due to other contradictory interests that exist between classes, fractions of capital, and segments of labor. Even individuals may be internally divided depending on their multiple roles as workers or owners of productive capital and as renters or owners of property. Other pressures on the stability of these alliances stem from the different capacities for geographic mobility of each group (e.g. capital's advantage over labor), and external forces such as immigration, imports, and foreign investment.

According to Harvey, the confusions and instability of this situation creates space for autonomous politics, where entrepreneurial politicians and urban managers can unify a coalition of interests to articulate a sense of a place-bound community. A later section will look more closely at the role of political entrepreneurs and growth coalitions. Molotch and Harvey do share Peterson's emphasis on land as the focal point of urban politics. Land values are tied to the strength of the local economy. As a result, real estate interests, financiers, developers, and large property owners will tend to be dominant actors in urban growth coalitions. 5

Uneven Development and The International Division of Labor

The city's position in the international division of labor and the process of uneven development are taken as the starting points for a number of neo-Marxist writers. Both
concepts refer to the hierarchical relationship between cities and regions in the international economy, a relationship where cities vie for economic and political ascendancy in an economic system of winners and losers: one city's growth generally comes at the expense of other cities. Similarly, growth within cities also entails uneven development, as "improvement" in one neighborhood often leads to "decline" in others. Poor and minority communities commonly suffer from economic growth because the operations of the urban capitalist housing market generate three interrelated processes: disinvestment, displacement, and rent inflation.

Since the wealth of any particular urban region depends, in part, on its ability to extract surplus wealth from other regions, urban political coalitions will form to generate economic growth and thereby gain power over other regions. Harvey sums up his analysis of the relation between the economy and politics accordingly:

The problem [of urban politics] is to establish the urban region as a coherent geopolitical presence in the face of the fragmentations. To this end a ruling-class alliance will seek to mobilize the sentiments of community boosterism...[and] build a political machine to wage geopolitical struggle.

The exact nature of these "ruling-class alliances" will vary from region to region; uneven capitalist development necessitates an indeterminate political formation, except that the coalition must be procapitalistic to be successful. Such alliances are indispensable to the process of uneven development says Harvey—-they are the agency of uneven development.

Robert Beauregard echoes Harvey's emphasis on a relative autonomy of politics that is, however, ultimately determined by capitalism. Beauregard's elegant structuralist formulation of urban redevelopment is worth quoting at length.

Urban redevelopment is the transformation of the built environment concomitant with changes in the modes of production, reproduction, and consumption. Earlier spatial forms are converted or replaced, and the urban form and the social formation are bought into temporary
conformity. As a historical event, urban redevelopment thereby subsumes the "working out" of the forces and tendencies of the determinant social formation...

What emerges from a study of the various functions and roles of the state and capitalists in urban redevelopment, then, is an appreciation of how the structure of the larger social formation penetrates to instances of its existence, yet requires agency for articulation...

Urban redevelopment schemes are often conjunctures in which a multitude of forces combine to produce a situation highly sensitive to the actions of individuals and groups. ...the dynamic disequilibrium of the moment allows for the political act which will resolve those forces.9

Beauregard, like Molotch, Harvey, and Peterson, tells us what urban politics is about, and who may be the principle actors in these struggles. None of them, however, offers any concrete clues indicating how these political processes actually work. If, as Harvey contends, pro-growth coalitions will reflect the interests of the dominant fraction of capital, then how are those interests articulated. And what exactly does Beauregard mean in the above passage? How does the "structure of the larger social formation penetrate to instances of its existence?" Is it simply by an act of will as he suggests? Later sections of this essay will examine these unexplored political processes. First, we will take a closer look at the economic forces reshaping the city.

Central-city economies in the United States are increasingly dominated by three types of activity: corporate administration and finance, government, and "third sector" institutions such as hospitals and universities. The shift in urban employment from manufacturing to these other activities is taken as evidence of the "post-industrial" transformation of society. "Post-industrial" is a nebulous term, however, that fails to elucidate the real dynamics of modern urban economies. Just what are these things called services?

The dominance of corporate administration reflects the expansion of corporate headquarters and advanced business services in the cities, an expansion that is the result of two
strong tendencies operant in advanced capitalist economies: one, the growth of multinational corporations necessitates larger central bureaucracies to organize the production and distribution of goods; and two, the increasing division of labor within industry has lead to a distinct spatial separation of administrative and productive activities, with administrative activities clustered in central cities. 10 It is not that society has left industrialism behind—rather, it has altered its organization across space. Finance institutions have similarly enlarged the geographic scale of their operations, as evidenced by the mushrooming of international debt and by recent deregulatory actions in the United States allowing greater integration of national capital markets. Advanced business services—e.g. specialized law, accounting, management consulting, advertising, and design firms—are part of the "social infrastructure" needed to support these growing corporate and financial institutions.

The growth of government employment is the result of welfare state expansion over the past fifty years, much of which has been concentrated in "government centers" located in major cities. Federal spending has also fueled the growth of non-profit service institutions engaged in health, education, and welfare activity. Government (civilian) and health care were the two largest sources of employment growth in the United States between 1928 and 1974. 11

Local states have three economic objectives in redevelopment: to maintain the competitive position of leading local firms in the changing national economy; to pursue firms drawn from expanding sectors of the economy which are capable of strengthening the local economy; and to remove economic "blight". 12 Where a city falls within the new national and international division of labor will have a strong bearing on its redevelopment potential, and the gains of one city will usually come at the expense of another. The presence of
corporate headquarters in a city is considered a strong factor in the successful redevelopment of a city.13

Roger Friedland conducted one of the few empirical studies relating corporate hierarchy to redevelopment policy.14 His study included all 130 U.S. cities with populations over 100,000. He found that deteriorating local social and economic conditions triggered urban renewal spending only in cities where there was also strong local corporate power, which he defined as cities that had two or more Fortune 1000 corporate headquarters. This is, at best, an extremely rough estimate of corporate power that does not allow us to distinguish between, say, New York's corporate establishment with 112 Fortune 500 headquarters and San Diego's with just three headquarters.

Aiken and Alford also find a significant correlation between urban renewal spending and the number of large banks and manufacturing establishments in a city.15 For them it is not the power of these corporations that is most important. Rather, they view the presence of these institutions as adding to the organizational capacity of a city to create and implement policy innovations like urban renewal and public housing. We shall return to this in a later section on redevelopment authorities.

STATE STRUCTURES AND POLITICAL PROCESSES

Economic structures are important for the analysis of redevelopment policy to the extent that they set broad parameters around the possibilities for social and political change. They do not allow us to predict, however, what changes might actually occur and how they will be effected. Another set of structures also shapes these possibilities; these are the structures of the U.S. state as they have been crafted over the past two hundred years. Within the boundaries of these
economic and state structures lies the arena for political action in contemporary local and national politics. This section will be divided into the following sections: 1) federalism and fiscal crisis; 2) independent development authorities; and 3) the national state.

Federalism and Fiscal Crisis
The U.S. is a federal state characterized by extreme fragmentation. It is fragmented at each level of government corresponding to the separation of powers. More importantly for our purposes, however, it is jurisdictionally fragmented across space. In the United States there are over 80,000 units of local government (including municipalities, independent school districts, special assessment districts, etc.); in 1967 the 227 SMSAs had 20,703 units of government.16 Although city budgets depend on revenues that can be raised from the private economy, cities are limited in what they can do to stimulate economic growth and provide services.17 Alone, individual cities cannot affect the interregional location of business or population. They can, however, affect the location of business within the metropolitan area.18 Central cities are compelled by the logic of their situation to compete for businesses and middle-class residents in order to protect their tax base, and to limit redistributive spending that would raise the tax rate and provide an incentive for better off residents to move. While private economic actors are mobile, cities are not.

Fragmentation has other consequences as well: it is a primary factor contributing to urban fiscal crisis. Central cities in the United States are disproportionately the home of lower income populations. Moreover urban populations, but especially, the poor, are more dependent on public goods and services than their suburban counterparts. Middle and upper income groups have to a great extent isolated themselves physically and fiscally in the suburbs, while central city
governments lack the tax base to provide for adequate public services. Kenneth Newton points out that it takes only a few wealthy suburbs to throw the fiscal system of metropolitan areas off balance. The logic of the situation invariably leads to fiscal strain, crisis, and/or unmet human needs.19 The cities with the greatest social needs have the fewest financial resources with which to meet them: their only options are to appeal to the state or national government for fiscal assistance, or to try to attract new businesses and middle-class residents to expand their tax base. Friedland et al succinctly sum up this predicament:

The level of decentralization of this state structure in terms of financing, policy-making, and implementation responsibilities of urban governments will accentuate the vulnerability of urban governments to capitalist demands for expensive tax and policy subsidies. Conversely, decentralization forces urban governments to resist popular demands for expanded social services or progressive taxes which might impinge upon capitalistic interests.20

Fragmentation of the state thus leads to a strong systematic bias at the local level in favor of capitalist interests. At the same time, fragmentation leads to "nondecision-making," as localities are structurally prevented from effectively implementing redistributational policies or efficient regional planning (transportation, environment, housing, etc.) that are best dealt with at a metropolitan (or higher) level of government. Nondecisionmaking is not so much a conspiratorial elite strategy as much as it is a structural feature of local politics.21 "All forms of political organization have a bias in favor of the exploitation of some kinds of conflict and the suppression of others, because organization is the mobilization of bias".22

In a comparative study of urban policy in the United States and Northern Europe, Fainstein and Fainstein found that the greater centralization of policy-making and taxation authority in Europe were two of the most important factors
accounting for differences in urban policy and living conditions across the Atlantic. 23

This fragmentation is the result of the late 19th Century and early 20th Century period of suburban expansion, when better-off urban residents left the dangers and discomforts of the city for the relative peace of peripheral areas. At first, these new settlements were annexed by the cities. However, around the turn of the century, annexation came to a halt with the incorporation of new suburban governments thus cutting the middle and upper classes off from financial responsibility for the inner-city. The process of suburban incorporation around Boston occurred at a much earlier date than in other cities. As a result, the city contains a smaller share of the metropolitan area population than any other major U.S. city. There are 75 other municipalities in the Boston region bounded by Interstate 495.

Independent Development Authorities

Economic development authorities in the United State are unique institutions of government. They operate with a degree of autonomy that is rare in a nation otherwise characterized by a weak state. After outlining the basic characteristics of these development bureaucracies, we will explore the origins and implications of this autonomy. Three characteristics define the uniqueness of these institutions: they tend to have large, independent resource bases; they are almost always functionally separated from agencies concerned with housing and neighborhood development; and they are directly dependent on private developers and investors to meet their goals.

Redevelopment authorities—like industrial development, highway and bridge, and port authorities—raise their own revenue through land sales, rents, fees (the construction of one large office tower alone could generate up to a few hundred thousand dollars in fees), borrowing and bonding. Sometimes these agencies also get funds from the city budget,
and in most cities they have also received the dominant share of federal urban development monies. According to Peterson, "the secret to the autonomy of these independent authorities lies in their self-financing capacities".24 Thus, they mostly avoid the politics of the city budget.

A second structural feature of redevelopment authorities is their common separation from related city agencies concerned with housing or neighborhood development. Originally, federally sponsored slum clearance, which began with the Housing Act of 1937, was implemented by housing authorities. Following passage of the 1949 and 1954 Acts, when clearance was slowly detached from the public housing goals provisions in the act, renewal or redevelopment authorities became independent entities.

The third characteristic of these institutions is their dependence on private developers and investors. Redevelopment authorities are project facilitators or initiators, but they are not developers. They are prohibited by law from directly undertaking development--under the urban renewal program they were limited to planning, site acquisition, and clearance. Aside from public housing or facilities that could be constructed on a renewal site, all new development had to be constructed and used by private enterprise. A more recent program, the Urban Development Action Grant (UDAG), granted cities money for economic development projects, but these funds were to be used specifically to leverage private capital.

The origins of these local authorities date back to the depression, when the Public Works Administration (PWA) proposed the establishment of local authorities to administer public works projects. According to Mollenkopf, Roosevelt's New Deal administration created this new institutional structure as part of a broader strategy to build a new Democratic coalition that would include, but be free from the dominance of, local political machines.25 These local authorities had to be
enacted first by state legislatures before they could receive PWA money—but the PWA legal division actually wrote much of the legislation. Organizations were created to build highways, bridges, public housing, public buildings, and other public works projects. In the section on national political parties, below, we will return to these New Deal innovations.

Aiken and Alford, in their comparative study of urban renewal policy innovation in 582 U.S. cities, identify other factors that may contribute to the creation of redevelopment authorities, which they term "community decision organizations." They find that the age and the size of the city are good predictors of the level of urban renewal spending per capita and the date of local program adoption. They speculate why city age and size might relate to successful policy innovation. First, they reason that larger cities will have greater structural differentiation. Such cities will contain more autonomous organizations with greater resources for political mobilization, and larger governments are more likely to have the specialized bureaucracies that are important for innovation. These bureaucracies have larger and more professional staffs with more technical, administrative, and political knowledge than bureaucracies in smaller cities.26

The age of the city, suggest Aiken and Alford, will affect the quality and stability of interorganizational linkages in the community and the accumulation of experience and information in a community system—continuity is the key here. Interorganizational linkages within a community are developed historically through the experience of organizational units, their leaders, and staffs with one another. Over time they will establish patterns of alliance and accommodation, factions, and coalitions. Predictability within these interorganizational networks creates a positive context for policy innovation and subsequent performance of innovated activities.27 "Community decision organizations" take on added significance in these highly differentiated communities:
The role of these specialized bureaucracies...is likely to be critical for selection of the appropriate organizational units, the avoidance of others, and the like. In other words these specialized organizations are likely to carry on continual surveillance and monitoring of their environment, and in a highly fragmented community this intelligence can be of profound importance for the selection, activation, and coordination for the establishment of these critical coalitions.28

Aiken and Alford seem to be arguing that "political learning" within the community and inside of redevelopment bureaucracies was the key to the innovation and expansion of urban renewal programs in U.S. cities.29

Another major strand of analysis has been developed by neo-marxist scholars, who emphasize the autonomy of these agencies in terms of the segmentation of accumulation and legitimation functions within the capitalist state. Essentially, redevelopment is seen as a pure accumulation, or "social investment," function of the state. Because redevelopment policy is intended to serve only private economic interests, and because it serves only specific fractions of capital (not capital as a whole), it must be insulated from political pressure that could divert it from its narrowly prescribed goal.30 By structuring redevelopment policy-making inside of closed bureaucracies, it renders it "relatively autonomous from popularly elected officials and relatively invisible to the urban population at large."31

Even when popular forces occasionally gain some control over redevelopment agencies, perhaps with the election of a "people's mayor," their influence will usually remain limited due to the reliance of these agencies on private sector investment. "Consequently, the 'governing coalition' differs in composition from the electoral coalition. The segmentation of funds, so that large public investments are controlled by independent state and regional authorities... further restricts the discretionary area for public redevelopment spending."32
By contrast, these authors point out, agencies dealing with the provision of public goods and services, "social consumption," are much more accessible to democratic control. This is well documented in the history of urban politics, which shows that most urban struggles have concerned issues like housing, education, and social services, and not economic development.

The theory of the local state, says Peter Saunders, rests on "the distinction between the corporate and non-corporate (or pluralist) sectors of state policy-making. The corporate sector would be concerned with production...The pluralist sector, on the other hand, would be concerned mainly with consumption." 33 The close relationship that exists between the local state and private capitalist interests has been noted by many observers. Saunders interprets this as a corporatist mode of politics, a politics representing not the dominance of private capital over the state, but rather increased state control over production. He concludes:

The implications of this argument for the analysis of the local state are that, as regards its production functions we should expect to find an increasingly close relationship between local authorities and private business enterprises with the former as the dominant partner. This will be reflected in, for example, regular quasi-official and informal meetings between the two, and in a growing division within local authorities between those in key positions of power (i.e. chief executives) and those who are excluded from policy-making. 34

One close observer of redevelopment politics in the United States believes this relationship goes beyond simple corporatism:

the [San Francisco] Redevelopment Agency is in essence a real estate operation, and so it should come as no surprise that the links between the development community and the Agency, at both board and staff level, get pretty thick, as people traverse the thin public-private line in this lucrative area of enterprise. 35

There is no doubt that the distribution of state power to autonomous bureaucracies has allowed private interests groups to exercise greater control over policy-making. In fact,
these agencies often organize the participation of private interests; initiatives can originate on the inside of the bureaucracy as well as on the outside. Decision-making in these agencies is often made behind closed doors, with participation limited to those interests directly concerned with the immediate issue. Broad public participation is stifled by the very nature of these bureaucracies. "Low levels of citizen involvement in local politics can be understood as rational responses to the structural context in which the public finds itself."36

Summing up a comparative study of five U.S. cities, the Fainsteins concur that redevelopment policy is typified by corporatist arrangements between public chief executives and private business interests: "In all five cases a symbiotic relationship developed between the mayor's office and the business community, cemented on the one side by the city's access to federal funding and on the other by the commitment of business to invest."37 This statement highlights two important roles played by local chief executives; their pivotal role between the public and private sectors and between national and local government. Ray Pahl, in an exploration of the role of local public officials, points out that:

one set of urban managers and technical experts must play crucial mediating roles both between the state and the private sector and between central state authority and the local population. Another set of private managers control access to capital and other resources.38

We now turn to a further examination of the important role of the national state in urban policy.
National State Policies and the Formation of Local Progrowth Coalitions

Thus far, this essay has concerned itself largely with issues pertaining to economic structures and local government. Most studies emphasize these two important variables because redevelopment is locally controlled economic policy. Urban development policies in the United States, however, are mainly products of the national government. Yet relatively little attention has been paid to the role of the national state as the initiator of these policies. Even James Q. Wilson classic anthology on Urban Renewal devotes scarcely 30 pages to national politics, and those pages contain at best only a superficial coverage of legislative politics.39 Until recently, little thought was given to how urban policy fits into the historical transformation of the U.S. state.

John Mollenkopf argues that "federal urban programs have provided a principle method—perhaps the key method—by which national Democratic political entrepreneurs have attempted to widen and organize their political support."40 Tracing the course of national urban policy from the New Deal to the present, Mollenkopf shows how Democratic Party leaders in Washington created locally-oriented urban policies to build and then rebuild their national political alliance. He goes on to illustrate how during years of Republic ascendancy, urban programs were adapted to support more conservative constituencies.

The New Deal electoral majority was partially based on the participation of millions of new urban ethnic voters. Democratic congressional leaders like Robert Wagner of New York developed legislation to channel and absorb these new constituencies into an ongoing New Deal coalition.41 Labor legislation strengthened the emergent industrial unions, and urban legislation solidified broad Democratic urban alliances that included business and labor, machines and reformers, and white ethnics and blacks. Congress crafted new programs to
respond to all of these interests. They relied on private sector partnerships, decentralized local government administration, widely distributed benefits, and emphasized physical capital investment—this meant jobs.

The PWA, CWA, and WPA generated business and labor support (at the local level) by boosting the severely depressed construction industry. More importantly, these investments provided the means by which big-city elites began to realize their plans for reforming and modernizing the urban built environment. The New Deal also extended benefits to urban ethnic groups, including blacks, which had previously been excluded from local politics. Blacks occupied more than one-third of the public housing constructed by the U.S. Housing Authority.42

The Public Works Administration (PWA), Civilian Works Administration (CWA), and Works Progress Administration (WPA) spent billions of dollars on urban infrastructure—roads, bridges, sewer and water projects, public buildings and recreational facilities, etc.

Half of the $4.8 billion spent by the PWA between 1933 and 1939 went to urban areas. As mentioned above, it was at the PWA's instigation that states enacted legislation creating local development authorities. In addition, its Housing Division, later to become the U.S. Housing Authority, initiated slum clearance and public housing construction. Much of the impetus at the state level for creation of local authorities came from local businesses, contractors groups, or industries, and the building trades shaped their labor policies. "The PWA thus laid the institutional groundwork for postwar pro-growth coalitions in urban politics. It created new machines... [which] fostered cooperation between business, labor, and local elected officials".

Another important piece of New Deal legislation that would later have great implications for urban development was the 1934 Housing Act (creating the Federal Housing Administration), a real estate industry-sponsored bill that strengthened and expanded the national mortgage market for private, single-
family, home construction. The FHA became instrumental in supporting postwar suburbanization. It is not that New Deal spending completely transformed the urban built environment, says Mollenkopf—for it did not—but it "established a national template that shaped subsequent local program development."43

Following the 1930s, two subsequent developments redirected the thrust of national urban policy. One was a conservative backlash against the New Deal, and the other was World War II. These two developments were interrelated. Mollenkopf and Amenta and Skocpol demonstrate how World War II affected the patterns of political mobilization around social and economic policies.44

World War II had multiple effects on the New Deal political landscape. It eliminated unemployment and reducing the organized presence of ethnic, urban, working-class voters. It also set loose migration patterns that continued past the war, bringing blacks from the rural South into northern and western cities. Additionally, New Deal policy initiatives, which were designed to stimulate public job-creation, were discredited and considered irrelevant in the early 1940s with skyrocketing employment rates.45 Northern, urban Democrats suffered a major loss in the 1942 election when they lost fifty members in the House of Representatives. Congressional conservatives, with the support of Roosevelt, soon eliminated the PWA and WPA.46

World War II also dramatically altered the nation's industrial infrastructure. Between 1942 and 1944 the War Production Board spent more than $23 billion in new manufacturing plants—doubling and in some cases tripling local economies overnight. Wartime investment equaled about 60 percent of the total value of the U.S. manufacturing plant in 1939, and was disproportionately concentrated outside of central cities and in the South and West. According to a War Production Board summary report, "The war-created production
facilities represented the greatest increment to manufacturing capital recorded in modern industrial history."47 Another $10 billion was spent on military facilities and $4 billion on housing.

Military spending since World War II continues to have a dramatic impact on regional growth patterns in the United States.48 About 50 percent of all high technology employment in the United States is military related. The early development of the computer industry in the United States is purely a history of military-industrial policy. Significantly, this defense spending has been concentrated in certain regions of the country, producing a network of high-tech enclaves concentrated in the South and West, but also including the Route 128 region near Boston as well as a few other Northeastern cities. This form of economic growth policy, one that works through private military contractors in suburban locations, promotes the formation of more conservative political alliances than did New Deal-style public works projects. Massachusetts's High-Technology Council, for example, emerged as a leading conservative political organization in the late 1970s.

The impact of war on urban development should not be underestimated. According to Chester Hartman, the corporate transformation of San Francisco has been spurred by three successive wars--World War II, and the Korean and Vietnam conflicts--because the city was a launching point for U.S. military operations in the Pacific region. Like Boston, San Francisco's economic power has also been spurred by its proximity to a nearby high-tech enclave, Silicon Valley.

Hartman even traces the origins of redevelopment planning to World War II and the creation of the Metropolitan Defense Committee (MDC), which was composed of local politicians and influential businessmen. "MDC was the Bay Area's first regional planning agency. It was responsible for... transportation, and it made region-wide decisions affecting workers' housing and the location of industry."49 He goes on the show
how the MDC evolved into the San Francisco Planning and Urban Renewal Association, the leading political force behind urban renewal in San Francisco.

The eclipse of urban liberalism during World War II and subsequent policy innovations during the Truman and Eisenhower administrations, challenged the Democratic party's ability to maintain its congressional majority. According to Mollenkopf, Democratic Party leaders realized that

...the use of federal programs to secure urban loyalties must evolve. Great differences divide urban constituencies. As past programs have had an impact, they have generated new constituencies and new conflicts. These, in turn, have required subsequent cohorts of national Democratic political entrepreneurs to enact new programs which modernize old alliances in order to incorporate newly created urban constituencies.50

Under Truman and Eisenhower, urban policies developed in two directions. First, suburban homeownership was dramatically boosted through Veterans Administration loans and a modernized and expanded FHA mortgage program. These policies benefitted affluent, white, working class and professional workers and helped to undermine the urban New Deal electoral coalition.

Second, the passage of the Housing Act of 1949 enabled local governments to initiate large scale redevelopment projects and to build public housing. The Urban Renewal program laid the foundation, in the 1950s and 1960s, for new pro-growth coalitions in cities across the country. These coalitions were instigated in many cities by organized business groups like the Blyth-Zellerbach Committee in San Francisco; and in others, by entrepreneurial politicians like Mayor Richard Lee of New Haven who sought to enhance their own political fortunes.51 Regardless of which actor initiated these local renewal efforts, most pro-growth coalitions ultimately represented an alliance between mayors and their redevelopment directors, real estate and development interests, leading local corporations, and construction trade unions. It was the mayors' ability to mobilize federal
funding that provided the key to their political power. As political entrepreneurs, they brokered private and public sectors, and local and national powers, to solidify local progrowth coalitions and their own futures.

Post-war urban policies thus had contradictory effects on national politics: building new urban coalitions while simultaneously supporting the fragmentation and individualization of white, suburban, voters.

National Democratic political leaders adopted the War on Poverty and Great Society programs in the 1960s in a further attempt to rebuild their liberal urban coalition. This strategy, while succeeding in its appeal to urban minorities and liberals, ultimately advanced the disintegration of Democratic Party power, as white, working-class voters grew disenchanted with such policies. The continuing breakup of the Democratic Party through the 1970s and 1980s allowed Republicans and conservative Democrats to gain ascendancy in the executive and legislative branches of the national government. Since Ronald Reagan was elected president in 1980, funding for urban housing, social, and economic development programs have been severely cut, shifting the initiative in these areas to local and state governments. It is questionable, at this point, whether or not a resurrected national Democratic Party or post-Reagan presidency will place urban issues at the center of their platform, as did their predecessors for the previous half century.
CHAPTER 2

THE BOSTON REDEVELOPMENT AUTHORITY, DOWNTOWN DEVELOPMENT, AND HOUSING LINKAGE

Boston is famous for its rich and controversial political heritage. When it comes to the issue of downtown's rapid physical redevelopment, however, there has been scarcely any political debate at all. The strong consensus for more economic growth and more office buildings in Boston has transcended four successive mayoral administrations. This section explores the structural conditions and political factors that have brought about this consensus.

Boston's economic development policy since the 1950s has been shaped primarily by changes in the regional and international economies, but also by the process of suburbanization and central city decline, the financial dependence of local government on private capital accumulation, and the structure of capital accumulation in the city. In addition, national urban policies, the political organization of local business elites, and the entrepreneurial strategies of four successive mayors have effected the timing and specific character of these policies. Local politics has had considerable impact on the specific rate of downtown growth, the location of new construction, and the physical form, or design, of projects; but despite the considerable variations in development policy over the past three decades, a fundamental orientation towards growth, particularly the growth of tall office buildings, underlies policies throughout the period.
Mayor Hynes' Renewal Program and The Reorganization of Boston's Corporate Leadership

When Boston's redevelopment program began in the 1950s, the city was in the midst of an economic depression that had started decades earlier. New England's manufacturing economy had experienced capital flight and disinvestment since the turn of the century. New construction in Boston had come to a virtual halt by the end of the 1920s, and events following World War II even worsened the city's situation. Wartime industrial policy, combined with postwar federal highway, housing, and tax policies had catalyzed a major migration of industry and population to the suburbs as to the western United States. Between 1950 and 1960, the city's population fell by 13 percent, from 801,000 to 697,000, and its employment fell by 10 percent, from 558,000 to 500,000. At the same time, Boston's suburban population increased 9 percent and employment grew by 22 percent. These problems were not unique to Boston but were shared by older cities throughout the United States, and were a major factor contributing to the urban fiscal crisis, as the populations of central cities grew poorer while the capacity to raise local revenues diminished.

In addition to these structural shifts in the national political economy, Boston had two other problems that inhibited new investment. One was its relatively high tax on real estate and erratic assessing procedures. The other was its antiquated building stock and infrastructure that depressed real estate values.

Local leading corporations and financial institutions had an enormous stake in the city since they owned much of the real estate downtown and held mortgages on property throughout the city. They had two choices—to walk away from the central city and write off their declining investments there, or to rebuild and recapitalize the city. Since Boston's elite also
valued the city's central business district as an important location for coordinating economic activities (i.e. the agglomeration economies were significant), they recommitted themselves to the city.

Mayor John Hynes initiated the federally-funded urban renewal program in 1952. During his eight years in office, renewal displaced thousands of residents and hundreds of businesses and produced almost as much controversy as progress. Local elites were not impressed with Hynes piecemeal efforts at renewal, nor were they satisfied with his efforts to reform city government. Although Hynes was initially elected with the support of a the Committee for a New Boston, a business-oriented reform group, he did little to change the image of city government as ineffective and corrupt. Tax assessments and abatements remained the political game they were under former Mayor James Michael Curley, and Hynes merely changed the nature of patronage politics, but did not end it. Jerome Rappaport, the founder of the Committee for a New Boston, received tax abatements and a large parcel of cleared urban renewal land in the West End.

As a consequence of Hynes struggling renewal program and failed promise of political reform, Boston's business and civic leaders began to discuss new strategies to rebuild the city. Beginning with the Boston College Citizen Seminars in 1954, the region's business and political elite came together to chart a new course for the city. The capacity of the businesses community to effectively organize was due, in large part, to its deep historical ties to Boston—many of the city's leading businesses were built on family wealth dating back to the nineteenth century industrial revolution—and their overlapping and interlocking control of major corporations, banks, and law firms. It was a tightly knit community. In the late 1950s, two new business organizations formed to promote local economic development. One was the Greater Boston Economic Study Committee (GBESC), which had a regional
focus. The other was the Coordinating Committee (also known as The Vault, since it met in the board room of the Boston Safe Deposit and Trust Company), which was composed of fourteen of Boston's top business leaders.

Local business elites were extremely knowledgeable about how the federal urban renewal program could serve their needs. Joseph Lund, president of R.M. Bradley, a local real estate development company, and past president of the Greater Boston Real Estate Board, was the BRA board chairman in 1959. He was also a national leader of the Urban Land Institute, the National Association of Real Estate Boards, ACTION, and the Committee for Economic Development (the national affiliate of the GBESC), four industry organizations that strongly supported the urban renewal program both at the national level and local level. The Urban Land Institute, in fact, helped draft the nation's urban renewal legislation in the 1940s.1

Revitalizing Boston's Renewal Program:
The Logue-Collins Years

Out of the BC Citizen Seminars came a consensus among Boston's elites that the city needed a new strategy for economic revitalization and a reformed city government. With the backing of the Coordinating Committee, the Chamber of Commerce, and the Greater Boston Economic Study Committee, city government was soon reformed and a new plan took shape: John Collins was elected Mayor, Edward Logue was recruited from New Haven to run the authority, the Boston Redevelopment Authority acquired increased powers (bringing together the city's renewal and planning functions), and a new urban renewal plan was adopted and implemented.

During the 1960s, business and political leaders built a strong partnership around urban renewal. Private business leaders played an important role initiating Boston's new program, but it was largely under public sector leadership that the program was implemented. That there was significant
coordination between the BRA and the business community is evidenced by the fact that the Waterfront urban renewal plan was initially developed by the Chamber of Commerce's own planning staff. The Committee for the Central Business District, an association formed to support the CBD renewal plan, was headed by Charles Coolidge, chairman of the Vault. Collins regularly attended Vault meetings during his eight years in office.

Guided by John Collins and Edward Logue, the BRA embarked on an ambitious renewal plan that encompassed over one-quarter of the city's land area. More federal urban renewal dollars per capital came to Boston than went to any other U.S. city; and the central business district redevelopment plan, in particular, was the costliest renewal plan of its time. Federal support for Boston's plan was greatly assisted by two local political sons: John Kennedy, who was President of the United States, and John McCormack, Congressman from South Boston, who was the Speaker of the House.

The redevelopment partnership of the 1960s was cemented on one side by Collins and Logue's ability to obtain federal funding and implement their plans, and on the other side by the business community's willingness to reinvest once the plan was underway. The partnership quickly and successfully took physical form: the first three office towers built under the new renewal plan were constructed by Cabot, Cabot & Forbes, and they were within two blocks of the government center renewal area.

Mayor White and the Changing Nature of Urban Redevelopment in the 1970s

The rapid pace of downtown development that began in the 1960s slowed dramatically in the 1970s due to an economic recession that hit older, northern, cities like Boston particularly hard. New private development, which had surged during Logue's years at the BRA and had built up considerable
momentum, continued to grow until the early 1970s. Completions of new office space averaged over 800,000 square feet annually between 1965 and 1974, reaching a high of 5.2 million square feet in 1975.2 (The development process takes about five years from project conception to completion, so buildings completed in 1975 were still responding to the economic conditions and redevelopment program of the 1960s.) As the national and local economy faltered in 1972, and local office vacancy rates rose, the strong momentum of development came to a halt. Thus, even when the demand for office space turned upward again in 1978, no new office buildings were being constructed to absorb the increased demand.3 Between 1976 and 1983 only 2.6 million square feet of new office space were added, an annual average of only 360,000 square feet.

Also, during the 1970s, national urban policies changed, both in response to new urban political forces and a new Republican presidency. The urban renewal program ended as federal urban spending was consolidated with several other programs into a new local revenue sharing program beginning in 1974. Federal money was no longer available for site assembly and clearance. And with the advent of the CDBG program in 1974, federal funds were targeted more specifically to economically distressed neighborhoods and less money was spent on downtown improvements. Because Massachusetts' Thomas P. O'Neill was the Speaker of the House during the 1970s, and because CDBG legislation included a hold-harmless provision, Boston's generous supply of federal funds did not drop during the Republican dominated 1970s. In fact, federal aid to Boston peaked during President Ford's administration in fiscal year 1976.4 The BRA's autonomous power was sharply curtailed, however, as a result of the changes in federal policy. Where the BRA had direct access to federal urban renewal funds, with the CDBG program the agency had to go through the mayor to obtain its share of funding.
Local political forces also affected Boston's redevelopment policy and delivery system. Kevin White, who was elected Mayor in 1967, sought to consolidate his control over city government and opposed the independent authority of the BRA. (The BRA staff supported Ed Logue against White in the 1967 mayoral contest.) During his administration, White often overrode the authority of the BRA director, and eventually transferred the neighborhood planning and development operations of the BRA to departments within his personal control. Citywide planning was moved directly into the Mayor's Office of Planning and Development, while neighborhood planning and development was moved to the newly created Neighborhood Development Agency. The BRA's operation was restricted exclusively to the downtown and CBD and was closely controlled by Mayor White. Finally, even though the city was still providing renewal sites and tax incentives to developers in the 1970s, the strength of the real estate market in the late 1960s had begun to shift the initiative for downtown development from the public to the private sector.

ECONOMIC GROWTH AND FISCAL CRISIS: REDEVELOPMENT POLICY IN THE EARLY 1980S

Economic Growth and the New Development Boom

By the late 1970s and early 1980s, the economic and political conditions affecting the Boston's urban economy scarcely resembled the conditions of the 1950s, 1960s, or 1970s. Restructuring forces in the international economy have been causing an expansion of headquarters operations and concentration of advanced business services in nodal world cities like Boston, New York, Chicago, San Francisco, Los Angeles, and Houston. These forces lead to the growth of Boston's leading corporations and smaller business service firms in the late 1970s. Boston's finance and advanced
business services increased their penetration of national and international markets, leading to a wave of internal corporate expansions within these industries. It is estimated that approximately "44 percent of all financial services employees in the state are engaged in exporting services to--and importing wealth from--outside the state." Boston's higher education and medical institutions are also major export industries.

A second important factor leading to metropolitan and central city growth was the expansion of the region's high technology industries, which in the 1970s dramatically increased their global exports of computer hardware and software, and their sales of military equipment to the United States government. Prime defense contracts accounted for 8.2 percent of Massachusetts' personal income in 1984. Between 1976 and 1980, the city's employment grew by 49,700, or 10 percent, and by 1985 it rose by another 6 percent. More than 60 percent of that job growth was in financial, business, and professional services. Boston, always a major regional city with national aspirations, was fast approaching world city status.

Spurred by the high demand for new space, and by a flood of new investment capital in the United States, real estate developers from around the world began flying into Boston in the early 1980s looking for deals. As the vacancy rate for Class A office space fell to .01 percent in 1981, and rents soared, local firms looking for room to expand began looking outside the city. At the same time, new annual investment in Boston was hitting $1 billion. Three new office towers were started and five new hotels were under construction, in addition to major residential and industrial development projects.

The internationalization of the local economy is highlighted by two particular facts. One, was that for the first time since the 18th century, developers and financiers from
outside of Boston, from around the nation and world, began to play a major role in Boston's development. And second, there was a rapid increase in hotel construction to provide a place of rest for the thousands of businessmen who come to Boston every day. According to former BRA Director Robert Ryan, developers proposed no less than 25 new hotel projects in 1981. The director rejected most of those projects in order to avoid a glut of hotel room.10 Between 1976 and 1985 employment in Boston's hotel industry more than doubled, from 4,905 to 10,246.11

Despite these economic gains, poverty persisted for many who lived in the city. Unemployment was high among workers displaced by closing or relocating manufacturing plants; a high percentage of jobs in the growing service sector paid relatively low wages or provided only part-time work; race and sexual discrimination in the labor market denied many workers full opportunity for economic advancement; tens of thousands of third-world immigrants moved to the city; and rents rose dramatically for Boston's tenants, who make up two-thirds of the city's population, wiping out any gains in real income that many of them may have realized.

Fiscal Crisis and Federal Cutbacks

At the same time as Boston's private economy was undergoing a rapid expansion, national and local political forces drove the city deep into a new fiscal crisis. In 1980, Ronald Reagan was elected President of the United States on his promise to slash social spending, while in Massachusetts voters approved Proposition 2 1/2, cutting property taxes, the major source of revenue for local governments.

Deep cuts in urban spending under President Reagan forced Boston and other cities to find new methods of managing the economic and social problems that beset them. Federal aid to Boston, which was $167.4 million in fiscal year 1981, dropped 36 percent in 1982 and an additional 24 percent by 1985.12
In addition to these larger shifts in national politics, two unforeseen local events, Proposition 2 1/2, and a court decision (the "Tregor Decision") requiring the city to abate $78 million in back taxes to businesses, plunged the city deep into a new fiscal crisis in the early 1980s. Thus, simultaneous with the beginning of the greatest surge of new private investment in Boston's history, the city was closing schools and fire stations and laying off thousands of workers. During the first year of federal and local revenue cutbacks, the City of Boston laid off 3,820 workers, 19 percent of its total workforce.13 Because Proposition 2 1/2 so severely undercut the city's ability to raise taxes and because it pushed the city close to bankruptcy, Boston was closed out of the bond market for three full years, further limiting its ability to finance current expenditures and capital improvements. In 1984, the city's operating budget still showed a $40 million deficit. Boston, like other U.S. cities, has experienced periodic fiscal crises, but for the first time, perhaps, the crisis was triggered by the local and national electorate.

Matching Private Investment With Public Revenue Needs:
The City Sells Three Downtown Garages

In a turn of events, the city government, which had been subsidizing private investment in the city for twenty years, began to look to the new office development as source of new city revenue. During the 1960s and 1970s, political and corporate leaders claimed that urban renewal and private development could help correct the structural fiscal imbalance in central cities by encouraging middle-class residents to return to the city. Redevelopment was also touted for the new employment opportunities it would bring to the poor, and for its role in improving the urban environment. But the direct tax revenues that could be gained from new development was not considered important.14 In fact, the city had granted numerous tax concessions to developers, thereby reducing the tax
revenues that were obtained from new construction projects. Additionally, more than half of the new development built in Boston between 1975 and 1981 was exempt from the property tax altogether.15 Between 1950 and 1976 the proportion of total city revenues generated by central business district properties declined from 31.5 percent to 25.5 percent despite significant new construction.16 For twenty years, Boston's fiscal strategy promoted private development. Beginning in 1982, the city began to consider how private development could directly assist the its fiscal situation. The city also began requiring developers to make the site improvements—e.g. sidewalks, street improvements, transit stations, sewer hook-ups—that were formerly built with public money.

On November 19, 1982, one year into the new fiscal crisis, the Boston Redevelopment Authority announced that it was putting five city-owned garages up for sale.17 BRA Director Robert Ryan offered two rationales for the sale of the garages: one, proceeds from the sale, which were expected to net the city over $35 million, would be used to pay for capital improvements in the city's neighborhoods and debt service payment on city bonds; and two, the garages were an inefficient use of valuable downtown property that produced little income for the city. The tax revenues from new development were expected to be at least ten times larger than the revenues generated by the existing garage leases.18

Former BRA Director Robert Ryan said that he has "difficulty sometimes convincing people that we not only are a planning and development agency, but also we have turned into a revenue department...For every dollar spent in the planning accounts budget, $4 is returned in new annual taxes through new development."19

The city planned use the revenues from the garage sales to fund housing and school construction. Eventually, three of the garages were sold for a total of $41 million, but the money was not spent as initially planned. At one point, White
tried to divert $17 million to finance a new teachers contract, but failed to get the City Council's agreement. Mayor Flynn ended up using the entire sum to cover the city's fiscal year 1984 budget deficit.

In 1982, the BRA began accepting proposals to develop the three garages, and also opened competition on three other city-owned sites downtown, as well as one privately-owned urban renewal site. By the end of 1983, the BRA also accepted proposals for four new office developments on privately-owned downtown sites. These eleven projects, six on public land, one in an urban renewal project area, and four on private land, represented the next generation of new downtown development in Boston.

Kevin White's Final Legacy: The 1983 Development Pipeline

1983 was Kevin White's sixteenth year as mayor of Boston. During his four terms in office Boston's political, social, economic, and physical environment underwent major changes: the city had completed numerous urban renewal projects and had built scores of new public facilities such as schools, libraries, and police station; it went through periods of economic improvement, steep recession, and revitalization; it experienced deep social conflicts over school integration; and it continued to lose large segments of its white working class and middle class population.

White, himself, had evolved during those sixteen years from a reform-oriented liberal who stressed neighborhood development, to a mayor who admired and imitated Mayor Richard Daley's political machine, and who spent more time in limousines and with downtown developers and architects. White was personally involved in downtown development—he often choose the developer, architect, and even the design and materials for projects, and frequently overrode the authority of the BRA director. The economic expansion of the early 1980s provided White with a dual opportunity; to close the
city's fiscal gap through new, commercial development, and to oversee the greatest construction boom in Boston's history. This would be his final legacy.

During late 1982 and 1983, the BRA reviewed proposals for the eleven downtown projects. Three of the projects met strong opposition from historic preservationists, but the other eight project reviews moved along uneventfully until June 1983, when White announced he would not be seeking a fifth term as mayor. From this point on, BRA Director Robert Ryan found himself under pressure to speed up the project reviews. There were two reasons for this: one, he wanted to obtain initial approval and developer designations on all of the projects by the end of the year so that Mayor White could take full credit for them; and two, he was under pressure from developers, who became nervous that changes in city government could jeopardize their projects.

With a heated and controversial mayoral race underway, the potential for future trouble was growing. When two progressive candidates, Ray Flynn and Mel King, won the preliminary mayoral election in September, developers perceived a potential threat to their projects. Both candidates were neighborhood-oriented candidates who had little experience with, or concern for, downtown development, and both were strong proponents of imposing a housing impact exaction, or "linkage" fee, on new development. Additionally, the pro-rent control stance of both men antagonized the housing fraction of the real estate industry. Developers went to Ryan, asking for help in approving their projects before White left office. That fall, the BRA began working overtime on the projects. In the final few months of White's term in office, the BRA Board granted tentative approvals (design approvals and developer designations) to eight of the eleven projects.

Kevin White was not content to merely push through a final wave of projects, however. He also sought to ensure continuity in BRA development policy after he left office by
reappointing four BRA board members to new four year terms. (The fifth member of the board is appointed by the governor of the commonwealth.) On October 14, the City Council voted 8-1 to approve White's reappointments. The lone dissenting vote was by mayoral finalist and city councilor Ray Flynn. Two weeks later, and only a week before the final election, Flynn proposed abolishing the Boston Redevelopment Authority.26

THE 1983 MAYORAL ELECTION AND BOSTON’S NEW POLITICAL COALITION: CHARTING A NEW DOWNTOWN DEVELOPMENT POLICY

The mayoral election in 1983 was notable for at least two reasons. First, for the first time in the history of the city, a person of color, Mel King, made it into the final mayoral election. King garnered the most votes in the September preliminary election. His success was just one indication of the growing political power of progressives and people of color in Boston politics. This power resulted from the increased political experience and maturity of these groups, but also from the changing racial and ethnic composition of the city. Between 1970 and 1980 the percentage of whites living in Boston dropped 25 percent, but increased for all three of the city's three largest racial minorities. The Black population increased by 21 percent, Asians, 55 percent, and Latinos, 101 percent. In 1970, 82 percent of the Boston's residents were white. By 1983, people of color comprised about one-third of the city's population.

The second notable aspect of the race was that both finalists were neighborhood-oriented candidates whose legislative records favored poor and working class people. Both candidates had strong support from community organizations, labor unions, tenants associations, and other progressive groups. They also shared relatively similar positions on housing on development issues: they favored full rent and

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condominium conversion controls, and also favored limiting or eliminating the power of the Boston Redevelopment Authority and granting neighborhoods greater control over local development.

A leading issue during the campaign was whether the city should adopt a policy requiring developers of downtown projects to build or finance affordable housing in the city. The policy, known as "linkage," was borrowed from a similar plan that San Francisco had adopted two years earlier. In Boston, the idea was supported by Boston Fair Share and other housing advocacy organizations, as well as by the Boston Globe. Linkage and the broader concept of spreading downtown's wealth to the neighborhoods became a central theme of the mayoral race and helped lift Ray Flynn into office. The final section of this chapter will deal more extensively with housing linkage.

Flynn brought a new political coalition into City Hall. His core supporters and campaign workers were drawn mainly from two camps: one, was his traditional base of moderate and liberal supporters drawn from the city's Irish working-class neighborhoods. Two, was a group of leftist community organizers and activists, many of whom were connected with Fair Share, the Massachusetts Tenants Organization, and similar grassroots organizations. This latter group, which later became known as the "Sandinistas" in City Hall, obtained considerable influence in shaping the new mayor's policy agenda. Flynn appointed Neil Sullivan, a former Fair Share organizer, as his chief policy advisor.

The new administration had three major policy objectives in its first year. The first was to obtain new state aid and the authority to raise new local taxes from the state legislature. Flynn inherited a $40 million operating deficit from White when he took office, and he needed new revenues to balance the budget without major cutbacks in city services. The second objective was to obtain City Council support for
stronger rent and condominium conversion controls. And the third was to gain control over the city's development policy. As was mentioned above, the BRA board was dominated by White appointees. BRA director Robert Ryan, who was also appointed by White, still had two years left in his term, but Flynn soon started looking to find a replacement for him. In June 1983, the mayor hired Stephen Coyle, a former HUD official under Carter with private sector development experience, to take over from Ryan. Flynn was now prepared to begin setting his own development policy for the city. Or was he?

The Pipeline Projects: Flynn Manages the White Legacy

During his first six months in office, Flynn refrained from making any major policy statements or decisions on pending downtown projects since he did not yet have control over the Redevelopment Authority. But within days after Robert Ryan left his job as BRA director, the mayor began to take action: his development advisor, John Connolly, sent a letter to the BRA board asking them to reverse their decision to approve a zoning change allowing the construction of a building next to Faneuil Hall. It was the smallest of the eleven projects in the pipeline, but the new administration objected to the impact the 121-foot high building would have had on the historic Faneuil Hall, only fifty feet away.27 When Coyle started his new job as BRA director, his first task was to figure out exactly what to do with the ten other downtown projects that were left over from the previous administration.28

One project was a proposed 400-foot high Holiday Inn behind City Hall. Two were mixed use projects: Arlington/Ha-dassah was a mixture of luxury condominiums, office and retail along the Public Garden; and Rowes and Fosters Wharves was a hotel, condominium, and office complex. The other eight were office buildings: International Place, a five building, 600-foot high complex; 99 State Street; 150 Federal Street; 101
Federal Street; 101 Arch Street; 99 Summer Street; and 500 Boylston Street, which would become the new headquarters of the New England Life Insurance Company. Together, these projects represented 6.5 million square feet of new office, residential, and retail space.

Three of these proposed office projects were the focus of great public controversy. The Boston Preservation Alliance, Boston Landmarks Commission, and the Boston Globe opposed the plans for International Place, which would cast shadows over a nearby historic district due to its enormous height. The Preservation Alliance filed a lawsuit against the BRA to stop the project in September 1984. The Preservation Alliance also vigorously opposed plans to demolish the historic Kennedy's building. And in the Back Bay, a number of neighborhood groups were lined up in opposition to New England Life's massive twin-tower project that would overshadow their neighborhood.

On November 30, 1984, Mayor Flynn and BRA Director Coyle, in a highly publicized press conference, announced they were giving approval to nine of the ten projects. Only the hotel behind City Hall was missing from their list. The announcement did not grant formal approval to the projects, but indicated that the Mayor was putting his support behind them as they progressed through the design, zoning, and environmental review process.

Generating Public Benefits from Private Projects

Amidst the fanfare of approving these projects the administration made a great deal out of the public benefits that would be generated by these projects: linkage, additional contributions, design benefits, and new tax revenues. Coyle also took credit for scaling down some of the projects, but his public statements tended to exaggerate the changes he actually made. While there is no doubt that Flynn and Coyle obtained new concessions from developers in the form of
economic and design benefits, an examination of those changes does not reveal major changes from what had been approved before Kevin White left office. The heights of four buildings remained essentially the same, three buildings were slightly lowered, and two actually became taller after Coyle stepped in. Ironically, one of the buildings that was shortened, 101 Arch Street, was already the third shortest building out of the nine. The tallest building, the 600-foot International Place, was not reduced in height at all, although its total area was reduced from 1.8 to 1.65 million square feet.

Design improvements were made in most of the projects, but one office building was substantially redesigned for the worse. 160 Federal Street rose from 24 to 28 stories, and the facade was changed from pink granite to blue reflective glass. Even though the designs of the pipeline projects generally improved after Coyle took over at the BRA, the changes were not dramatic and were uneven from project to project. Since 1984, in response to continuing opposition from Back Bay civic organizations, the BRA has forced New England Life to completely redesign half of its 1.3 million square foot project, and it may also force the developer of International Place to redesign phase two of its project.

Flynn and Coyle never claimed, however, that their new development strategy emphasized urban design. They claimed to be most concerned with the issues of economic justice and opportunity; with ensuring that Boston's poorest citizens could take full advantage of the growing downtown economy. A BRA report summarizing the nine pipeline projects states:

The apparent lag in Boston-resident participation in the benefits of the Boston economy is a principal factor behind the concentrated poverty in many of its neighborhoods...Accordingly, at the center of the public debate over Boston's growth policies is not the issue of height, design, or massing of buildings, although these are important concerns. The critical issue is economic justice.30
The public economic benefits that Flynn and Coyle hoped to extract from these projects were expanded employment opportunities for Boston residents, increased tax revenues, and affordable housing derived from linkage payments. Despite their intentions, however, it is not obvious that they significantly expanded the level the public benefits over those already achieved by the previous administration.

**Employment Benefits.** Boston residents have received a small share of downtown construction and permanent office jobs. The resident workers' share of employment in Boston's offices has been steadily dropping for over a decade. In 1974, 31 percent of all office jobs were held by Boston residents. By 1978, this figure dropped to 25 percent, and by 1986 had fallen further to only 22 percent. Moreover, the jobs that city residents held tended to be in lower skilled and lower wage jobs. Additionally, city residents, particularly people of color and women, have not received major share of downtown construction jobs.

With the approval of the nine projects, Flynn initiated a Boston-residents jobs program, requiring private developers to make a "best good-faith effort" to meet hiring goals for the 13,000 jobs created by private project construction: 50 percent for city residents; 25 percent for people of color; and 10 percent for women. Flynn also made it an objective to raise the percentage of city residents obtaining permanent jobs in new office buildings to 50 percent, and in 1987 he announced the formation of a commission to implement a policy for permanent office employment (which would be voluntary, however, and achieved through negotiations with developers and building tenants). The new buildings were projected to accommodate over 24,000 new office and retail jobs. With a prevailing 22 percent resident hiring rate, this would mean 5400 new jobs for city residents. But if Flynn were successful, however, the number would rise to 12,000 new jobs. It is not clear, however, to what extent this policy would extend
jobs to previously unemployed people in Boston or whether it would merely encourage workers who would have lived in the suburbs to move into the city. Since the nine projects are not scheduled to be ready for occupancy until mid-1987 or 1988, it is too early to tell what kind of success the Mayor will have with the new jobs policy.

It is already clear, however, that the "50-25-10 percent" job goals for project construction have not been met, even on publicly assisted project. In the last six months of 1986, private developers hired only 32 percent Boston residents, 14 percent people of color, and 3 percent women. These hiring figures are considerably higher than in the past, but still indicate only limited success of Flynn's two year old policy. One factor contributing to this failure was that Flynn did not adequately implement monitoring and compliance methods until late 1986. Another factor is continuing resistance to integration by building trade unions. This is particularly important since downtown projects are almost fully unionized and most apprenticeship programs are also run by the unions.

Linkage Payments and Voluntary Contributions. Flynn and Coyle also justified approval of these projects because of the linkage fees and additional cash payments they would generate. Once again, our analysis shows that these benefits were not significantly increased above the amounts already secured by Kevin White a year earlier. The linkage fees could not be increased since the city ordinance established a fixed formula for calculating these payments, based on the square footage of a project. Linkage payments from the nine projects totalled approximately $25 million, but they were to be paid out over a period of twelve years. The present value of the payments was thus about $12.5 million.

On top of the fixed linkage fees, former Mayor White had negotiated additional contributions from Ronald Druker, developer of the Arlington-Hadassah project, for $665,000 and annual payments of $75,000 to maintain the public garden.
Flynn negotiated for additional "voluntary" contributions, or "special initiatives," from other developers to fund programs for housing, job training, and athletic scholarships, but these payments were relatively insignificant. Altogether, Flynn and Coyle obtained an additional $2.45 million from developers, which amounted to an increase of only 20 percent over the present value of the standard linkage contribution, and less than .2 percent of total costs for the nine projects, which were approximately $1.3 billion. Despite the mayor's claim that these projects would make significant contributions to funding critical housing and social programs, this sum hardly represents a major financial contribution by downtown developers.

Coyle negotiated a substantial additional contribution from only one developer, Lincoln Property Company of Dallas, the developer of 101 Arch Street. It is instructive to note how and why this developer paid an extra $750,000, a sum roughly equal to the present value of the project's $1.5 million linkage payment. 101 Arch Street was strongly opposed by historic preservationists, who wanted to see the old Kennedy's department store building rehabilitated rather than torn down to make room for a new office building. For over a year and a half, the BRA had been negotiating with the developers and preservationists to find an acceptable compromise, but had yet to reach an agreement or grant tentative design approval to the project. For these reasons, and because the Flynn administration was also looking for a way to satisfy the preservationist community, it seemed likely that the project would be rejected by the new BRA director.

To the developer's surprise, Coyle favored the project and was anxious to forge a compromise that would be acceptable to preservationists and to the mayor. Coyle required the developer to make two costly design changes: one, to lower the building from 324 to 275 feet, and two, to eliminate three floors of above-ground parking. In addition, the developer
agreed to renovate three small buildings adjacent to the proposed new development. Lincoln had earlier agreed to construct a new subway station with handicapped access for $7 million. Finally, in order to make the project appealing to the Mayor, who would be risking a battle with the preservationists if he approved it, Coyle asked the developer to contribute $750,000 to renovate 30 low-income housing units in Roxbury. With this, the project received approval from the Mayor; and when it went before the BRA board for zoning approval, people from Roxbury testified in favor of the project. Altogether, the developer's many concessions made this one of the most expensive office projects in Boston per square foot.

The case suggests two important points about linkage. The first is that the economics of projects would probably have allowed the new administration to obtain greater contributions from other developers had it used its full power to do so. For example, International Place's additional contributions of $400,000 were less than half of those made by the 101 Arch Street Project, even though it is four times its size. The second point, which we shall return to later, is that linkage had been used to politically justify a project that might otherwise have failed to gain approval.

**Fiscal Benefits.** A final justification for these nine projects was that they would generate $31 million in new annual tax revenues. According to the BRA, this sum represented about ten percent of the total property tax revenues collected by the city in fiscal year 1984, when the city ran a $40 million operating deficit. Since 1982, Boston has increasingly relied on construction to generate new property tax revenues. Proposition 2 1/2 has had the contradictory effect of limiting the amount of tax revenue that Boston could collect from new development, while also increasing the city's reliance on that development for revenue growth. The measure also enhanced the attractiveness of real estate investment in
Boston by lowering the property tax rate and by adding predictability to the future tax costs of new buildings.

The tax measure had forced the city to lower its overall tax rate to 2 1/2 percent of assessed value, and has limited subsequent increases in the tax levy to no more than 2 1/2 percent annually, thereby limiting Boston's tax growth to far less than the rate of inflation. The only exception to the growth cap is tax revenue generated by new development. Thus, in fiscal year 1987, when Boston increased its tax levy by $27 million from $395 million to $422 million, 36 percent represented the allowed 2 1/2 percent increase, 24 percent, or $6.6 million, came from construction of major commercial projects, and the remaining 40 percent came from other commercial and residential development.37 Taxes from all new development between 1984 and 1987 will constitute approximately $69 million, or 15 percent of the fiscal year 1988 tax levy. This does not even equal the amount of tax revenue lost in the first year of Proposition 2 1/2 tax reductions. Since property tax revenues account for just 37 percent of total city revenues, the $69 million represents roughly 6 percent of total projected revenues for fiscal year 1988.

Even though the city is restricted in its ability to tax new development, it has found other means to gain fiscal benefits from the expanding economy. First, state aid to Boston has increased in recent years, reflecting both a shift toward greater local revenue sharing as well as higher state tax revenues, which have been generated, in part, by the expanding Boston economy. Boston's fiscal situation, in other words, indirectly benefits from local economic growth through increased state tax revenues and state aid. Second, the city gained approval from the state legislature in 1985 to levy two new local taxes: one, a tax on jet fuel, and two a tax on hotel rooms. Together, these two taxes will generate about $27.6 million in fiscal year 1988. Since business travelers
account for a major share of airline flights and hotel stays, these new taxes represent taxes on local business activity.

Third, the city has obtained new revenue from development by selling and leasing land to private developers, a policy initiated by former BRA director Robert Ryan. The BRA, for example, collected $10.2 million from property dispositions in fiscal year 1987 and another $1.4 million from property management. Rowes Wharf, one of the pipeline projects, is the BRA's largest single groundlease, generating over $2 million in annual rent payments. The base rent for Marketplace Center, another downtown project initiated by the BRA under Ryan, is $1.4 million.

Income from dispositions and property management accounted for 39 percent of the BRA's fiscal year 1987 revenues, up from $71,000, or only .3 percent of the agency's 1983 budget. This has helped compensate for cutbacks in federal funding and for reductions in local tax revenue. By 1988, the BRA will no longer receive planning appropriations from the general city budget, whereas in 1984 these appropriations cost the city $5.4 million. BRA property dispositions represent an important source of new revenue from development, producing far more money than the city will ever earn from linkage. It is not clear, however, how the BRA will spend this money.

Political Considerations Affecting Redevelopment Policy

Mayor Ray Flynn did not approve the nine pipeline projects simply because of the calculus of economic benefits. He was also responding to political commitments and constraints emanating from his own working-class constituency, from the downtown business community, from the purchasers of municipal bonds, from the state government, and from his need to maintain political order and build his own political power.

Delivering Housing and Jobs. Flynn's first commitment as a politician was to his core working-class constituency, to those who had not fully shared in the city's new wealth. In
his campaign for mayor, Flynn stressed his commitment to improve the housing and employment opportunities of the city's less well-off residents. Previous city administrations had been able to draw on four major resources to fulfill these goals: patronage jobs in city government; public works employment funded primarily by long term debt and federal grants; public housing and subsidies funded primarily by the federal government but administered locally; and, finally, private economic development which would increase local employment and expand the city's tax base, allowing it to finance new public services.

In 1984, Ray Flynn was unable to make much use of these first three resources, and was forced to rely heavily on the fourth resource, local private economic development. Proposition 2 1/2 and federal cutbacks had resulted in steady reductions in the city payroll, and with a large operating deficit in 1984, Flynn was forced to again reduce the city's workforce when he took office. Nor was Flynn able to hire many city residents to build capital projects, again as a result of federal cutbacks and Proposition 2 1/2. Proposition 2 1/2 so severely damaged Boston's fiscal situation that for three years, from 1981 to 1983, the city was denied access to national bond markets. Between 1981 and 1984 Boston's city-funded capital expenditures averaged only $20.6 million, down from the 1960-1980 annual average of $75 million.39

Finally, Boston has long relied on federal housing subsidies to compensate for the failure of the private housing market to adequately house its citizens and to buffer the displacement effects of urban renewal. One in ten Boston residents lives in public housing, and in the South End, and urban renewal neighborhood, half of the rental units receive some form of public subsidy. Federal housing assistance to Boston fell from $30 million to $10 million since President Reagan took office in 1981. New state housing programs have made up for a portion of the federal cutbacks, but Flynn is
still limited in his ability to satisfy the housing needs of his constituents.

These cutbacks forced the administration to rely increasingly on private enterprise to meet social needs: he expanded the Boston resident jobs policy, and tapped corporations and developers to pay for educational scholarships, summer youth employment, and job training programs. He has also strengthened the housing linkage policy and informally implemented an inclusionary zoning policy that requires luxury housing developers to construct affordable housing. The significance of these privately-funded initiatives lies only partly in their ability to fulfill social policy goals, however. Their symbolic value is equally important: they demonstrate to Boston's poor and working-class citizens that Mayor Flynn trying to spread downtown's wealth to their neighborhoods, and they strengthen a sense of civic responsibility among Boston's corporate elite.

Building Credibility With Downtown Businesses. Flynn's development policy has also been shaped by his need to respond to downtown business interests. First, as just discussed, he has needed the cooperation of downtown businesses to support various social policy initiatives; second, he has needed the support of local business interests to obtain new taxing authority from the state legislature and to regain access to bond markets; third, he wanted to prove that he could work cooperatively with downtown business interests so they would not oppose his policies or future political ambitions; and fourth, he wanted to maximize employment and tax revenue growth in the city.

One of the ways Flynn planned to overcome the current fiscal crisis was to obtain authority from the state legislature to levy new taxes, something that Kevin White was unable to do in sixteen years as mayor. Flynn gained critical support for new taxes from the Vault and the Boston Municipal Research Bureau by reforming the city's fiscal management, and
by demonstrating, in his approval of the nine downtown projects, that he could be trusted by the business community. He had already jeopardized this trust during his first year in office with his populist rhetoric and a bloody battle with real estate interests over proposed rent control and condominium conversion regulations. Flynn's reformed fiscal management practices, pro-business development policies, and new taxing authority allowed the city to improve its bond ratings and thereby reenter municipal capital markets.

Flynn also needed to promote downtown development to improve the city's employment and revenue base. Boston has the largest concentration of poor and unemployed people in the commonwealth, which only adds to the city's already tenuous fiscal condition, and therefore the city needs to attract as much industry as possible. If businesses could not find office space at an appropriate rent downtown they could move to a nearby city or suburb such as Cambridge, Quincy, Malden, or Braintree. This would result in diminished employment opportunities for Boston's central city residents and, because of metropolitan fiscal fragmentation, lower tax revenues for city government.

On a larger scale, Boston competes regionally with other major U.S. cities, particularly with New York. For Boston to retain or enhance its position in the national and international hierarchy of cities, it is forced to encourage more growth in advanced business services. Only by increasing the local concentration of these activities can the city obtain the agglomeration economies that will permit further specialization and improve the competitiveness of its economy.

Flynn did not campaign to slow or stop downtown growth, but his populist leanings lead developers and business leaders to think that he might. Had he attempted to slow growth, however, he would have risked political suicide. His constituents would have reacted adversely to such a policy because it would have reduced private employment opportunities and the
revenues needed to pay for city services; the state government, local financial institutions, and bond rating services would have perceived such a move as fiscally unsound; and local businesses would have used their considerable political power to remove him from office in the next election.40 Rather than challenging the power of private business to direct the economic future of the city, Flynn engaged them in a set of policy initiatives that have attempted to link downtown's private economic growth with public needs. The next section examines one such policy, housing linkage, in greater detail.

LINKAGE: THE POLITICS OF HOUSING AND ECONOMIC DEVELOPMENT

Linkage is an idea that grew out of community struggles over redevelopment. The underlying concept is simple: redistribute a share of the profits from commercial development to create affordable housing. The rationale for linkage is pragmatic, both from a policy and political standpoint. The economic benefits of downtown development are not shared by all of the city's residents; in fact, many people are harmed by the inflationary effects of redevelopment on the local real estate market. Linkage is needed both to mitigate the economic effects of new commercial development on the supply of affordable housing and to satisfy political demands for a more equitable distribution of the city's growing economic pie.

The housing linkage policy represents one of the few significant policy initiatives in recent years that seeks to redistribute economic wealth at the local level. It runs against the commonly accepted public policy wisdom that efforts to redistribute wealth are futile, or at best highly limited, at the municipal level of government. But Boston has been forced to find new local solutions to its problems
because it can no longer rely on generous federal funding to pay for its social needs.

Linkage also represents a creative attempt to resolve the politics of uneven economic development in the city. The experience of urban economies during periods of growth, as well as during periods of decline and even relative stability, demonstrates that the costs and benefits of economic change are shared very unequally, with the costs falling disproportionately on poor people and tenants. Political organizations and entrepreneurs have tried to harness the frustrations and hopes of tenants and working-class citizens through innovative policies like housing linkage. This section explores the origins of linkage in the late 1970s, its passage into law in 1983, and its implementation through 1987.

Revitalization, Displacement, and Housing Linkage

Boston's working class residents and community activists have long been involved in the city's redevelopment program, but their role has been far different than the roles played by the city's development staff, political leadership, and private real estate entrepreneurs. In the 1950s and 1960s, thousands of Boston's low income, downtown, residents were forcibly removed by the government to make way for new urban renewal projects. Among those whose homes were destroyed in the city's first urban renewal project was Mel King, whose family lived in the New York streets area of the South End. King later became a leading critic of the city's redevelopment policies. Although urban renewal was purportedly designed to improve housing conditions for low income people as well as to promote economic development, Boston's own renewal program demolished 6,413 more housing units than were created through new construction and public housing between 1949 and 1967.41

But direct demolition of housing by the state through urban renewal is only one cause of housing displacement. Perhaps more damaging to the housing opportunities of working
class families are the market-oriented processes of gentrification and speculation. Gentrification occurs when high paid managerial and professional workers (who are employed in downtown office buildings) move into neighborhoods close to downtown and bid up housing prices, to the point that working class families can no longer afford to live in their own neighborhoods.

Moreover, as redevelopment and gentrification push land values upward (and this was one of the stated goals of urban renewal), or if it is even perceived that this might occur, speculators increasingly enter the housing market to capitalize on appreciating land values and rents. Speculation becomes a self-fulfilling prophecy as the demand for real estate by investors drives property values and rents further upward. Thus, gentrification and speculation lead to the displacement of poor and working class people from their homes. The physical revitalization of city neighborhoods often worsens the housing situation of existing residents and destroys the social fabric of the community through displacement.42

In the 1950s there was little organized opposition to slum clearance activities, but by the 1960s and early 1970s activists intervened in numerous urban renewal projects to slow displacement and to gain greater public commitments to build and fund affordable housing. The South End, a multi-ethnic, working class neighborhood adjacent to the central business district, was the primary location of these struggles in Boston.43 One outcome of these struggles was the emergence of community development corporations that built affordable, non-commodified housing.

By the late 1970s, as we have seen, the public sector was no longer the driving force behind redevelopment in the city. Increasingly the physical and economic character of the city was being shaped by the momentum of private market activities: by the expansion of finance and insurance corporations; by
private real estate entrepreneurs and development companies; and by middle class professionals gentrifying Boston’s working class neighborhoods.

The idea of requiring private developers to provide specific economic benefits to the community originally grew out of negotiations and struggle over the $500 million Copley Place multi-use development that sits between the South End and Back Bay. Because of pressure from community organizations such as the Boston Jobs Coalition and the Tent City Corporation, the developer of Copley Place, Urban Investment and Development Corporation of Chicago (UIDC), agreed to set aside a percentage of permanent new jobs created: 50 percent for Boston residents, 30 percent for people of color, 50 percent for women, and 17.2 percent for neighborhood residents. In addition, UIDC agreed to included 25 units of affordable housing in its development, even though this was far below what the community had originally demanded. Nevertheless, the Copley Place struggle was significant because it demonstrated a new strategy to link commercial development with community development.

At about the same time as the Copley Place negotiations were taking place in 1978, Mel King, a state representative who lived across the street from the proposed project, introduced a bill into the state legislature called the Neighborhood Stabilization Act. The act, which did not pass however, would have required developers of large commercial projects to include housing displacement impacts in their environmental impact statements, along with a plan to mitigate any problems. Two years later, members of the All-City Housing Organization (ACHO) adopted the anti-displacement measure as part of their housing platform, but this, too, did not lead to any immediate changes in local public policy.

The idea of imposing housing impact fees on new development was reintroduced to Boston in 1981 by Boston Globe columnist Kirk Scharfenberg, following a visit he made to San
Francisco, which had just adopted such a regulation. In columns that he wrote for the paper in 1981 and 1982, Scharfenberg coined the term "linkage" to describe the policy innovation. Bruce Bolling, a city councilor from Roxbury, borrowed the idea of linkage from Scharfenberg and brought it before the City Council in March 1983. The idea unanimously passed the City Council, only to be vetoed by Mayor Kevin White.

Linkage was then picked up by Boston Fair Share, a progressive community organization. Fair Share was more interested in linkage for its political than for its policy implications, however. A mayoral campaign was underway in mid-1983 and two of the nine candidates, Mel King and Ray Flynn, were strong neighborhood-oriented candidates. The leading contender in the race, David Finnegan, represented established business and middle class interests. Fair Share wanted to find a way to publicly differentiate the candidates along class lines so that when poor and working class citizens went to the polls they would know who to vote for. Working with other housing and community organizations, Fair Share put the linkage on the ballot as a referenda question to focus public attention on the issue.

The strategy was an immediate success. The Boston Globe editorialized in favor of linkage, and King (who had helped develop the idea five years earlier) and Flynn quickly threw their support behind the idea. Housing linkage, and the broader concept of spreading downtown's wealth to the neighborhoods, became a primary theme of the mayoral race and helped lift Ray Flynn into office.

Meanwhile, Mayor White, who was not running for reelection, sensed the growing momentum and inevitability of linkage. He then decided to coopt the issue in order to take credit for its passage, while also minimizing the possibility of a stronger linkage measure being enacted after he left office. In June 1983, he established the Advisory Committee
on Linkage, composed of thirty businesses, community, and political figures, but slanted toward the real estate development community, to work out a compromise on the issue. The committee was co-chaired by Bolling and Edward McCormack, a close ally of White and one of Boston's most prominent real estate attorneys.

The Committee heard testimony from a wide range of housing and development experts, and debated various aspects of the proposal; but it never seriously explored the specific economic impacts of development on the local housing market, and thus it created a linkage policy without adequately addressing the actual level of need for such a policy. (Nor did the committee explore alternative ways of raising money for housing--e.g. such methods as tax increment financing or a property transfer tax.) Instead, the committee proposed a compromise linkage proposal that was simply the midpoint between the community and business positions, a fee of $5.00 for each square foot of new commercial construction in excess of 100,000 square feet, to be paid in twelve annual payment beginning when the building received its certificate of occupancy. The discounted value of these payments would be about $2.50. The proposal was adopted as an amendment to the city's zoning code on December 28, 1983. Noticeably missing from the amendment were any specific guidelines on how to implement the spending of linkage fees. Mayor White succeeded in taking credit for the new policy, while also minimizing the likelihood that the new mayor would pass a stronger law.

Since Ray Flynn became mayor in January 1984, the words development and linkage have become close relatives. Each supports the other. Commercial development pays for affordable housing, and linkage provides a continuing rationale for new office development. It is likely that without linkage, there would be greater public hostility to new construction. "Neighborhood" Ray Flynn has become, at once, a great advocate of downtown development and affordable neighborhood housing.
Despite initial fears that he would bring a populist, anti-business, orientation into City Hall, Flynn quickly built support within the downtown business community upon taking office and has stayed closely within the liberal Democratic tradition of promoting economic growth with redistribution.45

After taking office, Flynn was under pressure from housing advocates and tenants to strengthen the linkage formula. The Linkage Action Coalition proposed increasing the fee to $10 per square foot to be paid up front, and abolishing the exemption on the first 100,000 square feet; changes that would have quadrupled the present value of payments calculated under the existing formula.46 Flynn also favored a stronger formula, but since he had to balance the varied interests within his own administration and avoid a major confrontation with the real estate industry, which had already handed him a major defeat on his rent control proposal, he pushed for a modest change. The new formula, adopted by the BRA in February 1986, reduced the payment to seven years, beginning when the building permit is issued, and added an extra dollar to pay for job training programs. This increased the present value of the housing payment from about $2.50 per square foot to $3.50, a 35% increase.

The Economic Rationale for Linkage

The increased demand for housing by new office workers places pressure on the housing market because the supply of new housing in a city does not respond quickly to changes in demand, essentially because of the scarcity of land in the city. This excess demand, along with the rise in property values caused by high-rise development, pushes up housing prices and rents across the city. The rationale for linkage, or a housing impact fee, is to stimulate new housing construction so as to minimize this negative impact. Although the relationship between office development and housing is obvious to those who have been directly displaced by gentrifying
office workers, the more general relationship between development and housing prices has received less attention.

A recent study conducted by Jerold Kayden and Robert Pollard estimated the impact of office development by empirically establishing the extent to which new office workers raise the demand for housing. They found that 2,071 workers, or 7 percent of all workers in downtown office buildings built between 1976 and 1984, moved into the city when they were hired for their jobs. Since office space grew by 6.3 million square feet during these nine years, they further calculated that for every 3,042 square feet of new office development, one new worker moves into Boston. And based on an average household size of 1.4 workers per Boston residence, these new office workers have created demand for an additional 1,479 residences, thereby increasing the demand for rental housing by roughly 2 percent each year and resulting in an annual rent increase throughout the city of 2 percent.

Kayden and Pollard conclude that each square foot of new office space has resulted in annual rental housing price increases of $19.50. This suggests that Boston's revised linkage fee of $5 per square foot payable over seven years (a present value of $3.38) is inadequate to mitigate the actual impact of new office development on the local housing market. Based on Kayden and Pollard's analysis, we estimate that the 5.2 million square feet of new office space approved by Mayor Flynn and the BRA in 1984 will generate demand for 1,220 additional housing units in the Boston.

Despite this compelling impact analysis, linkage would not have been enacted unless there was adequate political pressure and unless the real estate market was strong and profitable. Up until the late 1970s, Boston's economic strength was still questionable and the city government continued to give tax breaks to developers to encourage them to build in Boston. By the early 1980s the economy and real estate market completely turned around. Declining interest
and local tax rates, along with rising rents, have combined to generate exceptional growth in the value of new office buildings. New commercial construction has been so lucrative in recent years that builders from around the country compete for the right to build in the city.49

When linkage was first proposed in 1983, real estate developers and conservative politicians suggested that it could damage the local development economy; that it would "kill the goose that lays the golden eggs." Today, it is generally accepted that linkage payments, which amount to no more than one percent of total project costs, are little more than a minor annoyance in a developer's proforma. Other factors are considered to be far more important to the financial success of a project. There is absolutely no evidence to suggest that linkage has slowed the pace of new commercial development in the city. Because developers and government leaders know that the current linkage exaction is not that burdensome; because politicians want to squeeze as many social benefits as possible out of new development; and because developers desire to get their projects approved, the city has been able to ask for, and get, additional "voluntary" contributions that go beyond the "mandatory" fee.

Implementing Linkage: Housing Creation and the Neighborhood Housing Trust

In 1985, new controversies emerged around linkage, when Mayor Flynn, two city councilors, and the newly organized Boston Linkage Action Coalition (BLAC) proposed alternative mechanisms to distribute the linkage money paid by developers under the "Housing Payment Option." The mayor established a three member Neighborhood Housing Trust that was completely under his control. The city councilors, Bruce Bolling and Jim Kelly, proposed to include more members on the Trust's managing committee as well as regulations to give the Council some control over the body. Kelly also proposed giving bankers,
landlords, and developers a major voice on the committee. The major rift was over how the linkage money was to be allocated. Bolling and Flynn proposed using the money exclusively for low and moderate income housing, while Kelly favored allocation criteria that would have given greater priority to moderate and middle income homeowners and landlords. The BLAC proposed that the Trust committee include a majority of low and moderate income residents and that linkage funds be used exclusively for low and moderate income housing.

Following a year-long struggle, the City Council adopted a compromise that gave the Mayor control over appointments to the Trust and that gave highest priority to low and moderate income housing, but that also allows up to 30 percent of linkage money to be used for middle-income housing. Since Mayor Flynn controls the managing committee, however, it is considered unlikely that he will allocate any linkage money to subsidize middle income housing. Nevertheless, the lengthy battle and compromise underscored the continuing divisions that exist within city government over linkage.

Developers have committed $35 million in linkage funds to the city, representing approximately 7.5 million square feet of new office space approved by the BRA between 1984 and 1987. The discounted value of this sum is approximately $20 million (of this, $12.5 million is derived from the 1984 pipeline project), which, in is not a large amount of money in comparison with other funding sources. For example, federal housing subsidies (Sections 8 and 312) to Boston in fiscal year 1980 totalled just over $20 million; the annual tax revenues from new development between 1984 and 1987 will amount to $69 million in fiscal year 1988; and groundleases of BRA property yielded the city $10.2 million in fiscal year 1987. Still, $20 million is a great deal of money, and its special value to policy makers is the great flexibility with which it can be utilized: the linkage zoning amendment specifies only that the money be used to create low and moderate income housing.
The ultimate impact of the linkage policy, in terms of how many units of affordable housing will be built, depends largely on how the policy is implemented. Developers have two methods of fulfilling their linkage obligations: the first, the "Housing Creation Option," allows a developer to directly build or finance new housing; the second is the "Housing Payment Option," in which the developer makes a cash contribution to the newly established Neighborhood Housing Trust (NHT). The BRA is responsible for implementation of the Housing Creation Option and a managing committee controlled by the Mayor administers the NHT.

Because the BRA and the NHT have chosen to retain flexible allocation criteria, it is not possible to gauge precisely how many new units of affordable housing will be built under linkage. Among the variables that will effect the final outcome include: how large a subsidy will be applied to each unit; how affordable the units will be (i.e. how many for low income? how many for moderate income?); whether the money is used to create rental or ownership housing; the percentage of low and moderate income units in the entire housing development; the long or short term affordability of the new housing; whether the money will be used for grants or short-term loans; how the funds will be matched with other public subsidy programs; and if the housing will be built by non-profit or for-profit developers.

It is possible to obtain a rough estimate of the possible impact of linkage, however, by imagining a few alternative scenarios. (These scenarios are not based on a detailed analysis of housing costs, but are used simply to suggest how much housing might be built.) For example, if the $20 million dollars were used entirely to build public housing at a cost of $85,000 per unit, then 235 units of permanent low-income housing could be produced. If all of the money was used to subsidized the purchase of equity housing by moderate income homeowners, lowering the cost of a unit from $85,000 to
$60,000 then 800 units could be built. If linkage provided only shallow subsidies, however, perhaps in connection with other public subsidies, as little as $10,000 might be sufficient to make the housing affordable to low and moderate income tenants or homebuyers. Linkage could then yield 2,000 new units.

Aside from the latter scenario which only affords shallow subsidies, these possibilities compare weakly with the estimated impact of 7.5 million square feet of new office development, which will generate demand for a minimum of 1,761 new housing units in Boston. The mayor's office projects that the total demand for new housing in the city (taking all factors into account) is over 3,000 new units annually.

Clearly, the range of allocation options is large and goes far beyond these simple scenarios. Without doubt, linkage funds will be utilized in a multiplicity of ways. Thus far, the BRA has already approved the use of linkage money for two housing creation options: one, $5 million to guarantee a bridge loan (which may never be paid back) to finance the rehabilitation of 400 low income units in the mixed-income Columbia Point project (or $12,500 per unit); the other was a $275,000 grant to construct 19 low and moderate income ownership units in Roxbury (or $14,500 per unit). Both of these projects have been sharply criticized by the BLAC because the 400 Columbia Point units represents retention of existing units, not new construction, and because the other project received a combination of public subsidies equalling $1.3 million, yet will ultimately produce few housing units affordable to the majority of Roxbury's residents.50

Housing advocates, concerned about the potential misallocation of limited linkage funds, propose that the BRA and NHT establish strict project eligibility and allocation criteria. The NHT will soon adopt project eligibility and review criteria and will also use a competitive Request For Proposal process to solicit linkage projects, which will allow the
managing committee to choose the best proposals. Because the BRA has not adopted specific criteria for the Housing Creation Option and will not use a competitive process, housing advocates and city housing policy staff are concerned that the Authority will not make the most best use of linkage money. They cite the two approved "Housing Creation" projects as evidence for their concern.

There is also a simmering struggle within the administration over how much linkage money will be utilized through the creation versus the payment option. Housing payment advocates favor the NHT because it uses a more democratic (i.e. open) and competitive allocation process, while housing creation proponents maintain that the creation option is able to build housing more rapidly than is possible under the payment option. Naturally, both the NHT and the BRA also want to maximize their control over scarce resources.

Unless the Flynn administration sets firm policy guidelines concerning the allocation of linkage funds, it remains practically impossible to judge how effectively linkage will create affordable housing and mitigate the costs of economic growth in the city. Since linkage was signed into law in December 1983, it took the City Council and Mayor Flynn two years to establish the Neighborhood Housing Trust, and an additional year and a half for the NHT to draft regulations. The BRA, meanwhile does not even intend to set down specific guidelines. Internal struggles within and between the BRA, City Council, the Neighborhood Housing Trust, and Mayor's office have accounted for this delay and lack of clarity in linkage policy. These struggles reflect as much the poor leadership of Mayor Flynn as they do the internal divisions within the governing regime and the local state.
CHAPTER 3

THE ECONOMIC DEVELOPMENT AND INDUSTRIAL CORPORATION,
CHINATOWN GARMENT INDUSTRY CRISIS, AND
DEVELOPMENT OF THE BRONSTEIN INDUSTRIAL CENTER

THE DECLINE OF MANUFACTURING IN BOSTON

Boston was never primarily an industrial city; and thus it is not really possible to speak of the deindustrialization of Boston. On the eve of the Great Depression, manufacturing accounted for only 19.8 percent of the earned income in the city. By contrast, in the metropolitan area manufacturing accounted for 31 percent of income and in the nation, 29 percent. The dominant industrial sector in Boston in 1929 was wholesale and retail trade, which together accounted for 31.6 percent of income.1 Together, manufacturing and trade accounted for 51 percent of the city's earned income. Manufacturing activity fell sharply during the 1930s, as it did throughout the nation, and by 1940 manufacturing income in Boston was less than 75 percent of what it had been 10 years earlier.

World War II lifted the entire national economy out of the Depression. In Boston, the wartime demand for armaments, ships, apparel and shoes supported a brief wave of industrial growth that lasted until the end of the 1940s. Manufacturing industries still employed about 115,000 workers, 21 percent of the city's workforce, in 1950. But Boston's main growth industries during this period were not in manufacturing; they were government, services, finance, and insurance.

National policies during the war and afterwards, however, stimulated the movement of population and industry to the western United States and to Boston's growing suburban communities. In addition to national economic development policies, a number of other market factors contributed to the decline of Boston's manufacturing base in the decades follow-
ing World War II: business failures, local corporations
branching out into new regions of the nation and world, and
the movement South by apparel, textile, and leather compa-
nies.2 In addition, many Boston manufacturing firms moved to
the suburbs because of favorable environmental factors (e.g.
less congestion and crime) and local government policies. The
trade sector also decreased in size during this time as new
highway construction lead to increased trucking, which dimi-
nished Boston's comparative advantage in wholesaling trade
that was based on its port and rail facilities. Finally,
metropolitan decentralization drastically reduced the central
city's importance as a retail trade center.

Although manufacturing's share of total earnings remained
steady through the 1950s, at about 20 percent of the city's
earned income, the actual number employed rapidly declined.
By 1965, only 75,804 were employed in manufacturing firms in
the city, a drop of 34 percent from 1950. Within six more
years, over 400 more manufacturing companies employing 17,000
workers closed or left the city.3 By 1986 there were only
39,360 workers employed by manufacturing firms in the city, or
7.4 percent of the total city workforce.4 Between 1950 and
1986, Boston lost 63 percent of its manufacturing employment.
The largest employment losses were in the food products,
apparel and leather, and electrical machinery industries.

Local government strategies to assist and cope with this
economic transformation varied throughout the period from the
1950s to the 1980s. Initially, attempts were made to keep
manufacturing in Boston. The city's first urban renewal
project, the New York Streets Project in the South End,
cleared a working class neighborhood to create a new indus-
trial park. Among the first tenants was the Herald-Traveler
(now the Boston Herald), one of the city's three daily newspa-
pers. Coming on the heels of the brief wartime expansion in
manufacturing, city planners in 1952 still envisioned a strong
role for industry in a revitalized Boston. But, this would be the first and only industrial urban renewal project in Boston.

By the end of the decade, changing economic circumstances clearly indicated that manufacturing would not be the wave of the future for the city. Manufacturing stagnated and wholesale and retail trade continued to decline. Meanwhile, employment in government rose by 35 percent in the 1950s, in services (particularly health and education), by 34 percent, and in finance, insurance and real estate, by 48 percent.

The urban renewal strategy implemented by John Collins and Edward Logue grew out of these perceived shifts in the city's economy, and did what seemed necessary to prepare the city for its new future. Since the 1960s, the BRA's service sector oriented redevelopment strategy has resulted in the direct or indirect displacement of hundreds of older firms and thousands of residents to make way for new offices, medical institutions, luxury residences, etc. According to the traditional land use theory underpinning BRA policy, businesses that can pay higher prices for land are deemed the "highest and best use" for the land. Since they make the most "efficient" use of the land, the losses that may arise from displacement are always considered secondary to the gains of the new use.5

The attitude of city government was markedly different to expanding downtown service businesses than it was to older manufacturing businesses. "If I heard someone was thinking of constructing a new office building," Logue recalls, "I would get them in a room and not let them out until I had a deal with them."6 Contrast this with Tom Legatt's observation of the treatment given to manufacturers (Legatt is a commercial and industrial real estate broker who was active in the Chamber of Commerce during the 1960s): "In Boston the government was slow to respond to the needs of manufacturers, they didn't have the capacity to act fast if a firm was looking for new space to expand. In the suburbs it was very different;
town officials would be very helpful to a firm thinking of moving in. They would sit down with you and have everything worked out in a day."

ORIGINS OF THE ECONOMIC DEVELOPMENT AND INDUSTRIAL CORPORATION

The idea of forming the Economic Development and Industrial Corporation (EDIC) arose within the Chamber of Commerce's Industrial Development Committee, which began meeting around 1964. Members of the committee, most of them drawn from the real estate industry, could see that manufacturers were not getting adequate attention from City Hall and believed that it would be possible to do something to keep manufacturers from leaving Boston for the suburbs. The Chamber was dominated by Boston's biggest firms—the insurance companies, retailers, New England Telephone, Gillette, etc.—but it also represented hundreds of smaller firms. George Seybolt, the owner of the William Underwood Company, a food manufacturer, and the President of the Chamber (as well as chairman of the Vault), participated in the Industrial Development Committee's meetings.

George Seybolt supported Kevin White's bid for the mayoralty in 1967 and was one of White's earliest allies in the business community. Soon after taking office, White found he had inherited a large budget deficit from former Mayor John Collins and wanted to raise taxes to balance the budget. White went to Seybolt to preemt business opposition to a tax increase. Seybolt agreed not to oppose the tax increase, but told White that businesses needed something in return. He said that Boston's manufacturers needed a "beachhead" in City Hall, and proposed establishing a new City Agency to advocate for these businesses.

In 1969, Mayor White set up the Economic Development and Industrial Commission to study the needs of the city's manu-
facturers and to make policy recommendations. The Commission had thirteen members, most of whom were affiliated with the Chamber of Commerce, and real estate and financial businesses.

Seybolt, Leggat, and the other members of the Commission believed that it was still important to keep manufacturing alive to make the city viable, that it was not sufficient to rely strictly on service industries to revitalize the city. It is important to remember what was happening in 1969: urban renewal had already been around for over 15 years and some new private development had occurred, but by and large the city had not yet gotten back on its feet. Professional and working class families, along with industrial companies, were still leaving the city for the suburbs. At that time, no one could be certain that office employment would ever make up for the tens of thousands of good manufacturing jobs that had left the city. EDIC's founders were still committed to the idea of a revitalized Boston that included blue-collar workers.

What distinguished Chamber leaders like George Seybolt and Tom Leggat from the corporate leaders who supported urban renewal is that they had no direct economic stake in EDIC's industrial development activity: their businesses did not locate in EDIC parks, they did not provide project financing, and EDIC projects did not increase the value of their own real estate holdings. Only one industrial firm was even represented on the Commission. These members of the commission had long been involved in Boston's civic and business affairs, and from their vantage points they saw a need for a more balanced economic development policy for the city, one that acted on behalf of Boston's blue-collar industries, not just for downtown service industries.

The members of the Commission saw themselves operating in the long run interests of the city and of its blue-collar workers and industries. Seybolt felt that by stabilizing the city's manufacturing base, Boston's working-class neighbor-
hoods, which had been losing their populations to the suburbs, could also be stabilized.

Based on the recommendation of the Commission, the city established the Economic Development and Industrial Corporation in 1971. Like the BRA which was formed fourteen years earlier, EDIC was established by an act of the state legislature as an autonomous agency of the city government. The institutional structure of the agency is similar to that of other urban redevelopment, transportation, and public works authorities: it has its own board of directors, independent borrowing and financing authority, and the right to acquire land using the power of eminent domain. The organization maintains a separate budget from the city government. During its first nine years, Seybolt, EDIC's board chairman, operated the agency with great independence from City Hall. The other six members of the Board were all chief executives and vice-presidents of major local finance and real estate corporations.

Grants from city government supported the agency's small staff in its early years, and even though political supporters of the Mayor often found their way on to the agency's payroll, the policy and programs of EDIC firmly remained under the control of Seybolt and the private sector Board. The board believed that the agency should act like a private business, and be as free as possible from political influence, but they were still compelled to accept political appointees in order to keep City Hall content. A goal of EDIC's founders was to make the agency financially self-sufficient in order to increase its political independence. According to a former EDIC director, the lackluster political appointees contrasted sharply with the "stellar" Board of Directors drawn from private corporations.9

The particular form of public-private partnership that EDIC took in its early years limited the agency's capacity to achieve its goals. Because the agency relied heavily on the
initiative of its private sector Board of Directors, it could not adequately deal with the political aspects of industrial development in the city (e.g. obtaining federal grants or mobilizing public support); and by settling for a mediocre professional staff, the agency lacked adequate technical capacity to implement its projects. It is also true that EDIC was breaking new ground in local public policy and therefore its progress would necessarily be slow during its early learning stage, but this only partially accounts for its lack of progress. (Even the city's urban renewal program took eight years to get off the ground.) During the 1970s, as manufacturers were leaving the city in large numbers, EDIC acquired a few significant parcels of land for industrial parks but had great difficulty developing and leasing them. It took over six years to lease up the 105 acre Boston Marine Industrial Park (BMIP), which it purchased from the U.S. government in 1977, and the 7.5 acre Alsen-Mapes Industrial Park in Dorchester took close to a decade to implement.

It was not until 1979 that things began to change at EDIC, when Brian Dacey was hired as the new Director of the agency. Like other EDIC staff before him, Dacey came from City Hall, where he was the Director of the city's Office of Federal Relations. Although he was politically savvy, he was not a political insider or operative of Mayor White. One of his first moves as the new Director was to replace the agency's senior staff with others whom he considered both skilled public administrators and well regarded politically. Like Seybolt, Dacey wanted to maintain EDIC's independence from City Hall control, but believed that the best way to maintain this autonomy was to have a strong professional staff that also knew their way around City Hall. Since Dacey recruited his own staff from within City Hall he was not obligated to hire the White machine's political hacks.

Thus, the nature of the partnership changed. With its new leadership and staff of professional public servants, the
agency began to look more like a branch of city government than it did in its earlier days when the business-dominated Board ran the operation. But at the same time, EDIC began to act more like a public entrepreneur, better able to assist private industry because of its superior management and technical skills and ability to build local political support for its work. EDIC always relied on a close collaboration of public and private interests, but under its new leadership it relied to a greater extent on a fusion of management, marketing, and political strategies.

In 1979, EDIC accomplished three objectives that put the agency squarely on the city's political-economic map. The first was its successful struggle and negotiation with Massport over the rights to publicly-owned property along Boston Harbor.10 EDIC agreed to lease Massport land in its Marine Industrial Park for use as a containerport facility. In addition to the substantial annual rent it received for the property, EDIC also obtained from Massport the first option to purchase the Boston Army Base from the U.S. government when it was sold.

EDIC's second accomplishment that year was the creation of two new financial affiliates, the Boston Local Development Corporation and the Boston Industrial Finance Agency.11 These financing programs increased EDIC's capacity to assist local businesses, and also enhanced the agency's legitimacy with Boston's financial community.

The agency's third significant accomplishment in 1979 was keeping the H.P. Hood Milk Company, one of the city's largest industrial employers, from moving to a new factory in Marlborough, a distant suburb. EDIC obtained a UDAG and CDBG grant to help Hood expand and modernize its existing Charlestown plant, and thereby retained 1,000 jobs in the city. After eight years, EDIC could finally take credit for a major contribution to Boston's economy. But in the late 1970s, the Boston was still losing about 1,000 manufacturing jobs each
year; much of the loss due to the renovation of old downtown buildings into modern office space, and the subsequent flight of industrial firms to nearby suburbs. EDIC pressed forward in its mission to relocate these displaced businesses to new locations within the city.

Following these accomplishments, EDIC's next significant project was the development of the Bronstein Industrial Center in the early 1980s, which demonstrated the agency's capacity to successfully implement a large and complex industrial development project. This new capacity has given the agency the means to more effectively mobilize support for industrial development in Boston.

THE DEVELOPMENT OF THE BOSTON ARMY BASE AND THE CHINATOWN GARMENT INDUSTRY CRISIS

The development of the former Boston Army Base into an industrial center was made possible by the convergence of three economic and institutional forces at work in the early 1980s. The first, which we have already spoken about, was the decline of Boston's manufacturing base and the development of EDIC. The second, was the growth of the downtown service economy, the institutional expansion of Tufts-New England Medical Center (TNEMC) into the Chinatown neighborhood, and the conversion of former industrial space downtown into commercial and office space, a process of downtown revitalization that was encourage by BRA policies. The third, was the emergence of Chinese community organizations with political clout. These three developments are outlined below.
EDIC Expansion and Opportunity

Soon after EDIC obtained the first right to acquire the Boston Army Base in 1979 it began to make plans for its development. The agency knew the Army Base would be put up for sale within a few years, and since it abutted the Boston Marine Industrial Park (BMIP), EDIC staff saw the Base as a logical extension of the Park. In fact, the 1979-81 revision of the Economic Development Plan for the BMIP already included Building 114 of the Boston Army Base, even though the agency did not yet own the property. Building 114 is one of the largest buildings in the Boston metropolitan area, with 1.6 million square feet of space (equal in size to the Prudential tower) spread out over eight stories. By 1980, enough of the BMIP had been leased that EDIC staff began turning more attention to developing the Base. Agency staff were in regular contact with the U.S. Army and General Services Administration (which would handle the sale for the federal government), and were researching the potential market for the site.

The Chinatown Garment Industry Crisis: Institutional and Commercial Expansion into Chinatown

Tufts University and the New England Medical Center (a consortium of 9 hospitals) had been gradually expanding into Chinatown since the early 1960s, a process that was regulated by a Cooperation Agreement between the BRA and the medical institutions. The agreement set boundaries within which TNEMC could expand, and specifically stated that the institutions could not acquire property on Kneeland Street, the main street running through Chinatown. In addition, old manufacturing buildings were being upgraded into housing, offices and commercial space as market forces pushed downtown rents and land prices higher.12

In February 1981, TNEMC leased two buildings on Kneeland Street with an option to buy them. These buildings were
outside of the area specified in the Cooperation Agreement, but more importantly, they contained 25 garment companies that employed about 800 workers, the vast majority of whom were Chinese and Latino women. Among the companies were four of the largest garment producers in the city. Three-quarters of employed Chinese women worked in the garment industry in 1981. TNEMC's action prompted two strong responses: one, from the garment company owners, who approached EDIC looking for relocation space; and two, from Chinatown activists, who began organizing to oppose the latest round of expansion into their neighborhood, and the potential loss of hundreds of jobs from their community.

Chinatown Community Organization

TNEMC's expansion had caused anger and opposition in the Chinese community since the 1960s. The garment industry crisis retriggered the issue, which had been dormant for a few years. The Chinatown Housing and Land Task Force (CHLTF), organized in 1978 by a group of young activists to oppose displacement, was the first to respond to TNEMC's encroachment into their community. In the spring of 1981, they organized a coalition of garment workers, organized labor, garment companies, public officials, and other community groups to oppose TNEMC's action. Among the participants in the early meetings organized by the CHLTF was EDIC.

Although the CHLTF lacked the political connections and influence of the more established Chinese Consolidated Benevolent Association (CCBA), which represented Chinatown's larger families and businesses, it succeeded in focusing public attention of the plight of Chinatown's garment workers and companies because of its strategy of community education and outreach, and it ability to gain media attention. Its ability to organize, and represent, the Chinese garment workers—which the union was incapable of doing alone since none of its staff were female, Chinese, or Latino—gave the CHLTF a prominent
place in the early fight against TNEMC expansion. The CCBA, meanwhile, used its influence with Mayor White to gain the support of the BRA in opposing the haphazard expansion of TNEMC.

Thus, in 1981, two local institutions, EDIC and the CHLTF, were both positioned to respond to the potential loss of thousands of industrial jobs from a lower-income, downtown, neighborhood. Along with their diverse allies, they coordinated a strategy to slow TNEMC's expansion and create new alternatives for the garment industry and its workers.

Initial Responses to the Garment Industry Crisis

The Economic Development and Industrial Corporation's entry into the garment industry crisis began when 17 garment and leather companies (which were located in the nearby Leather District) approached the agency in early 1981. Most of these firms were located in 15 and 35 Kneeland Street and others were being forced out by higher rents elsewhere in Chinatown. EDIC's first step was to conduct a study of the downtown garment and leather companies to determine the scope of the problem. The agency found that 43 apparel firms, employing half of the estimated 4,600 downtown garment workers (there were about 8,000 garment workers citywide), needed to relocate. Thirty-six of them faced displacement as a result of eviction or rising rents and six others wanted to relocate in order to expand or modernize.13

The first response by the community and public agencies to the garment industry crisis was to find a means to prevent the imminent and haphazard displacement of the companies. In July 1981, representatives from TNEMC, EDIC, the BRA, the International Ladies Garment Workers Union (ILGWU), garment manufacturers, and the community, negotiated an agreement that would allow the non-disruptive conversion of the Kneeland Street buildings to medical offices. TNEMC agreed to limit rent increases and not to evict any garment firms for two
years or until they found suitable relocation space. In addition, TNEMC agreed to contribute $10,000 to pay for a consultant to develop a relocation plan for the garment companies, and to pay additional compensation to cover relocation costs.

The BRA used its power to stop new development to make sure that TNEMC remained faithful to the deal. The agency could also have used its power to prevent any displacement of the garment firms, particularly since TNEMC had violated their Cooperation Agreement, but it did not. Apparently, the BRA's own plans for downtown redevelopment did not include retention of the Chinatown garment industry.

EDIC, on the other hand, coordinated the relocation strategy for the garment firms, and redirected the energy of the ad-hoc coalition of community groups, workers, firms, and public agencies into a more permanent coalition. EDIC's long-term goal of retaining industrial jobs in Boston, and its short-term goal of developing the Army Base folded in nicely with the community organizing that the CHLTF had already initiated to oppose TNEMC's expansion. The coalition that formed to develop the Boston Army Base might never have come together, except that the participants shared a common enemy, TNEMC, to focus on. According to EDIC's current director, "Tufts was the ideal enemy. Their heavy-handed style made then an easy target and enabled divergent interests to join together in opposition."

EDIC staff saw the emerging crisis as an opportunity to advance its own plans to develop Building 114 of the Boston Army Base. As EDIC's former director put it, "the political benefit of the situation was apparent to us from the start." Another said that this was a good issue around which EDIC could build support for industrial development: "we weren't just talking about food processing or some industry, we were talking about jobs in the Chinese community. This project had image, community, and people. Nobody knew it then, but
apparel was the second largest manufacturing industry in the city."18

Since the agency did not yet own the Army Base, however, it also worked with garment companies to help them find space in other sites near downtown. After identifying 18 potential relocation sites, EDIC, the BRA, and the company owners narrowed the list down to four possibilities, and by September they narrowed the choice down to the Boston Army Base, where they agreed to develop a 800,000 square foot garment industry center.19 EDIC predicted that the renovated Army Base would be ready for occupancy in less than a year. Throughout the summer and fall of 1981, EDIC staff were in constant contact with the U.S. General Service Administration (GSA) to find out when the property would be appraised and put up for sale.

Organizing the Coalition to Develop a New Industrial Center

Once the battle to prevent immediate displacement had been won and the focus shifted to creating a new industrial center, EDIC took the lead in organizing the diverse coalition. The agency took responsibility for managing the technical aspects of development as well as for coordinating the political strategy necessary to complete the project. The coalition turned its energy to the tasks of purchasing the property and obtaining an Urban Development Action Grant from the federal government.

EDIC formally organized two groups in September 1981 to put pressure on the U.S. government. One, was the Garment Industry Relocation Association (GIRA), which twenty-eight companies paid $400 each to join. The other was the GIRA Advisory Committee, which included a broad array of political, industry, labor, and community representatives.20

The coalition's lobbying strategy relied on three tactics: maintaining high visibility in the local press to dramatize the plight of the Chinese garment workers; a letter writing campaign to GSA and HUD; and intervention by Boston's
congressional delegation. EDIC's aggressive press campaign was helped build local support for the garment industry project.

EDIC had three concerns about buying the Army Base from GSA: that it might sell the property to another buyer, that it would not act soon enough, and that it would ask too much money for the site. EDIC wanted to minimize development costs to provide low rents to the garment firms, which had been paying only $1.50 to $2.50 per square foot for space. Its own appraisal set the value of the property at $1.5 million. The problem was that GSA was under a new mandate to sell all surplus federal property at full market value (to reduce the federal deficit), and that it needed to complete its own appraisal of the property before it would sell it. If EDIC could not afford GSA's asking price the property could go to another buyer. Time was another a critical factor in developing the base: market pressures continued to put pressure on the companies; TNEMC would not indefinitely delay eviction; the owners were nervous about the future and wanted to act fast; and the momentum of the project was strong and EDIC did not want to lose it.

Despite the immediacy of the garment center crisis, GSA did not even start its appraisal until March 1982 and did not complete it until the June. A second setback was GSA's appraised value of $4.1 million for the property. Both the delay and the high asking price diminished the feasibility of the project. By June, when the garment owners had originally expected to move into the Army Base, negotiations were just beginning with GSA to lower the price.

EDIC had very good connections with Boston's congressional staff since both Brian Dacy and Marilyn Swartz Lloyd, respectively the agency's Director and Deputy Director of Real Estate and Development, had previously worked in the Mayor's Office of Federal Relations. These direct connections between EDIC and congressional staff were particularly important since
Mayor Kevin White did not strongly support EDIC's work and could not be counted on for much help. (Neither did Brian Dacey encourage White's involvement in EDIC affairs since he wanted to keep the agency relatively free from political influence.)

Senator Paul Tsongas and Representative Joseph Moakley played important roles in the Army Base project, and Senator Edward Kennedy and Speaker of the House Thomas O'Neill also helped out. 21 Unfortunately, their effectiveness at persuading GSA to speed their appraisal and lower their asking price was limited because all four were liberal democrats, while the executive branch of the federal government was controlled by Republicans.

On July 31, the City of Boston submitted a UDAG application to the U.S. Department of Housing and Urban Development for $4.2 million. Throughout the rest of the summer, EDIC, the coalition, and local congressmen and senators lobbied HUD for UDAG approval, and negotiated with GSA for a lower sale price. In late September, the two parties finally signed a purchase and sale agreement after GSA agreed to lower its price to $3.5 million. As soon as EDIC obtained site control, HUD awarded a $3.64 million UDAG to the city for renovation of the Army Base, which was expected to run close to $8 million.

Additional city, state, and federal grants totalling $1.6 million dollars were obtained to cover soft costs and site improvements, while the remaining acquisition and construction costs would come from private sources. The major source of funding for the project was an industrial revenue bond (IRB) of $5.95 million, while an additional $3.16 million needed to be raised from syndication.

Selling the IRB was relatively simple. William R. Edgerly, chairman of "Goals for Boston," a public-private group, and chairman of State Street Bank and Trust, one of Boston's largest financial institutions, was a strong supporter of the garment center project. Along with Shawmut Bank of
Boston, State Street Bank issued a $6.5 million letter of credit backing the IRB.

It was obtaining syndication funds that posed the next major hurdle for EDIC in completing the project. The agency found that their earlier publicity strategy had backfired on them—it was unable to find a local syndication partner willing to invest in a highly publicized distressed industry. Following a lengthy search for a syndicator, EDIC at last completed the project financing in 1983.

Ironically, as the garment center project come close to realization, the garment company owners began to lose interest in the project. They were concerned that the higher price would result in rents they could not afford, they seriously doubted the project would ever get finished, and they were afraid of being displaced if they waited much longer. Given that the project had already been delayed over two years, their concerns were well justified.

Collapse of the Coalition and Final Acquisition of the Army Base

As negotiations with GSA moved into late 1982, and the search for private financing pushed into 1983, garment companies began moving to other buildings. This movement was partly a result of the coalition's successful publicity campaign, which attracted the interest of real estate brokers, who then contacted the threatened garment companies with offers to lease them privately owned industrial space in South Boston. In addition, EDIC made it possible for garment companies to move to other locations when it succeeded in arranging a new bus route between Chinatown and the Army Base in South Boston even before the project was completed, thereby improving accessibility to other South Boston industrial buildings.

When the Garment Industry Relocation Association's president moved his own company into South Boston's Fargo
Building in January 1983, it effectively brought an end to the Association. Five other GIRA members eventually moved to the Fargo Building and three to other South Boston Buildings. Other firms moved outside of Boston, and six were able to renegotiate long-term leases at their current locations. Although EDIC initially had leasing commitments from 28 firms, by early 1983 just a few companies were still committed to the project.

Community and worker participation in the project also waned as meetings increasingly dealt with the technical aspects of project development. According to one community leader, "the Task Force had a political role in the project, but once the threat of evictions was over, and as the discussions became more technical and people understood less, the Task Force became less involved." This significantly undercut the coalition's strength since the CHLTF's role as community organizer and language translator helped keep together the workers, the union, the garment owners, and the community.

Thus, EDIC's successful implementation of two aspects of the project—generating public awareness of the situation and improving public transportation from Chinatown to South Boston—backfired when the garment companies moved elsewhere. EDIC's longer-term goal of industry stabilization was accomplished, however, since many companies remained in Boston and new public support was given to the plight of manufacturing in the city.

Although EDIC's staff were concerned that the loss of tenants for the Army Base could threaten the financial feasibility of the project, they did not care as much about the loss of the GIRA, itself, and Advisory Committee. By the time these organizations withered they had accomplished their main goal of putting political pressure on the federal government.
EDIC was not able to complete the purchase of the Boston Army Base until September 1983, because a bill was introduced into Congress earlier in the year to eliminate rehabilitation tax credits when tax-exempt entities were involved in sale-leasebacks, an arrangement EDIC had with its syndication partners. Until the matter was resolved in congressional committee later that summer, the syndication deal remained on hold. On September 15, 1983, EDIC finally closed on the property with GSA.

IMPACTS OF THE PROJECT

Only one Chinatown garment firm moved into the Bronstein Industrial Center, which occupied half of the former Boston Army Base, when the project was completed in February 1984. Yet the struggle to prevent industrial displacement and develop a new industrial center was not a failure: these efforts had numerous other impacts on the economic, political, and institutional life of the city. Most garment companies found alternative sites; jobs were saved; TNEMC expanded, thus creating new jobs; community groups negotiated benefits from TNEMC; EDIC successfully leased the new industrial center to other firms needing space; and EDIC enhanced its own capacity to assist Boston's manufacturing industries.

Economic Impacts

Because the costs and benefits associated with economic change are distributed unequally among different interests, we need to look at each separately. The main interests affected by the garment industry crisis and the development of the Bronstein Industrial Center were the garment firms, the garment workers and the Chinese community, Tufts-New England Medical Center, Boston's manufacturing sector and the city's economy as a whole.
The Garment Firms. EDIC never did a follow-up study of the garment industry so it is not possible to know what happened to all of the displaced firms. As was mentioned above, of the 28 firms that belonged to the GIRA, six stayed in Chinatown, nine moved to privately-owned industrial space in South Boston, one moved into the Bronstein Industrial Center (BIC), one that was already leasing space from the U.S. Army remained in the renovated BIC, and the other eleven moved to suburban locations or closed. Since the BIC opened in 1984, three additional garment industry firms have also relocated there. As of December 1986, 185 workers were employed by five garment firms in the BIC. Another half-dozen garment firms have also moved into the nearby Fargo Building.

More potent economic forces, connected not to Boston's real estate market but to the international economy, have had far more drastic effects on the state of the local garment industry. Between 1981 and 1986, garment industry employment fell 50 percent, from approximately 8,600 to 4,300. Most of those jobs were lost to competition from Southern U.S. and foreign garment companies. According to one manufacturer, the successful relocation of the Chinatown garment industry to the BIC would have had little effect on the ability of local firms to survive these powerful market forces.24

The Garment Workers. Since most of the garment firms, and all of the largest ones survived the 1981 industry crisis whether or not they moved to the BIC, the immediate job loss was probably insignificant. Of course, this was just one small incident in a long process of local displacement and international economic change, and over time thousands of workers have lost their jobs.

Tufts-New England Medical Center. TNEMC got what it wanted. It acquired two large buildings on Kneeland Street for expansion. As community opposition has strengthened against TNEMC in recent years, however, the medical institutions have had to make concessions to the community in order
to expand, but it is unlikely that these concessions have caused any financial hardship to them.

TNEMC's expansion strengthens the metropolitan economy as well as Boston's position as a leading national medical center. But to the extent that TNEMC returns little to the city in tax revenues, and to the extent that its best jobs probably go to white, suburban, workers, the direct economic benefits to the city are limited.

Boston's Manufacturing Sector and Economy as a Whole. For EDIC, the Army Base project started out as an effort to preserve any industry in the city, not just the garment industry, so the question remains as to whether the agency achieved this goal. Today, the Bronstein Industrial Center houses 28 firms; most, but not all of them, are manufacturers. Garment and printing companies are the major tenants of the BIC, together employing 427, or 56 percent, of the workers in the building.25 Since 1981, rapidly rising real estate values in Boston have continued to force companies out of the city and out of business altogether. The strong demand for affordable industrial space enabled EDIC to fully lease the BIC within eighteen months.26

Even though Boston manufacturers continue to close down and leave the city, the organizing effort to solve the 1981 garment crisis strengthened political support for manufacturing by drawing public attention to the problem, by gaining the assistance of important local politicians, and by strengthening the institutional capacity of EDIC to mitigate further job losses.

Boston's economy as a whole benefitted from the growth of TNEMC and the successful strategy that kept most of the garment firms from being forced out of the city. Were these efforts not taken, Boston would have certainly lost additional jobs and tax revenues to suburban jurisdictions, thereby exacerbating its unemployment and fiscal problems, which were significant in 1981.27
Community Impacts

At the height of the coalition's strength, it looked as if Chinese community organizations might play a significant role in the creation of a major economic development project. But in the end, neither the CHLTF or any other community organization played a role in completing the project. Community activists lacked the technical capacity to stay involved as the project became more complex, and they were mostly satisfied when the immediate danger of job loss was over. EDIC, which was content to use the community for its political support in acquiring the Army Base, never substantially involved the community in the development aspects of the project. EDIC effectively mobilized community power, but did not foster community development. Both the community groups and the agency missed the opportunity to increase grassroots involvement in the city's economic development.

Even after their withdrawal from the Army Base project, however, the CHLTF and the CCBA continued their struggle against TNEMC. In 1983 the community and TNEMC negotiated an agreement (mediated by the BRA) concerning new institutional expansion plans. In order to obtain community approval the medical institutions agreed to provide economic benefits to the community: $600,000 for community housing development; $100,000 for a scholarship fund so that Chinatown youths could attend Tufts University; and $100,000 in seed money to set up an employment training program for Chinatown residents. To date, the Chinatown Occupational Training Center (COTC) has trained 120 low-income Asian immigrants, 30 of them former garment workers, for medical office jobs. The program has been very successful—achieving a 90 percent placement rate with a starting wage for new jobs of $6.40 an hour. Soon, the COTC will be starting up a clinical medical technician training program.28
Finally, the struggle over the Chinatown garment industry crisis brought the CCBA and CHLTF together on an issue for the first time, thereby strengthening the political capacity of the Chinese community.

Institutional Development of EDIC

EDIC was a big winner in this project. The agency was just beginning to build a track record when it started the Army Base project. EDIC's earlier projects had taken a long time to complete and relied exclusively on public financing. The Army Base, however, was put together mostly with private financing. And once the property was finally acquired, the renovation was completed and the building leased up in a very short time. Because of its success, the agency gained added respectability within Boston's political and economic worlds. As well, agency staff increased their own technical capacity while working on the project.

An important measure of the project's contribution to EDIC's institutional strength is its effect on the agency's budget. The Bronstein Industrial Center's budget is actually separate from EDIC's since it is owned by the syndication partnership (EDIC owns the land and building shell, but not the interior improvements), but the agency receives a fee from the partnership for managing the project. In fiscal year 1987, EDIC will collect $732,000 from the partnership, which amounts to 12 percent of its total revenue. These fees, along with increasing rent revenues from its other properties, have enabled the agency to achieving financial independence from City Hall, while also allowing it to expand its staff. In the past year alone, increased property revenues have allowed EDIC to expand its staff from 104 to 126 workers. This further enhances the agency's capacity to implement industrial development projects and strengthen the city's economic base.
CONCLUSION

Local states and societies have an unequal relationship with local private enterprise: they depend on private capitalist businesses for their material existence—for wages and taxes—yet these businesses are also free to move their operations from one city or region to another without public regulation. Consequently, state and local governments are compelled to compete for jobs and taxes: they are forced to assist and subsidize local capital accumulation if they are to succeed.

Conversely, private business development in U.S. cities also requires the cooperation of local governments. At the level of minimum cooperation, local governments use their zoning powers to designate which spaces within their jurisdiction are appropriate for the location of business. At the other end of the "cooperation" spectrum, government agencies work closely with businesses, providing land or financing for, or even acting as co-developers of, commercial and industrial property. It is here that we find the Economic Development and Industrial Corporation. With the development of the Bronstein Industrial Center, EDIC went even further than do most other economic development agencies: since it ended up completing the project with few preleasing commitments, it functioned very much like a speculative developer of the project. EDIC played the role of the public sector entrepreneur.

EDIC demonstrated the critical role that entrepreneurial, quasi-public, authorities can plan in urban economic development. By skillfully mobilizing and brokering a multiplicity of conflicting public and private interests, the agency succeeded in creating new, affordable, industrial space. As a result of its intervention into the local political economy, local manufacturing has been strengthened by the availability of quality space in the central city; and the economy of the
entire city has been strengthened by the retention of jobs and tax revenues that it otherwise may have lost to its surrounding suburbs.

This case also demonstrates how EDIC was capable of using a local political and economic conflict to further its own institutional self interest. By directing the political energies of the coalition toward developing the Boston Army Base, EDIC was ultimately able to expand its assets, raise new revenues, and promote its own mission of industrial development.

EDIC's role in the local economy is, at once, similar to and distinct from that of the Boston Redevelopment Authority. The goal of both agencies is to enhance the economic viability and competitiveness of the local economy, to directly and indirectly assist businesses who wish to operate in Boston, to maximize employment opportunities for local residents, and to improve the city's fiscal situation. Despite these similar goals, however, their strategies are quite different from—and in some ways even opposed to—each other. The BRA is oriented toward downtown office development, and EDIC, to industrial development. Although Boston's first urban renewal project created a new industrial park, the BRA soon abandoned this strategy in favor of an approach that supported new office development instead. It was not until 1971 that the city again turned its attention to the manufacturing sector of the economy.

EDIC's founders from the Chamber of Commerce believed that the city's urban renewal program did not address the needs of local manufacturers. Many firms had been driven out of the city by public land clearance activities while others were drawn by the lure of modern, suburban, facilities. Boston's manufacturers faced problems common to all older urban industries: outmoded facilities, difficulty assembling land for new buildings, worn out or inadequate infrastructure, and a city government inattentive to the needs of small
manufacturers. Today, one of EDIC's main functions is to find space for manufacturers who have been forced out of downtown locations due to new office development and rising rents, the effects of BRA development policy.

Although a public authority, for most of its 16 year history EDIC has operated far from the public eye, and with a high degree of independence from City Hall. George Seybolt, EDIC's closely involved former president, ran the agency for almost 10 years with little direct oversight from City Hall. It has long been felt by EDIC's leadership that remaining independent from political influence is important for the agency to effectively help private businesses, who would be reluctant to make business decisions that were susceptible to shifting political winds. EDIC's founders believed that it was important for the agency to become financially self-supporting for it to become more independent from politics.

The importance of autonomous agencies like EDIC lies in their ability to access public resources for private businesses, while remaining relatively distant from the vicissitudes of political process. Their autonomy also minimizes the possibility of public controversy arising over the allocation of their funds. EDIC has been free of the battles that regularly form around the city budget. Both by operating far from the political scene, and by focusing its attention on the overlooked and underappreciated manufacturing sector, EDIC remained in relative obscurity.

The redevelopment of the former Boston Army Base into the Bronstein Industrial Center is in many ways the story of EDIC's development and maturity as an institution. It is a story of political struggle, negotiation, and organizational tenacity and skill that culminated in the emergence of EDIC as a recognized player in the city's economic development planning game.

The Boston Army Base project brought together a number of interrelated economic, political, and institutional processes
that are associated with the process of economic change in
capitalist cities. One, is the process of uneven economic
development: the growth of medical institutions and universi-
ties in Boston has historically involved displacement and
destruction of established neighborhoods and older businesses.
Along with private office and commercial development, these
institutions have expanded into new territory and dramatically
driven up property values. In Chinatown, Tufts-New England
Medical Center has been just one of the economic forces
putting economic pressure on the Chinese residential community
and the garment firms. Two, is the political response to
economic change that came from within the Chinese community:
activists organized local residents and garment workers to
fight this displacement, and focused significant public
attention on the issue. And three, was the institutional
development of EDIC: the agency had reached a stage of
development where it was capable of taking a more assertive
role in protecting Boston's traditional manufacturing base.
By 1981 it had finally obtained the capacity to implement a
complex economic development project.

To bring the Bronstein Industrial Center to fruition,
EDIC drew around it a unique coalition of business, community,
and political interests. Although these diverse groups had a
history of conflict among them (e.g. TNEMC vs. community,
workers vs. owners, BRA vs. EDIC, CCBA vs. CHLTF) they also
shared a common interest in expeditiously resolving the
garment industry crisis. As Brian Dacey, the former Director
of EDIC points out, "Everybody stood to benefit from the
situation. Nobody had anything to lose."29 The BRA could
achieve its long-term goal of revitalizing downtown and
increasing the city's property tax base, while also minimizing
the political conflict over redevelopment in Chinatown; EDIC
hoped to realize its immediate goal of developing the Army
Base by moving the garment industry there, and achieve its
longer-term goal of stabilizing the city's manufacturing base;
the garment firms hoped to obtain permanent, affordable, manufacturing space; the workers wanted to keep their jobs; the community groups could gain public support for, and responsiveness to, the situation of their community; and Tufts-New England Medical Center could achieve its goal of expanding onto Kneeland Street without damaging its relationship with the BRA, which it relied on for project approvals. That the project did not turn out as planned does not minimize the importance and uniqueness of this coalition, which was built on the divergent self-interests of many actors.

Earlier, we outlined some of the impacts the project had on the local economy, and concluded that more was gained than was lost from the experience. In fact, because the coalition included such diverse participants, and because EDIC and the BRA effectively mediated conflicting interests, the resolution of the 1981 Chinatown garment industry crisis may have been one of the better managed cases of economic transformation and displacement in the city's history.

EDIC's strategy grew out of the knowledge and skills that its staff had accumulated over the years. The agency's real estate development and marketing experience gave it credibility in the business community and brought it into direct contact with the garment producers in early 1981. Its experience obtaining federal grants, and well developed contacts with Boston's congressional delegation, enabled it to obtain support for its project in the nation's capital. The staff's experience in local politics and government, finally, gave it the capacity to adeptly mobilize local interests and public opinion.

One problematic aspect of EDIC's strategy was the manner in which agency used the economic plight of low-income Chinese women workers to advance its own interests and the interests of Boston's manufacturers. Given the great importance EDIC gave to the Chinese community when it needed to obtain the property and U DAG from the U.S. government, it would have been
reasonable to conclude that the agency really cared about the economic situation of the community. EDIC, as it turned out, was much more interested in real estate development than in community empowerment or development.

EDIC has had a noticeable impact on the city's economy. Even though the agency has retained only a fraction of the total number of industrial jobs that the city has lost since 1971, without its intervention the city and its citizens would certainly be worse off. Of the 94 firms that are located in EDIC's three industrial parks, many would have left the city were it not for the quality, affordable space that EDIC has made available to them. Those firms employ 3,354 workers, of which 1,459 live in the city. EDIC has also helped hundreds of other firms locate privately-owned manufacturing space. Besides these job gains, the city's fiscal base is also improved by the retention of these firms in Boston.

While it could be argued that EDIC has subsidized businesses that did not need them to survive (they would simply have located elsewhere in metropolitan Boston), the more important question is who else benefits from these subsidies. Since Boston's unemployment and fiscal situation is more problematic than that of its nearby suburbs, it is an unquestionable gain to Boston's working class residents to have kept these companies in the city. EDIC has had a positive effect on the distribution of income in Boston. And because many of the firms located in EDIC's parks are backwardly linked to downtown service sector corporations (e.g. printing, food products, construction materials, and office supplies and services), EDIC indirectly strengthens the viability of the downtown economy.
CHAPTER 4

CONCLUSION

This thesis has focused on the economic, political, and institutional forces that shape the formation of economic development policy in Boston in the 1980s. In chapter one, we identified important themes and theories found in the literature on urban redevelopment: the politics and process of urban economic growth and uneven development; inter- and intra-regional competition for jobs and taxes; the structure of urban fiscal crisis; the role of autonomous development authorities; and the importance of national politics to local policy. All theory or research pertaining to urban economic policy should begin with an understanding of the fundamental nature of the local state. Within the U.S. capitalist political economy the state is not permitted to directly engage in productive enterprise; but because its fiscal sustenance and the economic condition of its citizens depends on a healthy economy, it is imperative for the local state to create policies that assist private capital accumulation. This is the fundamental meaning of urban redevelopment policies in the United States.

In the United States, with its dominant free market ideology, the prevailing belief is that the state does not have an important role to play in economic development. Yet the structure of the urban political economy compels Boston, as it does other poor, old, cities, to intervene in the accumulation process. Paul Peterson goes too far in stating that political variables are not relevant to the analysis of redevelopment policy, but it does appear to be true that the political ideology of the governing regime is a weak predictor of the economic policies of the local state. In Boston, at least, conservative, liberal, and populist mayors have equally
supported downtown development and economic growth. The decision to promote growth is not directly tied to ideology, nor is it primarily dependent on patterns of political influence and power in the city. Rather, the decision is largely determined by the structure of the urban political economy. The main differences in the policies of Boston's past four mayors have been in the implementation of development policy—in the exact timing and location of new construction, and in the physical form, or design, of new projects—but not in the more fundamental issue of whether or not growth should even occur.

Because the local state is responsive to the structure of the private economy, and because it is also constrained by the policies and structure of the larger U.S. state, local policies will vary depending on specific economic and political conditions. Exactly how the local state will respond to these external forces largely depends on the capacity of citizen groups, politicians, state bureaucrats, and local elites to organize political power and innovate public policy. As numerous authors point out, redevelopment policy is always the outcome of both structure and agency.1

In the 1950s, for example, the local economy had been depressed for three decades, and record numbers of businesses and middle class residents were leaving the city for the suburbs. It required a well organized effort by a coalition of leading corporations, developers, and political elites to reform the structure of the local state and to coordinate the ambitious renewal program that recreated the conditions for capital accumulation in Boston. Because private corporations were unable (or unwilling) to assume the heavy costs of recapitalizing the city's infrastructure, the state took a leading role in the economic development program of the 1960s. The local state was able to play such a role, however, only because a national political alliance between liberal urban Democrats and real estate interests had already created the
urban renewal delivery system. A second goal of the urban renewal program was to stabilize and expand the city's middle class residential population, which was particularly important for improving the city's fiscal condition. Boston was literally competing with its suburbs for businesses, residents, jobs, and taxes.

By the 1980s, economic conditions had substantially changed and so had national and local urban policies. By this time, the growth of Boston's export-oriented finance industry and advanced business services, along with a regional boom in computer and defense related manufacturing, placed the city near the top of the nation's urban hierarchy. The explosion of new office and hotel construction had local business and government elites more concerned, if anything, about potential overbuilding than about stimulating new economic growth. Between 1983 and 1987 the city experienced its greatest construction boom in its 350 year history: in 1984 alone, 5.1 million square feet of new downtown office space was approved by the BRA. And between 1980 and 1985 the city's population increased for the first time in over forty years. Concurrent with this boom, the local state was caught in a deep fiscal crisis, due, in part, to heavy cutbacks in federal aid, which threatened both its own financial solvency as well as its ability to provide needed services to its largely poor and working class citizenry.

Given these political and economic conditions, the city was forced to rely more directly on local private development to generate new tax revenues and employment opportunities for its citizens. Mayors Kevin White and Ray Flynn and their redevelopment directors innovated a new redevelopment strategy in the 1980s. Rather than subsidizing private development and implementing expensive public projects, as had been done in the 1960s and 1970s, the BRA began using its resources (the power to approve or reject projects, and its ownership of valuable downtown property) to leverage public benefits from
private developers. But even though the city's economic condition in 1984 differed strongly from its condition in 1960, and even though Ray Flynn's politics had little in common with John Collins' politics, during both periods—the 1960s and the 1980s—the local state aggressively promoted economic growth.

The BRA's new approach to development, which has relied on dealmaking, negotiation, and revenue maximization (from taxes, linkage, groundleases, and in-kind contributions) has increasingly resembled that of private development entrepreneurs. Moreover, the BRA advanced its own institutional interests by using the substantial income from groundleases to expand its own operations; hiring new staff and raising agency salaries. EDIC's strategy also incorporates this mix of public purpose and private entrepreneurialism. Eighty percent of the industrial corporation's income is derived from property rental and management income.

The enhanced revenue generating capacities of the BRA and EDIC reinforces their ability to pursue economic development strategies without direct oversight from the city's elected public officials or the public at large. It also permits both agencies to expand their activities during a time of fiscal restraint in other branches of city government.

The case studies illuminated the central role played by the BRA and EDIC in the formation of strategies and coalitions to promote economic growth and job preservation. Both agencies have responded creatively both to crises and opportunities in the local economy to maintain and expand the city's employment and fiscal base. The BRA and EDIC share a number of unique qualities: they exist to promote the long run interests of the city's economy, and thus they are able to effectively articulate strategies that transcend the interests of any one particular firm; they have access to public resources, particularly to federal grants, and control large parcels of land; they are capable of making financial commitments that
would be unprofitable or too risky for private firms; and they have professional staffs that are skilled at matching public resources with private economic needs—building links between public and private interests. These agencies are not necessary for economic growth or job preservation in the city, but they can certainly assist it.

EDIC's coalition strategy to save the Chinatown garment industry and develop the Bronstein Industrial Center illustrates another parallel with the city's downtown redevelopment strategy: coalitions formed in both situations to overcome weak economic conditions. In the 1950s and early 1960s, leading businesses and politicians formed a coalition to implement urban renewal and promote economic growth because, alone, individual businesses were not able to confidently reinvest in Boston. Similarly, in the 1980s when EDIC built the garment industry coalition, the Chinatown garment industry was also weak. The garment companies united because they were afraid and uncertain of their ability to survive in the city.

Eventually, individual firms left the garment industry coalition as each found their own alternatives to the Boston Army Base project, and community participation in the coalition also subsided as the immediate crisis eased. But to the extent that EDIC is oriented to the weaker and more marginal sector of the local economy, it will continue to depend on coalitions of community and corporate interests to successfully advocate an industrial development strategy for Boston. As EDIC staff point out, the Chinatown garment industry crisis was an unusually dramatic crisis; it thus served as a perfect symbol of the plight of manufacturing in Boston, and as an appropriate vehicle for the agency to redevelop the Boston Army Base and build support for industrial development.

Growth coalitions, conversely, are unlikely to form when political economic conditions already favor economic growth and capital accumulation. When local corporations and developers can achieve their goals on a more individualistic basis,
there is no compelling need for them to act collectively. Boston in the 1980s lacks the type of progrowth coalition that it had in the 1950s and 1960s because there is no need for one.

It is unlikely that a powerful coalition will ever form around the preservation of blue collar jobs and industry as it did around urban renewal and downtown revitalization in the 1950s and 1960s. The opportunities for profitmaking, employment, and economic growth that are offered by industrial development are just too limited to attract broad popular or elite support. The BRA, which has principally promoted the interests of Boston's leading service sector industries, has long enjoyed strong support from the downtown business community and the city's political elites. EDIC, on the other hand, works mainly with smaller manufacturing companies, whose economic value to the city is not widely accepted by Boston's corporate and political leaders.

To the extent that the agency has successfully completed major industrial development projects and retained manufacturing jobs, however, it has proven to public and private sector actors that manufacturing can survive in Boston. Although it is difficult to quantify, there is little doubt that without EDIC's intervention Boston would have lost thousands of jobs to other communities. EDIC is currently working with the state and city government, and business and community groups to revitalize and create new industrial space across the city.

The formation of EDIC and its subsequent role in the garment industry crisis illuminates the contradictory interests within the business community and, consequently, within state policy. Originally, the quasi-public corporation was organized by a group of prominent businessmen who were unconvincing that the displacement of hundreds of small downtown firms by urban renewal, and the more general exodus of manufacturing from the city to the suburbs, was good for the local
economy and its blue-collar workforce. Ten years after its creation, EDIC was still struggling to keep firms from leaving the city. A leading cause of firm migration in 1981 was the private conversion of manufacturing space into office and commercial space and rising rents. By helping relocate manufacturers who have been displaced by rising property values, EDIC has helped mitigate some of the costs of downtown redevelopment. The agency recently new proposed zoning controls to protect a large manufacturing district adjacent to downtown from building conversions and office construction.\(^3\)

Even though EDIC's policies have been created and developed to counter-balance those of the BRA, both agencies have been concerned with stabilizing and improving the city's economic and fiscal base.

As we have seen in this study, the effects of rapid urban development have not been uniformly positive for all of the participants in the city's economy. Displacement from housing and rapidly inflating rents due to gentrification and speculation are two of the severest effects of redevelopment on the city and its citizens. Even though revitalization has meant higher wages for most workers, rising house prices and rents have actually lead to lower living standards for many. We have also seen how garment firms and their workers in Chinatown were displaced by the expansion of Tufts-New England Medical Center. The windfall profits that have accrued to the owners of Boston's increasingly valuable real estate have come directly at the expense of Boston's property renters.

In the case studies on linkage and the Chinatown garment industry crisis we explored the varied responses to the uneven effects of redevelopment. Garment company owners, Chinese garment workers, housing tenants, and community organizations representing the interests of workers and tenants have all looked to the local state for protection from displacement and rising rents.
Linkage, an idea initially proposed by housing and neighborhood advocates, was later embraced by liberal politicians leaders such as Bruce Bolling and Ray Flynn who favored continued economic growth, yet were also concerned about the distress and limited housing opportunities of the city's poor, minority, and working class citizens. Linkage was a politically sophisticated policy response that enabled political and civic leaders to seemingly fuse the interests of downtown developers and working class tenants.

Even if there really is no unitary interest between tenants and developers, linkage attempts to create such an interest. Development battles in Boston, as evidence by the recent struggle over the Fan Piers, are not mainly about whether or not there should be growth. Instead, the battles increasingly center on how many public benefits the developer is willing to provide in order to obtain political support for, and community acquiescence to, the project. The important fact of the matter is that just about everyone supports more development.

Similarly, we saw how opposition to redevelopment and displacement in Chinatown also softened following the intervention of the BRA and EDIC. The community dropped their opposition to TNEMC growth, supported relocation of the garment industry, and negotiated benefits from TNEMC.

The local state has played a critical role in managing the uneven effects of redevelopment in Boston. State policies reflect the contradictory interests that exist within the local economy and society. But city politicians also pursue their own interest in retaining power: they need to maintain a healthy tax base, generate enough votes to stay in office, and contain conflict among the city's residents and businesses. By responding positively to citizen demands for linkage and protection from economic displacement, city officials have successfully maintained political support for (or at least minimized opposition to) economic growth.
Ray Flynn has attempted to build his own political power by bridging the interests of downtown corporations and developers with Boston's poor and working class communities. His coalition is not based on growth, per se, but on growth with redistribution. Since Flynn knew that he could not implement his program and stay in office without support from the city's leading businesses, he took steps early in his administration to win their confidence: he reformed the city's fiscal management, reduced the city's workforce to balance the budget, and approved the downtown projects he inherited from Kevin White. These measures helped him gain business support for new local taxes, improved bond ratings, and expanded public-private partnerships. The downtown projects also generated direct benefits in the form of jobs, tax revenues, linkage payments, and additional contributions. In the absence of strong federal support for housing and social programs, Flynn has had little choice but to rely directly on funding from private business. Still, these privately funded programs do not begin to compensate for federal cutbacks.

To strengthen his political support in Boston's working class communities, Flynn has attempted to implement four major housing initiatives: strong rent and condominium conversion controls (where he was defeated in the city council and the courts); construction of affordable housing on city-owned property; increased linkage payments from downtown developments; and inclusionary zoning. Additionally, his jobs policy attempts to expand downtown employment opportunities for city residents, people of color, and women. Boston's ongoing fiscal squeeze continues to limit Flynn's ability to finance redistributive programs out of the city budget.

Thus far, the mayor's attempt to link economic growth with redistribution has gained him approval from both downtown businesses and Boston's ordinary citizens. But after three and one-half years in office, the economic situation of tenants, minorities, and low income people in the city has not
noticeably improved. If anything, the recent explosion of real estate prices and rents has further impoverished many people. The endurance of Flynn's current coalition may ultimately depend on how well his policies ameliorate the uneven effects of urban redevelopment.

This study demonstrates the critical role of the local state in urban economic development. The structure of the urban political economy compels the local state to promote private capital accumulation. Economic growth is necessary for the state to avert fiscal crisis and to advance the material well-being of its citizenry. Local businesses, conversely, depend on the state to provide public infrastructure, to facilitate changes in land use patterns, and to maintain social peace and political order. Boston's economic development agencies and politicians have successfully balanced these competing economic and political demands in the 1980s as they have promoted the restructuring of the city.
NOTES

CHAPTER 1


2. Ibid, p. 12.


5. Harvey, p. 156; Molotch, p. 314; Peterson, pp. 24-25.


14. Ibid.


17. Peterson.


29. For the original statement on "political learning" see Hugh Heclo, Modern Social Politics in Britain and Sweden, 1974, pp. 301-314.


32. Fainstein and Fainstein, 1983a, p. 22.


34. Ibid, p. 178.

36. Peterson, p. 128.


40. Mollenkopf, p. 48.

41. Ibid, p. 57.

42. Ibid, p. 63.

43. Ibid, p. 71.


46. Ibid.

47. Mollenkopf, p. 104.


49. Hartman, p. 5.

50. Mollenkopf, p. 53.


CHAPTER 2

1. Mollenkopf, p.158.


6. Ibid, p. 36.

7. Banker and Tradesman, 22 April 1981; and National Real Estate Investor, August 1981. "Class A" is a designation given to office buildings constructed or rehabilitated since 1959.


12. Calculated from Boston Redevelopment Authority reports; "Twenty-two Years of Boston's Fiscal Record" and "The Revitalization of Downtown Boston."


14. See, for example, Office of the Mayor, "Boston's People and Their Economy--Mayor Kevin H. White's Program," 1975. No mention at all is made of tax gains in this major report on the city's economic development policy.

15. Boston Redevelopment Authority, "Boston's Fiscal Strategy and Economic Development." Most of the tax exempt properties contribute 121A or in-lieu-of-tax payments, but these payments are usually much less than they would be if the property were taxable. One sixth of the new investment is fully exempt.


20. The BRA would use its power of eminent domain to assemble the site if the developer was not able to reach an agreement with existing property owners to buy the land.


22. The review process is lengthy, but involves just a few major steps: developer designation (for publicly-owned sites); design review; environmental review; and zoning. On the publicly-controlled parcels, the BRA stipulated in advance what types of development would be appropriate for the sites (i.e. office, hotel, retail, residential) and in a few cases outlined specific design guidelines. Normally, the review process for large projects takes at least two years before construction can begin.

23. Developers fear uncertainty about the future more than anything else. Because they often commit millions of dollars even before they are allowed to break ground on a project, they expect a minimum level of consistency in dealing with city government. Often, they will even support additional regulatory measures so long as those regulations increase the level of predictability in the review process.

24. Interview with Robert Ryan.


27. Two years later, a shorter, five-story, building would be approved for the same site.

28. Post Office Square is often added to this list of projects. We are not including in our discussion for two reasons: first, no formal decisions had been made on the project during Kevin White's term; and second, the main proposal for the site was to replace the existing above-ground garage with an underground one and then to build a new park on top of it. This paper is only concerned with new commercial development, however.

29. A list released by the BRA on October 31, 1984, comparing the building heights before and after the review process implied that the changes were made after Stephen Coyle became
the BRA director. In fact most of the changes listed were made in 1983, when Kevin White was still mayor and Robert Ryan was the BRA director. For example, the list implied that Coyle reduced International Place from 675 feet to 600 feet, but the BRA board had already approved just 600 feet in 1983. The list also implied that 500 Bolyston Street was lowered from 396 feet to 330 feet, but it was really only 345 feet high when Coyle stepped in. The list even implied that Coyle reduced one building, 75 State Street, from 42 to 22 stories when, in fact, he allowed it to rise from 22 to 33 stories (although the overall size and floor-to-area ratio of the project did not change as dramatically, and the design was improved by setting back the tower away from State Street).

30. BRA, Downtown Projects: Opportunities for Boston, 1984, p. 3.


32. See Mel King, Chain of Change, 1981, for a history of Black community struggles to fight racism in the building trade unions, and to obtain a larger percentage of jobs on publicly-funded development projects. Under Mayor Kevin White a jobs policy was established setting hiring guidelines on public projects for hiring of city residents, people of color, and women.


35. Calculated from financial information included in BRA, Downtown Projects, from newspaper articles, and from interviews with developers.

36. The following analysis is reconstructed from an interview with John B. Hynes, a partner of Lincoln Property Company, 27 March 1983, and from the a Boston Globe article, 21 October 1984.


38. The BRA estimates that 75 percent of all hotel stays are by business travelers.

40. See Todd Swanstrom, *The Crisis of Growth Politics*, 1985, to see what can happen when a populist mayor antagonized local business interests.


42. See Gaston and Kennedy, "Capital Investment or Community Development? The Struggle for Control of Turf by Boston's Black Community," *Antipode*, forthcoming, concerning the dichotomy of community and neighborhood—the differing meanings of place as use value and exchange value.

43. See King, chapters 5, 10, and 17 for a history of struggle over, and development of, community housing, and Mollenkopf, chapter 5, for an overview of the South End struggles.

44. Interview with Michael Kane, 6 May 1987.

45. The chairman of Flynn's financial transition team was John Bok, a leading Boston real estate attorney. Kevin Phelan, a vice president of Meredith and Grew, one of Boston's oldest real estate firms, is one of Flynn's main contacts and fundraisers in the downtown business community. See the *Boston Globe*, 28 November 1984.

46. The Linkage Action Coalition is made up of Fair Share, Massachusetts Tenants Organization, ACORN, Tenants United for Public Housing Progress, and the Boston Affordable Housing Coalition.


48. Kayden and Pollard arrived at this conclusion using relatively conservative assumptions (e.g. they did not include the multiplier effects on employment or housing speculation in their analysis, nor did they calculate the cumulative effects on price in subsequent years), thus it is safe to assume that the actual impact of office development on housing prices is even greater.

49. According to Robert Ryan, the former BRA director, the BRA received 25 proposals in 1981 to construct new hotels (but not all were approved).

CHAPTER 3


5. A study conducted by the Economic Development and Industrial Commission in 1969 found that displacement by public projects was the second leading cause of manufacturing flight from Boston, accounting for one-fifth of relocations outside the city. The leading cause, accounting for one-third of all relocations, was the need for expansion space. Economic Development and Industrial Commission, "Boston's Industry," 1 March 1970.


10. Both agencies were committed to promoting economic development along the waterfront, but under Seybolt's leadership they had a competitive relationship with each other. Massport wanted to obtain a portion of EDIC's Marine Industrial Park for use as a containerport, and threatened to challenge the BRA's development plans for the Charlestown Navy Yard if the city did not give in. Seybolt was opposed to negotiating with Massport, and felt betrayed by Mayor White in the negotiations. White was more interested in office and residential development at the Charlestown Navy Yard and did not care too much about EDIC's industrial development plans in South Boston, so he pushed for a quick agreement between the two agencies. Brian Dacey, who was hired as director just before the negotiations began, worked out the compromise with Massport. Afterwards, Seybolt left EDIC. Interviews with
Thomas Legatt and Brian Dacey.

11. BLDC's revenue sources are grants from the U.S. Economic Development Administration and the Community Development Block Grant Program, while BIFA raises capital from the sale of industrial revenue bonds.


14. Following rent increases at 15 and 35 Kneeland Street, Robert Ryan, the BRA Director sent a letter to the Trustees of the New England Medical Center on October 13, 1981 telling them the BRA would suspend further processing of requests if there were any more rent increase or evictions.

15. The BRA and the CCBA co-sponsored an amendment to the city's zoning code in October 1981 that made medical institutions conditional uses. This would require medical institutions to hold public hearings and to obtain zoning approval for new projects from the Board of Appeal. The BRA supported this amendment because also it gave the city additional leverage to negotiate in-lieu-of-tax agreements with the tax exempt medical institutions. See Boston Herald American, 16 October 1981 and Boston Sunday Globe, 18 October 1981.


17. Interview with Brian Dacey.

18. Interview with Marilyn Swartz Lloyd.

19. The four main options were: 1) new construction in the Boston Marine Industrial Park; 2) the privately-owned Fargo Building in South Boston; 3) the Boston Army Base; and 4) renovation of a BRA-owned building in the South End.

20. The advisory Committee included two U.S. senators and one congressman; three garment company owners; two representatives from industry organizations; the Regional Director of the ILGWU; Directors of EDIC and the BRA; the Secretary of the Massachusetts Office of Communities and Development; vice presidents from the First National Bank of Boston and Shawmut National Bank (who held most of the industry's accounts); representatives from the Chinatown Housing and Land Task Force and the Chinese Consolidated Benevolent Association; and the President of the Boston Committee (a business sponsored group organized to improve the city's race relations).
21. A few years later Moakley prominently used the renovated Boston Army Base in his campaign literature.


23. Murton Sudalter, president of the GIRA, said he believed that EDIC breathed easier when the GIRA fell apart since that lessened the pressure on the agency by the garment firms. Interview, 3 April 1987. A former EDIC employee who worked on the project, Dan Fishbein, corroborated this. He said that EDIC had no regrets when the Advisory Committee waned since it had finished serving its purpose, which was to apply pressure on the federal government. Interview, 18 February 1987.

24. Interview with Lester Geist, 3 March 1987.


27. Between 1980 and 1984, of the firms that contacted EDIC looking for industrial space, as many firms relocated outside Boston as moved into EDIC industrial parks. Presumably, more firms would have left the city if EDIC did not provide them space. See EDIC, "Real Estate Report: Trends in Industrial Real Estate 1984," p. 4.


29. Interview with Brian Dacey.

CONCLUSION

1. See David Harvey, Robert Beauregard, and Susan and Norman Fainstein.

2. EDIC has adopted a coalition strategy in redeveloping the Newmarket Square industrial district. The agency is working closely with the Newmarket Business Association, which was organized by area businesses in the early 1980s, to lobby for public support for their plan.

3. The district runs from the Fort Point Channel area in South Boston to Lower Roxbury and Newmarket Square. See the Boston Globe 12 May 1987.
INTERVIEWS

Emily Achtenberg - former member, Advisory Group on the Linkage Between Downtown Development and Neighborhood Housing
John Avault - research department, BRA
Martha Bailey - former Project Manager, BRA
Bruce Bolling - member, Neighborhood Housing Trust; President, Boston City Council
Brian Dacey - former Executive Director, EDIC
Peter Dreiер - Assistant Director for Housing, BRA
David Elliott - Director, Chinatown Occupational Training Center
Janice Fine - staffperson, Boston Linkage Action Coalition; Massachusetts Fair Share
Mitch Fischman - Project Manager, BRA
Dan Fishbein - former Assistant Director for Marketing and Development, EDIC
Bob Gehret - Planning Assistant, Public Facilities Department
Lester Geist - owner, Herman Geist (sportswear)
Kent Gonzales - Assistant Director for Real Estate, EDIC
Doug Herberich - Deputy Director, EDIC
John B. Hynes, III - Partner, Lincoln Property Company
Michael Kane - Director, Boston Affordable Housing Coalition
Regina Lee - leader of Chinatown Housing and Land Task Force
Tom Leggat - founder and former Vice President, EDIC; owner, The Leggat Company
Ed Logue - former Director, BRA
Carole Matheson - Project Coordinator; former Chinatown Neighborhood Planner, BRA
Nelson Merced - member, Neighborhood Housing Trust; Deputy Director of Planning and Policy, Public Facilities Dept.
Kirk McClure - research staff, BRA
Mike McGinnis - Project Manager, Meredith & Grew, Inc.
Bart Mitchell - Assistant to the Mayor's Development Advisor
Joseph Nirgo - Secretary/Treasurer, Greater Boston Building Trades Council
Carole Pelletier - Assistant to Director, BRA
Evelyn Ruby - owner, U.S. Slide Fastener
Robert Ryan - former Director, BRA
George Seybolt - founder and former President, EDIC; former President, Greater Boston Chamber of Commerce; former Chairman, The Vault
Murton Sudalter - owner, Victor Bias Binding
Marilyn Swartz Lloyd - Executive Director, EDIC
Pamela Wessling - Project Manager, BRA
Bill Whitney - Assistant Director of Design and Development, BRA
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