INVESTING (IN) EQUITY
How Can Urban Development Internalize Social Cost?

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THESIS ABSTRACT

This thesis recognizes the social costs created by privately driven urban development while also acknowledging cities’ fiscal dependence on local property taxes. This study is based on the premise that equitable spatial distribution of affordable housing can alter existing social perceptions and norms while providing a better quality of life to residents with less income capacity. Using as case studies the linkage and inclusionary policies in Boston, this thesis advocates for the need to include spatial emphasis in policies related to urban development. This proposal derives from an analysis and findings that show the concentration of affordable housing in some of the city’s most impoverished neighborhoods. Based on the goals of income integration and poverty deconcentration as framed by the US Department of Housing and Urban Development and by the Mayor’s agenda for the City of Boston, I examine income integration patterns in the city through time and analyze how affordable housing created with the assistance of linkage funds and though the inclusionary policy has supported or refuted prevailing spatial income patterns in the city. Although this thesis ultimately questions whether income integration is the appropriate goal for fostering spatial equity, it offers policy reform suggestions that could support a greater “geography of opportunity” for the city’s lower- and middle-income residents. The recommended policy reforms extend beyond these two policies in order to question the larger urban development regime and the role of local level government interventions.
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<table>
<thead>
<tr>
<th>CONTENTS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>THESIS ABSTRACT</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>ACKNOWLEDGMENTS</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>PROLOGUE</td>
<td>DEMYSTIFYING THE EQUITY DRAMA</td>
<td>9</td>
</tr>
<tr>
<td>CHAPTER 1</td>
<td>THE (IN)EQUITY OF SPATIALLY FLIMSY POLICIES</td>
<td>15</td>
</tr>
<tr>
<td>Urban Planning and Spatial Equity</td>
<td>A TIMELY DISCUSSION OF LOCAL LEVEL REDISTRIBUTION</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>THESIS ORGANIZATION</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>HOW DOES URBAN DEVELOPMENT CREATE SPATIAL (IN)EQUITY?</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>(WHY) IS DIVERSITY IMPORTANT FOR PLANNERS?</td>
<td>27</td>
</tr>
<tr>
<td>CHAPTER 2</td>
<td>WHY HOUSING LOCATION IS IMPORTANT?</td>
<td>31</td>
</tr>
<tr>
<td>The Right to Housing and to the Geography</td>
<td>WHO CAN AFFORD TO LIVE IN BOSTON AND WHERE?</td>
<td>32</td>
</tr>
<tr>
<td>of Opportunity</td>
<td>STRATEGIES FOR AFFORDABLE HOUSING CREATION IN BOSTON</td>
<td>47</td>
</tr>
<tr>
<td>CHAPTER 3</td>
<td>REDISTRIBUTIVE POLICIES AT THE LOCAL LEVEL</td>
<td>49</td>
</tr>
<tr>
<td>Urban Development Redistributive Policies in Boston</td>
<td>BOSTON'S URBAN DEVELOPMENT POLITICS</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>DISCUSSIONS ON LINKAGE PROGRAMS</td>
<td>53</td>
</tr>
<tr>
<td></td>
<td>BOSTON'S LINKAGE POLICY</td>
<td>54</td>
</tr>
<tr>
<td></td>
<td>DISCUSSIONS ON INCLUSIONARY ZONING</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>BOSTON'S INCLUSIONARY POLICY (IDP)</td>
<td>64</td>
</tr>
<tr>
<td>CHAPTER 4</td>
<td>METHODOLOGY</td>
<td>71</td>
</tr>
<tr>
<td>Boston' Urban Development Redistributive Policies' Spatial Outcomes</td>
<td>WHO ARE THE PEOPLE SERVICED?</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td>HAS BOSTON BECOME INCOME INTEGRATED</td>
<td>74</td>
</tr>
<tr>
<td></td>
<td>HAS THE LINKAGE POLICY SUPPORTED INCOME INTEGRATION?</td>
<td>86</td>
</tr>
<tr>
<td></td>
<td>HAS THE INCLUSIONARY POLICY SUPPORTED INCOME INTEGRATION?</td>
<td>92</td>
</tr>
<tr>
<td>CHAPTER 5</td>
<td>(HOW) CAN THE LINKAGE POLICY CREATE GREATER INCOME INTEGRATION IN THE CITY?</td>
<td>100</td>
</tr>
<tr>
<td>Moving Towards a More Equitable Urban Landscape</td>
<td>(HOW) CAN THE INCLUSIONARY POLICY CREATE GREATER INCOME INTEGRATION IN THE CITY?</td>
<td>102</td>
</tr>
<tr>
<td></td>
<td>(HOW) COULD THE REFORM OF URBAN DEVELOPMENT FOSTER SPATIAL EQUITY?</td>
<td>104</td>
</tr>
<tr>
<td></td>
<td>EPILOGUE</td>
<td>111</td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td></td>
<td>113</td>
</tr>
</tbody>
</table>
DEMYSTIFYING THE EQUITY DRAMA

On March 4, 2011 in an afternoon lecture by David Harvey at Massachusetts Institute of Technology, I was reminded of why I returned to graduate school to gain a degree in Urban Planning, and I felt a renewed commitment to the ethos and ideals of the planning practice I hope to follow. Professor Harvey briefly illustrated the social inequality issues created by the very robust system of capitalism that we know and experience. The social crisis that he described was not just a critique of the system. It also provided the framework through which to question the responsibility of both the capitalistic system itself and the government within which that system operates to address the outcomes of the social inequality it generates. According to Harvey, if the social implications of a capitalistic system are not internalized within that same system, they do not simply go away; they are just left for the government to address and resolve. If a government, asked to respond to the social inequality created by an unregulated capitalistic system in place, declares inability (due to inadequate resources) to assume that responsibility, does not that mean that capital is simply subsidized to create a favorable environment for the few “haves” while leaving at risk the many “have-nots”?
Ultimately, David Harvey did not base his argument of the responsibility to address social cost on ethics, values, or principles. He simply demystified the processes within which social cost emerges and identified the actors that create it and those upon which it is inflicted. His argument does not leave room to debate or negotiate either whether someone (and if so, who?) should assume the responsibility for addressing social cost and mitigating its impacts. This thesis asserts that government not only has the responsibility to account for the implications of social inequality in a system, but also must recognize its capacity to mandate ways that inequality outcomes can be internalized by the capitalistic system that creates them. Therefore, this research examines the strengths and challenges of two local government attempts to cause the private market to internalize social spatial inequity issues created by private urban development: the linkage policy and the inclusionary policy, both crafted and implemented by the city of Boston. Both policies rely on private development exactions in order to create affordable housing in the city of Boston.

The planning profession’s ethical principles, as outlined in the American Planning Association’s website including the American Institute of Certified Planners (AICP) Code of Ethics and Professional Conduct, mandate that planning processes must “continuously pursue and faithfully serve the public interest.” The AICP Code asks planners to “strive to expand choice and opportunity for all persons, recognizing a special responsibility to plan for the needs of disadvantaged groups and persons.” (American Planning Association HTTP) However, I have come to understand that not all citizens conceive of “public interest” in the same
way, and its definition emerges from local political and ideological norms. This ambiguity requires the local planner to assume the responsibility and authority for its definition. Moreover, the planner's advocacy responsibilities imply that local government planners possess political power: power that could allow them to overcome or alter, rather than merely follow, the system's market dynamics and federal or state political agendas.

If the government's values and goals were explicitly defined, the role and responsibilities of the local government planner would not be so perplexing or nebulous. I find such ambiguity evident in the use of the terms "government" and "welfare government." The use of "welfare government" to refer to a separate system designed to help families with little or no income raises (at a minimum) concern and creates uncertainty as to whether or not "government" alone assumes such responsibility. If it does, doesn't using a special term to address the needs of those within the lower-income levels automatically call into question the responsibility and role of "government"? If it does not, then what is "government" and what does it do?

Despite my view that even using the special term "welfare government" exposes a political and social dilemma, part of the right-wing agenda denounces the very purpose of the welfare government. This agenda is based on an ideology that market forces dictate the just organization of social life and the belief that "the market is the best way to achieve the most just and the most rational forms of social organization." (Harvey 1992, 597) That ideology became even more prominent and credible because of the collapse of
numerous socially driven economies worldwide (Harvey 1992, 597). Most recently, the Tea Party Movement, which advocates for free markets and limited federal government intervention, has gained momentum. Demonstrations throughout the county attract not only substantial number of people but also the attention of the national news. However, how credible is it to argue that unregulated, market-driven economies are fortified against an economic collapse? The very fact that just two years ago the national government rushed to prevent the banks from bankruptcy using taxpayers’ money begs the question of whether a “welfare market” has now emerged. Even if, for argument’s sake, this is true, the “welfare market” has demonstrated that it has much greater leverage on the government than the “welfare government” has ever achieved.

For the purpose of this research, I recognize the complexity of the political power structure within which local government planners operate. The control that state level decisions and fiscal policies have over local governments is implied in Massachusetts’ 1980s reputation as “Taxachusetts,” which resulted from high income tax rates and in “Proposition 2 ½,” which limits property tax increases. As a point of departure for this thesis research, the conversation about what government is, or isn’t, is neither debatable nor negotiable. I simply define the role of the “government” (not that of the “welfare government”) as one that in part aims to provide the same opportunity to all people, of all income levels.
Anchored in that definition, and driven by the advocacy responsibilities inherent in the planning profession, I study the spatial implications of two local-level, redistributive policies—the linkage policy and the inclusionary policy—crafted to increase the city's ability to create affordable housing and to promote income integration within Boston. However, in this thesis I avoid discussions of welfare policies and purely Marxist ideologies, as I do not necessarily believe that these proposals come without many limitations and unintended implications. Most importantly, I do not believe that advocating for giving resources to those who do not have them and advocating for creating an opportunity that allows people to help themselves (and hence to improve their own lives) are of equal value. The basis for the spatial analysis derives from the lens of income integration. The goal of income integration is a goal not only for the city of Boston (Sheila Dillon, personal interview, March 2011), it has also been gaining prominence in the US Housing and Urban Development agenda for over a decade (Goetz 2000, 157).
“[...] any successful strategy must appreciate that spatial form and social process are different ways of thinking and talking about the same thing.”

David Harvey, Social Justice and the City (2009), pg 26.

URBAN PLANNING AND SPATIAL EQUITY

1.1 THE (IN)EQUITY OF SPATIALLY FLIMSY POLICIES

“The Clarendon was built for the luxury market and luxurious it is,” broadcasted the Real Estate Boston Connoisseur newspaper in February 2010. Located in the heart of Back Bay, next to an MBTA Orange Line subway station, in close proximity to the Boston Public Library and Copley Square, amid shops, cafés and restaurants, the Clarendon mixed-use development, completed in November of 2009, offers a luxurious lifestyle and a scenery full of amenities, familiar to the neighborhood’s residents. Yet it provides an unfamiliar setting for the thirty-six rental low-income apartments and the one homeownership higher-middle income condo it includes (Leading the Way Database, 2010). Back Bay is also an unfamiliar residential territory for the many low- middle- and moderate-income residents of the city.

The market rate condominium sales of the Clarendon have been ranging from $700,000 to $2 million (Boston Homes, 2010) and reflect the project’s total development cost of about $130 million (Leading the Way Database, 2010). The thirty-six affordable apartments are located amid market rate apartments, renting for up to $5,500 per month (Warren Residential Group, Boston Real Estate Sales and Leasing, 2011). The Clarendon
development was first proposed in 2005; negotiations with BRA during the Article 80 large project review process and compliance with Boston’s inclusionary policy (which requires the inclusion of affordable units within market rate developments of over 10 units requiring zoning relief) resulted in the final mixed-income program.

However, the case of Clarendon is not representative of the locations of affordable units in the city. Sheila Dillon (Housing Advisor to Mayor Menino) said during a personal interview that “a city’s goal is income integration within each development and within the city’s urban environment.” (Sheila Dillon, personal interview, March 2011) However, my hypothesis is that the non-spatial emphasis of current policies (even those that aim to address social inequality and expand benefits to residents of less income capacity) has unintended spatial inequity implications. The case of the Clarendon development is interesting, noteworthy, but unusual.

Driven by equity ideals, the main objectives of this thesis are two-fold. First, I hope to increase awareness of the spatial equity implications that the non-spatial emphasis of current policies can generate. Second, I intend to explore the power and limitations of local government planning interventions in addressing spatial (in)equity challenges. Moreover, I aim to identify whether, when, and under what circumstances better spatial equity policy outcomes could be achieved at the city level and to suggest possible policy reforms that place a stronger emphasis on spatial equity. Lastly, recognizing constraints imposed by the US federalist system on local level social redistribution, I suggest specific changes to the linkage and inclusionary policies (policies that this thesis uses as a basis for spatial equity discussions), as well as reforms to city-level, urban development norms that may result in greater spatial equity outcomes.

Rooted in my argument that government should provide equal opportunity for all residents of all income-levels is the inherent tension between the goals underlying privately driven development and the goals framing local governments’ undertakings. On one hand, the “wealth maximization principle” of individual investors guides the development strategies of the private sector. On the other hand, the local governments’ goals and responsibilities to serve the public interest, among many other outcomes, result in the creation of policies like those explored in this thesis. “Thus, planners appear caught in an insoluble dilemma—either leave the market to take its course or impose an oxymoronic diverse order.” (Fainstein 2005, 6)

Moreover, besides their local formation, administration, and implementation, both the linkage and inclusionary policies rely on the use of private funds—gained in the form of development exactions—to create public benefit outcomes, which in this case
is the creation of affordable housing in the city. Local revenue relies heavily on property and income taxes within each city’s boundaries; therefore, local governments are often at odds with the objective to advocate for public interest and with the need to maintain a positive development climate for the private sector. As part of this thesis I explore this fine balance between these two, potentially contradictory, objectives that Boston’s local government has to consider. I hope thereby to further planners’ understanding of the public and private negotiations and dynamics relevant to local-level, redistributive policies calling for private development exactions.

My argument recognizes the scarcity of resources available for the provision of affordable housing. It also appreciates the limitations of local level redistributive policies and the challenges ingrained in balancing the quantity and the quality of affordable housing. However, I argue that for policies to remain true to the economic integration goals of the city’s population, policy makers and planners need, at a minimum, to periodically invite scrutiny of the spatial equity implications that policies cultivate over time. Furthermore, Boston’s unique economic strength and market environment allows for an exploration of progressive policies and an examination of the local government’s capacity to negotiate with the private sector, perhaps beyond what can be proposed in many other US cities.

Cities operate within the limitations offered by federal and state rules; therefore, redistributive policies may be more effective if formed and administered at a higher level of governance. “The current legal structure does not grant autonomy to any local governments. Instead, it grants them some substantive powers but denies them others.” (Frug and Barron 2008, 35) However, urban living is essentially experienced at the city level and city-level decisions have a direct and more immediate impact on citizens’ lives. Moreover, cities have the ability to generate innovation at the local level (Fainstein 2010, 177). As demonstrated in the case of Boston, local governments do at least assert their intention of addressing and responding to matters of equity and redistribution. While recognizing that Boston’s case is not universally applicable, a goal of this thesis is to assess the local government’s ability to form and implement such redistributive policies. This thesis also aims to identify possible limitations and strengths of the implementation of these two policies. Subsequently, it suggests that potential future partnerships among city agencies and programs, or between Boston’s and adjacent municipalities’ planning agencies, could strengthen the spatial equity outcome of local level redistribution.
This thesis can inform planning processes and policies beyond the context of Boston through: the spatial emphasis introduced in the methodology for evaluating the policies; some broader considerations regarding public-private negotiations during the development process; and the exploration of the local government’s role in regulating private market and investment outcomes.

1.2 A TIMELY DISCUSSION OF LOCAL LEVEL REDISTRIBUTION

Taxation, regulation, and government spending approaches depend on the political and ideological agenda of the party governing the nation. The post-1973 era in the US has witnessed the unwillingness or inability of both Congress and the White House to help cities mitigate the social impact of fiscal austerity (Frieden and Sagalyn 1991, 291). Federal government budget cuts during the Reagan era (1981–1989) were one of many indicators of a conservative and capitalistic social-policy agenda. Although federal-level policies directly affect the social spending capacity of local governments, the formation of the linkage policy in Boston in 1986 reveals the desire of city-level governments to realize social policy agendas beyond the intentions of the federal government. The more recent establishment of the inclusionary policy in Boston in 2000, during Clinton’s presidency, suggests that local governments need to address redistribution at the local level, even under more socially favorable federal fiscal agendas.

Earlier this year, President Obama, leading what was hoped to be a liberal government with a Republican-majority Congress in place since February 19, 2011, announced the 2011 annual federal budget. In an attempt to decrease the national debt, the Office of Management and Budget prepared a 2011 federal budget that decreases significantly the availability of resources for social policies. Specifically, 7.5 percent (or $300 million relative to current funding levels) has been cut from the Community Development Block Grant (CDBG) program (Office of Management and Budget HTTP). The foreseen consequences of the cuts have created anxiety and unrest among city planners. In Boston’s first public hearing to discuss plans for the projected allocation of housing and community development funds from the US Department of Housing and Urban Development, held at the City’s Department of Neighborhood Development on March 10, 2011, the conversation was dominated by the anxiety of local government officials and the unease of city residents facing increased needs.

Local-level redistributive policies do not necessarily thrive under fiscally conservative federal policies. Yet, it is evident that redistribution at the local level, used either as a reactive
or a proactive measure, is likely to become more prominent or even necessary on the planning agenda of cities—at least those with strong local markets. Evidently, cities may not always have the opportunity to rely on federal and state funds for adequate provision of social services and redistribution of resources. However, during times of fiscal austerity cities are more highly pressed for social policies that speak to issues of equity. Moreover, it is at the local level that fiscal austerity and funding cuts have a more visible impact on communities and that community advocates often vigorously demand government action.

Policies formed and administered to promote redistribution at the local level are likely to become increasingly important in order to mitigate the detrimental effects of conservative federal and state fiscal policies on the lower-income people of a community. Such redistributive policies also seek to correct the social cost burden created by larger scale failures. Moreover, when implemented under liberal federal and state policies, local-level redistribution may reverse long-standing, well-rooted urban inequality. This thesis acknowledges the different federal conditions within which the linkage and inclusionary policies emerged in Boston as well as the different policy modifications that occurred due to shifting economic conditions.

1.3 Thesis Organization

This thesis is organized in the following chapters.

**Chapter 1** provides an overview of how market-driven, private development creates social spatial segregation and inequality. This chapter critiques the “growth machine” and the “political machine” agendas that guide urban development. It concludes with arguments about why diversity is important and why planners’ advocacy of diversity has been central to the planning profession.

**Chapter 2** explains how the importance of housing location affects people’s quality of life and creates what Xavier Briggs calls the *geography of opportunity*. By examining Boston’s urban landscape and neighborhood affordability levels, this chapter provides the basis for understanding Boston’s housing affordability crisis and its geographic connotations. Lastly, it provides an overview of the city’s response to the housing affordability issues it has been facing.

**Chapter 3** provides a basis for understanding how private exactions can address redistribution at the local level. The main intention of this chapter is to examine two policies: the linkage policy and the inclusionary zoning policy. These policies have been formed and implemented at the local level in many US
municipalities. Greater emphasis is put on the way these two policies have been formed and implemented within Boston's unique political and urban development environment. Both policies were crafted to mitigate social inequality outcomes associated with privately driven urban development through two main goals: increasing the city's capacity to provide affordable housing and promoting income integration within the city's urban landscape.

Chapter 4 analyzes the spatial distribution of affordable housing created through the contribution of linkage funds and the inclusionary policy in Boston. It assesses the spatial income distribution in the city's urban landscape since 1980—before the creation of any of the two policies—until 2010 through census data at the block-group level. Although spatial income distribution within the city is contingent on factors far beyond these two city-level policies' outcomes, this chapter assesses whether income integration within the city's urban landscape has been achieved. Furthermore, it examines whether either of the two policies has supported or deferred greater income integration within Boston.

Chapter 5 aims to: a) provide possible answers or guidance on how potential future changes in the policies can place greater emphasis on creating mixed income developments and neighborhoods to attain the city's income integration goal and, b) to unveil some of the barriers to achieving income integration through the linkage and inclusionary policies. Moreover, this chapter offers suggestions for how goals of economic integration can be more aggressively pursued through broader urban development reform efforts.

1. 4 How Does Urban Development Create Spatial (In)Equity?

The Urban Development Regime

Many cities, very much like Boston, view the physical development and redevelopment of downtown areas not only as the solution to a city's fiscal prosperity and economic development but also as a prerequisite to a city's regional significance. As a result, many cities direct much attention and resources to downtown development and redevelopment efforts. Desiring to increase their tax base and hence their fiscal capacity—an objective directly attributable to the decentralized, neoclassical and capitalistic framework within which urban settings exist and regenerate—cities place great emphasis on attracting private investment in their downtowns (Frieden and Sagalyn 1991, 7). In addition, as market forces follow public investments, and the central location of downtown areas is attractive for businesses, market driven commercial and office developments tend to be an
outcome not only of public subsidies offered but also of market desires. Hence, many cities are characterized by a concentration of high-end and commercial developments in downtown areas and also a disparity of property values between downtown and urban neighborhood areas.

In the 1960s, fearing that blight would spread from one building to another, cities chose "radical surgery to remove all blighted properties at once" (Frieden and Sagalyn 1991, 41). The new downtown development projects, built on the cleared sites, were large, typically with a single function or use, and designed to promote isolation from the surrounding areas (Frieden and Sagalyn 1991, 42). Federal subsidies of large infrastructure projects supported much of the downtown development at the time. The implications of the urban renewal era for the cities' lower-income residents have since been widely criticized and have significantly stigmatized the planning profession. Moreover, speculative downtown commercial development in some cases did not result in the positive economic impact that it aimed to create (Frieden and Sagalyn 1991, 88-89).

In the 1980s, downtown development and redevelopment activity occurring in downtowns nationwide was portrayed as "urban revitalization" or "urban renaissance." It was often partially publicly funded through either direct subsidies or tax abatements. Ironically, at the same time, many of the cities experiencing rigorous downtown development were also experiencing rising unemployment and increasing poverty levels (Krumholz 1999, 90-91). The public resources allocated to such development provided clear benefits to developers but the success that downtowns were claiming did not seem to result in economic benefits for the city's neighborhood residents (Krumholz 1999, 85). There was a belief that the investment in downtown areas would help cities increase their tax base and hence their fiscal capacity and ability to provide public services to all residents—what has become known as a "trickle down" approach to prosperity and economic development. This belief has since been exposed as a myth (Krumholz 1999, 91-93). However, the linkage program that emerged in Boston in the mid-1980s demonstrates a city-level attempt to link downtown profits with greater neighborhood benefits. This program would have not been initiated without the downtown real estate boom that the city experienced.

Specifically, research on nine cities that directed their attention to downtown office development from 1950 to 1984 (a popular city response to the shifting economy characterized by losses in manufacturing and industrial jobs) revealed that such development did not translate to positive income and economic benefits for the city's overall population. In particular, between 1970 and 1980, four of the cities included in the research...
(Atlanta, Baltimore, New York, and Philadelphia) showed intense downtown development trends. At the same time these four cities were among the ten worst-off cities in the U.S based on an index that accounts for unemployment levels, poverty rates, and changes in real income (Frieden and Sagalyn 1991, 288).

Despite the recognized failures and criticisms, many planners and scholars are hesitant to discount rigorous downtown commercial and office activity as a valid strategy. Efforts to increase cities’ fiscal capacity imply more taxable land uses and higher tax rates. As cities do not dictate the national economy and the sources allocated for social policies but are significantly impacted by them, there is only partial truth in casting the blame for creating urban inequality on city level governments’ development decisions (Frieden and Sagalyn 1991, 290). However, private wealth is generated through a system of public subsidies, permissions, and adequate public infrastructure, which defines the growth machine regime. Under that regime, private interests ultimately guide local government leverage (Logan and Molotch 2007). “The mobility of private capital forces local officials to cater to the needs of the private sector in order to attract the investment necessary to maintain the local economy.” (Goetz 1994, 86)

The questions that local governments have not explicitly been investigating when supporting development projects are “How is the public interest served when the city trades uncollected property taxes that provide social and educational services for the lower-income people, for physical development that provides benefits for ‘higher-income’ people?” and “Who gains and who loses as a result of downtown development?” (Krumholz 1999, 83) As will be presented in chapter 3, such questions became prominent among Boston’s community advocates and dominated the city’s progressive government agenda.

Questions of equity however, can best be addressed on a systematic basis rather than on a case-by-case basis, through the development of downtown plans that provide a framework for more just and physically enhanced cities (Keating and Krumholz 1991, 136). Downtown plans not only can foster the coordination of public programs but can also prevent the translation of downtown planning to “deal making” that tends to cater to private development desires and often ignores the public benefits that could or should accompany it. Though social problems may not seem directly linked to downtown developments, they cannot remain unaddressed or be solved apart from downtown plans (Keating and Krumholz 1991, 137).
Although creating a downtown plan does not mean either that it will include strategies for redistribution of public benefits or that it will result in greater equity upon implementation, Boston has avoided the development of downtown comprehensive plans altogether. The downtown development politics of the city have demonstrated an inclination to create an attractive environment for private investment. Hence, it is likely that the formation of a comprehensive downtown plan has been deliberately avoided, as merging private with overall community interests can be a highly contentious process. Yet Boston has also demonstrated the desire to create synergies between downtown development and public benefits. Evidence of this is both the linkage and inclusionary policy. However, the success of both policies is based on the success of speculative downtown development and "deal making" development practices. The lack of an overall comprehensive plan for Boston's downtown may have allowed the city to maintain an inviting environment for private investment but it is likely that has also compromised the outcomes of the city's social redistributive policies seeking to achieve equity outcomes that far exceed in scope and complexity what these policies alone can achieve.

Moreover, equity requires redistribution "of both material and nonmaterial benefits derived from public policy that does not favor those who are already better off at the beginning." (Fainstein 2010, 36-37) Furthermore, "[...] equity does not require that each person be treated the same, but rather that treatment is appropriate. In this interpretation, distributions that result from market activities are included; they are considered to be within the realm of public policy since the choice of leaving allocations to the market is a policy decision." (Fainstein 2010, 36)

Recognizing a city's dependence on property taxes generated within its municipal boundaries, I take for granted that the notion that urban (in)equity should not lead to a binary opposition of "for" or "against" development strategies. Rather, urban (in) equality should prompt a call for considering the multiple implications of urban development projects. Today the negative social cost outcomes of urban development are very different from those of previous decades. In the 1950s and 1960s urban renewal meant the direct displacement of the city's lower-income residents. In the 1980s the focus on single-use mega-projects and their architectural expression made exclusion evident. Currently, urban development has mixed (often ambiguous and speculative) outcomes, which makes it harder not only to build community opposition but also to convincingly argue against it, especially when social programs, such as the linkage and inclusionary development policy examined in this thesis, are based on resources resulting from urban development.
During his MIT lecture, Professor Harvey attributed communities’ current lack of concern over development decisions to the “spectacle qualities” that characterize urban development interventions today. The notion of fiscal dependence on growth has generated the “ideology of value-free development” (Logan and Molotch 2007, 60) and the “[...] celebration of local growth continues to be a theme in the culture of localities. Schoolchildren are taught to view local history as a series of breakthroughs in the expansion of the economic base of their city and region, celebrating its numerical leadership in one sort of production or another.” (Logan and Molotch 2007, 61) Local media, acting as cheerleaders, portray “[...] colorful pictures and sorties of new construction, redevelopment, and the arrival of upper-income residents downtown.” (Krumholz 1999, 85) Hence, public sentiment and pride often evolve around the notion of growth.

However, those people involved in local affairs often have a personal interest in land use and development decisions, and although they might not have the power to decide where to direct private investment, they hold great leverage over local governments. As a result, the public have mixed feelings about growth and “[...] political structures are mobilized to intensify land uses for private gain of many sorts.” (Logan and Molotch 2007, 65)

David Harvey attributed the failure of social policies largely to the inability of the country’s socialistic and left-wing movements to clearly articulate goals and strategies. These movements also, according to Harvey, do not possess the flexibility and resilience that characterize the capitalistic system. Yet his argument does not have to be an intellectual, dead-end remark. Specifically, it does not have to be translated as an inability to create and implement social policies within the context of a dominant capitalistic system. Furthermore, the dominance of a national, socialistic regime does not need to be perceived as prerequisite for addressing and mitigating social cost at the local level. The first would be a purely pessimistic attitude, declaring defeat at implementing much needed socially responsible and egalitarian strategies. The second would be a very long-term and possibly unachievable goal that, if deemed a prerequisite of implementing any socially redistributive strategies, could negate any possible action and ultimately penalize those most in need.

Harvey’s argument can be interpreted as a call to action for planners committed to “creating and expanding opportunity for all residents” in identifying and scrutinizing more explicitly the trade-offs between urban development benefits and social costs. In addition, it requires government to develop a greater ability to negotiate with the private sector. It ultimately necessitates undertaking a “non-reformist reform” approach to
urban development. This “non-reformist reform” approach, first defined by Goetz (1967), imposes the questions of what “should be,” not what “can be,” done. At the same time, it recognizes the constraints imposed by the existing federalist system and the prominence of the market forces in decision making. Undertaking a “non-reformist reform” approach could ultimately result in essential political and economic transformations (Linhorst 2002, 205).

The Misfortune of the Non-Spatial Emphasis in Urban Planning

Evident in urban development attitudes and strategies is the emphasis on economic forces, fiscal aims, and their associated political complexities. Often equally evident is the limited emphasis placed on the spatial manifestation of urban development norms and the resulting social implications associated with urban development’s consequential spatial organization. Provoked by that recognition, David Harvey argues the need to recognize that the establishment of any spatial organization tends in the end to become institutionalized and hence to influence future profiles of social processes (Harvey 2009, 27). Therefore, “[...] any successful strategy must appreciate that spatial form and social process are different ways of thinking and talking about the same thing.” (Harvey 2009, 26) In this thesis I accept Harvey’s argument that the power of spatial organization not only arises from social dynamics but also engenders social structures. Thus, I argue for the need to undertake a spatial approach to evaluating policy outcomes, especially those outcomes resulting from physical development policies and regimes.

Xavier Briggs points out the lack of spatial emphasis on social policies as a missing element from the US social policy agendas. Briggs recognizes the importance of social policies and the controversy that affirmative action in education and the job market has attracted. However, despite the implementation of such social policies, Briggs recognizes the persistence of inequality and the inability to respond to the increasing national diversity among the US population. This persistence of inequality is rooted in “the challenge to ensure that people of all backgrounds enjoy access to housing in communities that serve as steppingstones to opportunity, political influence, and broader social horizons rather than as isolated and isolating traps with second-class support systems.” (Briggs 2005, 2-3)

However, the effectiveness of city-level strategies “[...] depends on the national policy context in which they operate. Without a national regime that is committed to equity, heightened competitiveness of a particular city will likely only produce polarization, and diversity may result in rivalry rather than tolerance. (Fainstein 2005, 16). According to Fainstein, despite
the limits that localism imposes, cities have the capacity to aim for equity and justice in urban living when goals are framed beyond the creation of affordable housing (through linkage, inclusionary policy, and other subsidies strategies), to support the human development capacity of city residents (through means such as increased opportunity for education, fair labor law standards, and antidiscrimination laws) (Fainstein 2005, 17). Although Fainstein’s advocacy of human capital development is critical, the likelihood of achieving the policies she suggests is possible only under progressive local governments, like the one that Boston has been enjoying, characterized by a political consciousness that also advocates for spatial equity.

Furthermore, more recently Fainstein argued that social policies should intend for redistribution that is “not simply economically, but also, as appropriate politically, socially, and spatially” (Fainstein 2010, 36) and that “distributional equity represents a particular concept of fairness in which policy aims at bettering the situation of those who without state intervention would suffer form relative deprivation.” (Fainstein 2010, 37) In lieu of initiating a conversation that could lead to oppositional relationships between the multiple ways that social policies can generate equity, I argue that a multi-approach equity strategy is necessary. I also argue that, through a new spatial organization that values equity, it is possible to increase opportunity for all residents and to promote social and ideological change, at least at the local level.

Spatial emphasis, through the prominence of “location theory” is a well-known and acknowledged approach in urban economics (DiPasquale and Wheaton 1996). Transportation costs determine the location of employment centers, which in turn determine land and housing values. The analytical purposes of such a model are not problematic as they only reflect the degree to which market economies shape urban spatial patterns and dynamics. However, the use of such a model in determining or planning for future land uses fails to consider the social costs imposed upon those with less income capacity. Market economics alone lack an incentive to factor social costs into economic models. Nevertheless, under a “non-reformist reform” approach, city policies do not have to merely follow market norms. In contrast, they should strive to seek a new equilibrium that accounts for the social cost of market development. City policies should also address redistribution through the lens of the resulting spatial organization that ultimately creates and perpetuates this cost. This thesis presents an analysis of and recommendations for the linkage and inclusionary policy of Boston with an emphasis on the spatial implications of their implementation.
1. 6 (Why) Is Diversity Important for Planners?

The emphasis of the planning profession on matters of social equity and justice is neither new nor unexpected. However, both in academic discussions and in planning practice, identifying an appropriate framework for planning interventions addressing these very issues of social equity and justice does not necessarily fully integrate physical development with social or economic development policies. Often city planning agencies, as is the case in Boston, have different departments or divisions that deal with physical downtown development, urban design, the creation or preservation of affordable housing, or with economic development initiatives in the city. Sheila Dillon, housing advisor to Mayor Menino, mentioned that city's efforts include the integration of initiatives between the different departments. Once such example is the coordination of the Public Works Capital Improvement Projects and housing agencies in order to identify areas in need of public improvements due to the foreclosure concentrations deterioration (Sheila Dillon, personal interview, March 2011). However, the diverse pull of funding sources targeted specifically to certain initiatives and the specialized projects developed within each department do not necessarily encourage integrated planning strategies.

Furthermore, it has been my experience as a graduate student in the Department of Urban Studies and Planning that attempts to allow for specialization and to provide direction within the broad field of planning lead to the formation of focus groups that educate future planners with a different emphasis on priorities and expertise. It is likely for a future planner without a design-related degree or exposure to design education to practice in local government and to be called upon to make development decisions. As a result, planners are often divided between those who advocate for "people-based" strategies (to direct resources to human capital development, enabling individuals to become mobile, to make their own choices and, by doing so, to improve their quality of life) and those who advocate for "place-based" strategies (to direct resources to the physical improvement of the urban environment and, as a result, enhance the resources offered to each community).

Specialization of education and expertise within the broad field of planning is not only inevitable but also desirable in order to avoid becoming a mere generalist. However, as urban environments will inevitably continue to be developed, redeveloped, and altered, it is imperative to re-bridge the gap between the people-based and place-based strategies. Although an emphasis on bridging this gap was also evident during the modernist urban renewal era, its imperfect implementation and the remaining
equity issues create an urgency to identify ways in which physical development strategies can more effectively translate to people-based community improvements and thereby contribute to the production of more equitable urban landscapes.

A precondition for examining how spatial equity can be fostered through physical urban development is defining the term "spatial equity." Susan Fainstein, in her recent book The Just City (2010), identifies equity, democracy, and diversity as the prerequisite components of a Just City. However, she recognizes that in planning practice all three elements do not always complement each other. In such cases she suggests that equity should be the one to prevail. Simply put, under Fainstein’s theoretical framework as portrayed in The Just City, the term equity in urban development emphasizes the outcomes rather than the processes of development. This emphasis ultimately begs the question: "Who is getting what from it?" Under that framework, the notion of redistribution at the city level becomes important, and the planners’ role is elevated to one of advocacy.

Not surprisingly, recent academic discussions have evolved around challenging Fainstein’s ranking of equity outcomes over democratic processes or diversity. Regardless of individual ideological beliefs, it is difficult to disregard her argument that participatory, focused planning processes—although having dominated the agenda of advocacy planning over the last twenty years—have proved inadequate at generating just urban environments in the US (Fainstein 2010, 24). In this thesis, I do not plan to enter this debate over which of the three elements (equity, democracy, or diversity) deserves most attention. Boston’s linkage policy and the ongoing, inclusionary policy modifications occurred through democratic processes (even with all of their limitations and contradictions) and community unrest over social justice issues. It is often through community pressure that city governments craft and implement policies that aim to address issues of justice and equity. Hence, at least in the case of Boston, it is not convincing to suggest that goals of equity and resulting social policies would have been part of the city’s (progressive) agenda without the democratic processes in place that allow communities to voice their concerns and state their demands.

Participatory planning emerged to counteract the urban renewal efforts of the 1950s and 1960s. Planners and communities believed that participatory processes had the capacity to generate just and equitable plans and results. However, participatory processes have not always generated either equitable or just results. One can easily observe urban inequality in today’s US urban landscapes. Participatory processes have been unable to address the implications of social and political
power-structure dynamics embedded in all levels of social and political functions—and have not provided the most effective mode of achieving greater urban equity (Fainstein 2010, 24).

However, I find highly speculative Fainstein’s assumption that cities can achieve equity divorced from participatory processes. Furthermore, such an assumption elevates the role of the local government planner to a greater authority than it holds today or that it could possibly achieve in the context of the US federal system. Recognizing both the strength and weakness of her theory, I find that arguments creating an adversarial relationship between community engagement and equity implications are possible only as an intellectual exercise. While I find Fainstein’s claim that participatory planning has been unable to generate equitable solutions to date valid, I believe that her suggestion that equity can emerge apart from democratic processes is highly speculative. What is more risky is to take for granted that a top-down planning approach, even if it were to exist, would not have adverse implications.

As a framework for my study, I accept that a Just City emerges, although not always in pure harmony, through participatory processes where diversity is valued and where equity manifests itself in the urban landscape. As such, I trace the formation and initiation of both Boston’s linkage and inclusionary policies through time, recognizing the importance of community organizers, political activists, and housing advocates in the formation of these policies. Conversely, I use the notion of spatial equity to measure the effectiveness of these two city-level approaches by asking how they delineate and redistribute “who gets what” out of free-market-driven, urban development in Boston. Furthermore, when “state power is mobilized for elite interests, effective democracy can counter its unjust effects” and when “reformers manage to hold state power, justice might be best achieved by allowing officeholders to make decisions.” (Fainstein 2010, 26). Hence, I trace the formation of the linkage and inclusionary policies in the city’s urban political regime to discover their foundational basis and the circumstances that could allow their further future expansion.

Cleveland, Ohio’s equity planning agenda in the late 1960s and through the 1970s, led by the director of the city planning commission Norman Krumholz, demonstrated that local planners have the capacity to affect equity outcomes in the city. In his ten years with the city planning commission, Krumholz and his staff managed to address issues of public transportation mobility and accessibility, which had negatively impacted the city’s lower-income, elderly, or physically challenged. Krumholz also questioned and upset the city’s stance in providing tax abatements to downtown developments (Krumholz 1982, 168-170) However, Cleveland’s equity and advocacy local planning
agenda is not a widespread phenomenon. In Krumholz's opinion, his work in Cleveland had a bigger impact on academics, who incorporated it as an example in the teaching of the planning profession, than on city planners, who tend to be conservative, cautious, and averse to unpopular, public positions (Krumholz 1982, 172-173). Although that was true in the 1970s, nowadays policies formed to foster equity goals are evident in cities with progressive local governments. In Boston, although downtown development is often speculative and planning practices have been favorable to private investment, the case for equity has been part of the city's agenda since the 1980s. Both the linkage (1984) and inclusionary policy (2000) are evidence of at least the city's desire to advocate for greater public benefits for its residents with less income capacity.

Based on the assumption that urban environments tend to host diverse populations, it becomes important to define \textit{diversity} and to determine why often it becomes an aspiration but not necessarily an implication in planning. The use of the term \textit{diversity} has become a new guiding principle in urban planning, mostly as the profession's reaction to urban-renewal-era practices that stigmatized it. As such, the term is not only inherently ambiguous but also "tends to lose sight of the continued importance of economic structure and the relations of production" and the possibility of creating prejudice when people of incompatible lifestyles are compelled to share the same environment (Fainstein 2005, 13-14).

Hence "diversity" may not be the only correct goal in planning. Not only is its definition nebulous but also its advocacy invites discussion between those who do and those who do not believe in its value. Instead, advocating a clearly articulated connection between social exclusion and economic exclusion can better frame the investigation into how a non-diverse environment inhibits the capacities of those who are excluded (Fainstein 2005, 14). Based on that recognition, the next chapter discusses the "geography of opportunity" as framed by Xavier Briggs.
“From 1999-2000 house prices jumped in Boston by 22%, more than 7 times the rate of income growth [...] In 2000 only one in four Bostonians could afford an average-priced home and asking rents had gone up 47% in just four years.”

City of Boston, Leading the Way III (2009), pg 7.

THE RIGHT TO HOUSING AND TO THE GEOGRAPHY OF OPPORTUNITY

2.1 WHY IS HOUSING LOCATION IMPORTANT?

Issues of local, spatial (in)equity or (in)equality are affected by factors far beyond the allocated housing subsidies distribution and the affordable housing created within a city. The outcome and scale of urban revitalization and community improvement is a direct result of other decisions such as “capital flows across city space, fair lending policies (to counter disparate treatment or impacts in capital markets), tax treatment of various classes or property, reforms in public school finance or enrollment (including voucher-based ‘choice’ schemes and desegregation) and more” (Briggs 2003, 920). However, to some extent local governments are far less likely to be able to directly impact many of these larger-scale decisions, which are often made on a regional, state, or federal level. History has shown that redistribution of resources cannot occur easily enough or fast enough on a higher level of government (e.g. the national debate over the most recent healthcare reform). Therefore, cities can extend aspects of the opportunity offered to their most wealthy residents to lower-income residents by creating housing options in areas other than those with concentrations of poverty. Nevertheless, localized place analysis and policies (if they are to be viable and
resilient) need to account for the larger context within which they exist (Briggs 2003, 921).

The spatial manifestation of urban inequality not only identifies it but also contributes to its proliferation and perpetuation. Xavier Briggs summarizes the primary and compounding effects and mechanisms of spatial urban inequality in table 1:

The past two decades of national housing policy have emphasized the benefits for lower-income residents that result from improved location of housing. In 1994, the Department of Housing and Urban Development (HUD) launched one of the largest social experiments in the country. HUD sought to discover the implications on quality of life and human capital development of families that participated in voluntary relocation from subsidized housing to privately owned units in low-poverty neighborhoods. (Briggs, Comey, and Weismann 2010, 384). This social experiment, widely known as Moving to Opportunity (MTO), took place through the Housing Choice Voucher program in five US cities, including Boston. MTO examined the housing location preference of lower-income families in these five cities and assessed the development of their lives. (Briggs 2010, 21; Briggs, Comey, and Weismann 2010, 392) The study reveals many affordable housing supply and demand barriers to choosing the housing location (because of landlords accepting the Housing Choice Voucher program through real estate agents), as well racial and neighborhood quality complexities that impacted the MTO’s outcomes. However, the study concludes that “many residents of distressed, high-crime neighborhoods want the opportunity to escape those areas” (Briggs, Comey, and Weismann 2010, 422).

2. 2 WHO CAN AFFORD TO LIVE IN BOSTON AND WHERE?

To effectively address urban spatial inequality, it is important to identify the reasons that it exists and the mechanisms through which it is perpetuated. These reasons include exclusionary land use policies, market discrimination by sellers or lenders, discrimination in subsidized housing, and segregative choices by subsidized consumers (Briggs 2003, 933). A deeper historical review and thorough research into the urban spatial inequality in Boston today would uncover some of these factors. However, my hypotheses regarding the main causes for the city’s most recent housing crisis and the spatial inequality implications it has generated are: (a) the market forces as they relate to the city’s unique and strong labor market, (b) the strong housing real estate spatial trends, (c) the scarcity of city-owned land in higher income areas along with its abundance in lower-income areas, and (d) the concentration of the affordable housing
<table>
<thead>
<tr>
<th>PRIMARY MECHANISMS (FORMAL)</th>
<th>EFFECTS</th>
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<tbody>
<tr>
<td>Spatial organization of metropolitan labor market opportunities</td>
<td>Mismatch between job locations and housing concentrations of racial, income, or other groups contributes to commuting barriers, job information loss, and less proximate, less useful job networks to which the poor are connected.</td>
</tr>
<tr>
<td>Spatial organization of public services</td>
<td>Provides residents of different locations unequal access to quality services.</td>
</tr>
<tr>
<td>Spatial organization of risk or opportunity-generating land uses</td>
<td>Political decisions over environmental hazards as well as job generators, parks, and other positives are unevenly dispersed.</td>
</tr>
<tr>
<td>MITIGATING OR COMPOUNDING INFORMAL MECHANISMS</td>
<td></td>
</tr>
<tr>
<td>The benefits and costs of neighborly ties</td>
<td>While many social networks and civic attachments develop beyond the immediate neighborhood, proximate social forces can contribute significant burden or aid.</td>
</tr>
<tr>
<td>Place of residence as a &quot;signal&quot; of worth and intent</td>
<td>Disadvantaged neighborhoods and their residents obtain linked reputation or stigmas that act as signals that shape perceptions, decisions, and opportunity-brokering by employers and real estate professionals. Similarly residents of higher status neighborhoods benefit from the opposite effect.</td>
</tr>
<tr>
<td>Spatial concentrations of violent crime and other trauma-producing risks</td>
<td>Trauma, including violent crime and other behaviors, is highly concentrated physically, and limits healthy human development and social functioning, parental willingness to leave children at home and go to work, and even collective efficacy among neighbors to address shared problems.</td>
</tr>
<tr>
<td>MITIGATING OR COMPOUNDING FORMAL MECHANISMS</td>
<td></td>
</tr>
<tr>
<td>Spatial organization of limited-access &quot;welfare state&quot; services</td>
<td>Subsidized housing may shape where the disadvantaged live and concentrate the poor farther away from jobs, good schools, and services.</td>
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Adapted from Xavier De Souza Briggs, 2003, page 926
created through subsidies in the city’s lower-income areas. The following sections explain in more detail how these four issues have contributed to spatial income segregative patterns.

Boston’s Labor Market

Boston’s affordable housing crisis is neither new nor undocumented. Between 1993 and 2000 the city of Boston gained more than 105,000 new jobs. Although the rate of housing creation doubled, during the same time, it did not prove enough to keep up with the city’s rising housing needs (City of Boston and Menino 2009, 1). The unmet housing needs created by the city’s rising work-force led to a dramatic increase in housing sales prices and rents. Characteristically, between 1999 and 2000 Boston’s housing prices grew 22%, a rate seven times greater than the rate of the city’s population income growth during the same period (City of Boston and Menino 2009, 1).

The last decade has been more erratic and cyclical for Boston’s labor market. During the recession from 2001 to 2004, Boston lost 44,576 jobs; from 2005 to 2008 (before entering the most recent recession, the aftermath of which we currently observe), Boston gained back 34,320 jobs (ES-202 data). Figure 1 illustrates the changes in Boston’s labor market from 2001 to 2009. From 2001 to 2009 the city’s average annual wage increased in nominal terms from $60,008 to $76,232 (ES-202 data), an increase of over 27% while the city’s median household income increased from $39,629 in 2000 to $40,171 in 2010, an increase of less than 1.4%. Although annual average wages (because of the aggregate nature of the figure) and median household income are not directly comparable, due to the absence of median wage data, the difference between the two rates of increase suggests that Boston’s strategies around the city’s labor market development provide disproportionate opportunities to the city residents. Furthermore, commercial and office development in Boston does not necessarily target job creation for the city’s residents.
In the period from 2001 to 2009, the industries experiencing the highest job losses were in manufacturing (8,872 jobs lost), transportation and warehousing (8,314 jobs lost), finance and insurance (6,446 jobs lost), professional and technical services (5,870 jobs lost), and construction (5,585 jobs lost). The healthcare and social assistance industry gained by far the most jobs of any other industry experiencing gains, with a total increase of 21,600 new jobs (ES-202 data).

Based on the annual employment and wage (ES-202 data) information, Boston in 2009 offered 550,653 jobs characterized by a great variation of wages. The average wage in all industries was $72,532. The lowest average industry wage of $25,428 was observed in construction jobs, followed by the educational services industry, which had an annual average wage of $30,628. Professional and technical services jobs offered the highest average industry wage of $163,072, followed by information jobs with an annual average wage of $136,552, and finance and insurance jobs with an annual average wage of $101,712. Wholesale trade represented most jobs (almost 21% of all jobs) and had an average annual wage of $67,756. Figure 2 shows the correlation between numbers of jobs and wages offered in each sector of Boston labor market in 2009.
Employment in the industries of wholesale trade, professional and business services, finance and insurance, retail trade, and construction comprised over 61% of Boston's labor market. To take a closer look at the wage dispersal and, therefore, the ability of Boston's workforce to afford the high housing prices in the city, a brief analysis of the annual wages within the city's most popular industries using the 2009 ES-202 follows.

Within the wholesale industry over 50% of the jobs (4,111) were merchant wholesalers in non-durable goods such as grocery products and druggists' goods, with an annual average wage of $73,164. Within the professional and business services, over 59% of the jobs (55,960) were in professional and technical services characterized by an annual average wage of $101,712 (more than 1.4 times higher than the overall annual wage). Within that, legal services offered 14,887 jobs with an annual average wage of $116,192 (more than 1.6 times the annual average wage); in management and technical consulting services offered 10,425 jobs with an annual average wage of $130,052 (almost 1.8 times the annual average wage), and 7,820 jobs were in scientific research and development with an annual average wage of $70,460 (less than 0.93 times the annual average wage). In addition 33.2% (31,694) of the professional services jobs were administrative and support services with an annual average wage of $42,769 (less than 0.57 times the annual average wage).

Within the finance and insurance industry, more than 45% of the jobs (32,469) are in financial investment and the average annual wage is $227,864 (nearly three times the overall annual average wage). Within the retail trade industry over 27% of the jobs (7,169) were in food and beverage stores with an average annual wage of $22,048 (less than 0.29 times the annual average wage), and more than 19% (5,184) were in clothing and accessories stores with an annual average wage of $25,116 (less than 0.33 times the annual average wage). Within the construction industry more than 49% of the jobs were specialty trade contractors (5,230) with an annual average wage of $72,020 (less than 0.95 times the annual average wage).
This thesis does not intend to build upon extensive and complex research on and theories of labor-market inequality. The brief overview provided here only intends to link planning and urban development considerations and interventions with labor-market dynamics. The city's struggle to house households of moderate, middle, or lower income people is the city's challenge to house its workforce population. The striking difference among households' income capacity is based on people's different ability to access jobs in the various industries. Therefore, housing and urban development strategies need to consider these salary disparities. Moreover, this wage disparity clarifies the need for an affordable housing profile and the reasons that affordability is a great challenge for Boston. Therefore, it makes government intervention in addressing affordable housing needs explicitly defendable.

**Boston's Real Estate Housing Market**

Although, as illustrated earlier, from 2001 to 2009 Boston's labor market did not grow as it did in the previous decade, the median housing sales prices increased until 2005. As illustrated in figure 3, overall median housing sales prices increased between 2001 and 2009 with a rate of over 22% in nominal terms (Department of Neighborhood Development, City of Boston 2011). Based on the 2000 and the 2010 estimates of the census data, the city's median household income rose from $39,629 in 2000 to $40,171 in 2010, an increase of less than 1.4%, which is far less than the 22% of the housing increase cost burden.
More importantly, the increase or decrease in housing sales prices between 2001 and 2009 varied greatly within Boston's neighborhoods. Figure 4 illustrates the change in housing sales prices from 2001 to 2009 for each neighborhood, in nominal terms, using as reference the change observed in the city's median housing sales price ($59,050). In eight neighborhoods, median market-rate housing sales prices increased more than in the city overall; in four (East Boston, Hyde Park, Charlestown, Central) the prices increased but less than the city overall; and in three (Mattapan, Roxbury, Dorchester), the prices decreased in nominal terms (Department of Neighborhood Development, City of Boston 2011). As it will be presented later, Mattapan and Roxbury are also the city's neighborhoods with the lowest household median-income levels. Back Bay/Beacon Hill, the city's neighborhood with the highest median household income levels, presents the steepest increase (over 47.5%).
Unsurprisingly, market-rate housing sales prices have clear and strong spatial associations with the city’s urban landscape. Specifically, a City of Boston report on real estate trends conducted between July and December of 2008 reveals that all of the city’s neighborhoods other than East Boston, Mattapan, Roxbury, and Dorchester have less than 25% of their market-rate housing stock available to a home buyer with an income of $70,000 (City of Boston 2009, 10). The most recent foreclosure trouble has also affected housing prices and, therefore, affordability levels within the city.

However, foreclosure patterns have also strong geographic ties. In 2008, Dorchester, Roxbury, Mattapan, East Boston and Hyde Park contained more than 83% of all foreclosures in Boston (City of Boston 2009, 14). Hence, their occurrence has not altered the geographic patterns of the lowest and highest priced housing.

Due to the foreclosures, in 2005 a city resident with an annual income of $70,000...
could afford to buy the bottom 7.8% of market housing in the
city, while in 2009 that same buyer could access the bottom 25%
of market housing. Similarly, a buyer with an annual income of
$80,000 could afford to buy only the bottom 12% of housing in
2005, while in 2009 the same buyer could access the bottom
33% of market-rate housing (City of Boston 2009, 9). Figure
5 illustrates the different shares of market rate housing prices
accessible to a buyer with an annual income of $70,000 based
on the market rate prices from July to December 2008. Only
two neighborhoods, Mattapan and East Boston, are considered
highly affordable with 50-75% of the market-rate housing stock
accessible to a resident with an annual income of $70,000. Two
more neighborhoods, Dorchester and Roxbury, are considered
moderately affordable with 25-50% of their market-rate housing
accessible to the same buyer, while the rest of the neighborhoods
are unaffordable with less than 25% of market-rate housing
affordable to that same buyer.

Boston’s Land Values and Ownership

Land values greatly impact the per unit cost of a housing
development. In this way, they restrict the possibility of
providing affordable units. Moreover, affordable housing is often
constructed on city owned land. Hence, the spatial patterns
of both land values and available city-owned land define the
possibilities for creating affordable housing. Figure 6 illustrates
the spatial pattern of land values per square foot in the city,
based on the 2008 data maintained in the city’s assessor’s office.

The lighter gradient portrays lower per square foot land values
and the darker gradient higher ones. Figure 6 clearly shows the
concentration of significantly higher land values in the downtown
and its adjacent areas. The lowest land values are concentrated
in Mattapan, Roxbury, and parts of East Boston, South Boston,
and Charlestown. The presence of lower land values in parts of
Hyde Park is the result of industrial hubs.
FIGURE 6: 2008 ASSESSED LAND VALUE PER SQUARE FOOT

MIT Geodata Repository, Originator: City of Boston Assessing Department, Data from 2008

THE RIGHT TO HOUSING AND TO THE GEOGRAPHY OF OPPORTUNITY 41
Exhibit 7 reveals the concentrations of undeveloped city-owned land in the city based on 2008 data, available from the City’s assessing department. Evident are the high concentrations of undeveloped city owned land in Roxbury and Mattapan as well as parts of East Boston and Charlestown. The geographic patterns of this analysis, along with the per square foot land value patterns presented earlier, reveal a real limitation in introducing affordable housing in parts of the city. This limitation makes density considerations and building height limitations an important mitigating strategy for consideration.
Geographic Distribution of Housing Affordability

Boston’s current five-year Consolidated Plan covers city goals and strategies for the period from July 1, 2008, to June 30, 2013. It also reports the geographic distribution of affordable housing by neighborhood based on the 2000 Census count of year-round, occupied housing units and the 2001 Chapter 40B of the state of Massachusetts affordable housing data. Table 2 provides the number of existing subsidized housing units in each neighborhood based on the 2001 40B list, the year-round occupied housing units in each neighborhood based on the 2000 Census and the resulting percent of affordable units per neighborhood.

The geographic distribution of subsidized affordable housing in the city evidently has geographic associations. As clearly observed, Roxbury and the South End have the highest number of affordable housing units in the city, with a combined total equaling 32% of the City’s affordable

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Affordable Units</th>
<th>Occupied Housing Units</th>
<th>Percent of Units</th>
<th>Number of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allston/Brighton</td>
<td>3,854</td>
<td>30,897</td>
<td>12.47%</td>
<td>36</td>
</tr>
<tr>
<td>Back Bay/Beacon Hill</td>
<td>948</td>
<td>17,018</td>
<td>5.57%</td>
<td>12</td>
</tr>
<tr>
<td>Central</td>
<td>2,469</td>
<td>14,180</td>
<td>17.41%</td>
<td>23</td>
</tr>
<tr>
<td>Charlestown</td>
<td>2,180</td>
<td>7,709</td>
<td>28.28%</td>
<td>12</td>
</tr>
<tr>
<td>Dorchester</td>
<td>4,374</td>
<td>32,977</td>
<td>13.26%</td>
<td>92</td>
</tr>
<tr>
<td>East Boston</td>
<td>2,394</td>
<td>15,060</td>
<td>15.90%</td>
<td>24</td>
</tr>
<tr>
<td>Fenway/Kenmore</td>
<td>2,055</td>
<td>13,481</td>
<td>15.24%</td>
<td>26</td>
</tr>
<tr>
<td>Hyde Park</td>
<td>832</td>
<td>11,902</td>
<td>6.99%</td>
<td>10</td>
</tr>
<tr>
<td>Jamaica Plain</td>
<td>4,118</td>
<td>16,045</td>
<td>25.67%</td>
<td>48</td>
</tr>
<tr>
<td>Mattapan</td>
<td>2,098</td>
<td>13,079</td>
<td>16.04%</td>
<td>44</td>
</tr>
<tr>
<td>Roslindale</td>
<td>1,854</td>
<td>13,213</td>
<td>14.03%</td>
<td>16</td>
</tr>
<tr>
<td>Roxbury</td>
<td>9,260</td>
<td>22,247</td>
<td>41.62%</td>
<td>202</td>
</tr>
<tr>
<td>South Boston</td>
<td>3,135</td>
<td>14,992</td>
<td>20.91%</td>
<td>19</td>
</tr>
<tr>
<td>South End</td>
<td>6,324</td>
<td>15,204</td>
<td>41.59%</td>
<td>86</td>
</tr>
<tr>
<td>West Roxbury</td>
<td>1,349</td>
<td>12,364</td>
<td>10.91%</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>47,244</strong></td>
<td><strong>250,368</strong></td>
<td><strong>18.87%</strong></td>
<td><strong>658</strong></td>
</tr>
</tbody>
</table>

City of Boston 5-year Consolidated Plan 2008-2013. Highlighted in dark grey are neighborhoods with CDCs. The Right to Housing and to the Geography of Opportunity 43
housing stock. The high concentration in both neighborhoods is due to a mixture of large public housing, Section 8 Project-Based, and nonprofit-sponsored developments (City of Boston and Department of Neighborhood Development 2008, 43). Neighborhoods such as Back Bay/Beacon Hill, Hyde Park, and West Roxbury contain few public housing units and fewer developments led by non-profit development organizations (City of Boston and Department of Neighborhood Development 2008, 43).

Highlighted in table 2 are also the neighborhoods with active Community Development Corporations (CDCs). The presence and role of CDCs in the development of affordable housing in the areas of their influence has been significant. The city of Boston estimates that, between 2004 and 2007, when the second phase of the city's comprehensive housing strategy (launched in 2000 and widely known as Leading the Way) was complete, CDCs in Boston were the largest single developer of affordable units, responsible for 34% of the total affordable housing created in the city (City of Boston and Menino 2008, 11-12). The South End, although it does not have a formal CDC, is also highlighted. The South End's strong community advocacy and the leadership of Mel King (political activist, community advocate, and Democratic state representative) in the area resulted in the well-known Tent City mixed-income development (a result attributable to strong community unrest and opposition that started in late 1960s), and have been closely associated with affordable housing creation (Kennedy 1994, 201). Both the case of CDCs and the South End community activism are evidence that affordable housing creation is strongly associated with a community's capacity to demand it. Additionally, many new affordable housing developments, especially in Roxbury and Dorchester, are also the result of the availability of city owned and/or affordable land and buildings. This fact reveals the significance of land prices in the creation of affordable housing (City of Boston and Department of Neighborhood Development 2008, 43).

To explore a hypothetical scenario in which affordable housing is spatially distributed equally across the city's neighborhoods, I use as a baseline the information provided above to estimate the number of affordable units that should have been provided in each neighborhood. Table 3 presents the results of that scenario and indicates the number of affordable housing units that need to be added or subtracted from each neighborhood's subsidized affordable housing base in order to create the same level of housing affordability (18.87%) in each neighborhood.
Although this scenario lacks the real obstacles that actual development constraints present—land availability, land and property values, community desire or opposition, market development trends, and others—it illustrates the neighborhoods that present the greatest shortage and the greatest supply of affordable housing in Boston. This study provides another way of assessing the magnitude of the effort needed if equal spatial distribution of housing affordability is to be achieved. Such an exploratory analysis can be used as a reference (as new affordable housing developments are proposed) to evaluate whether the additional affordable units would contribute toward a more mixed-income environment or if they would further support spatial income segregation in the city. Figure 8 illustrates the existing geographic distribution of subsidized, affordable housing in the city and highlights the necessary supply of affordable units for developing the equal distribution scenario.

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Affordable Housing Units for Equal Distribution</th>
<th>Year Round Housing Units</th>
<th>Affordable Housing to be Added or Subtracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allston/Brighton</td>
<td>5,830</td>
<td>30,897</td>
<td>1,976</td>
</tr>
<tr>
<td>Back Bay/Beacon Hill</td>
<td>3,211</td>
<td>17,018</td>
<td>2,263</td>
</tr>
<tr>
<td>Central</td>
<td>2,676</td>
<td>14,180</td>
<td>207</td>
</tr>
<tr>
<td>Charlestown</td>
<td>1,455</td>
<td>7,709</td>
<td>(725)</td>
</tr>
<tr>
<td>Dorchester</td>
<td>6,223</td>
<td>32,977</td>
<td>1,849</td>
</tr>
<tr>
<td>East Boston</td>
<td>2,842</td>
<td>15,060</td>
<td>448</td>
</tr>
<tr>
<td>Fenway/Kenmore</td>
<td>2,544</td>
<td>13,481</td>
<td>489</td>
</tr>
<tr>
<td>Hyde Park</td>
<td>2,246</td>
<td>11,902</td>
<td>1,414</td>
</tr>
<tr>
<td>Jamaica Plain</td>
<td>3,028</td>
<td>16,045</td>
<td>(1,090)</td>
</tr>
<tr>
<td>Mattapan</td>
<td>2,468</td>
<td>13,079</td>
<td>370</td>
</tr>
<tr>
<td>Roslindale</td>
<td>2,493</td>
<td>13,213</td>
<td>639</td>
</tr>
<tr>
<td>Roxbury</td>
<td>4,198</td>
<td>22,247</td>
<td>(5,062)</td>
</tr>
<tr>
<td>South Boston</td>
<td>2,829</td>
<td>14,992</td>
<td>(306)</td>
</tr>
<tr>
<td>South End</td>
<td>2,869</td>
<td>15,204</td>
<td>(3,455)</td>
</tr>
<tr>
<td>West Roxbury</td>
<td>2,333</td>
<td>12,364</td>
<td>984</td>
</tr>
</tbody>
</table>
FIGURE 7: SCENARIO - EQUAL SPATIAL DISTRIBUTION OF AFFORDABLE HOUSING

Legend

- Affordable Units to be Added
- Affordable Units to be Subtracted

Percent of Subsidized Housing Per Neighborhood in 2000

- 5.57% - 6.69%
- 7.00% - 14.00%
- 14.01% - 20.00%
- 20.01% - 30.00%
- 30.01% - 41.62%

City of Boston 5-year Consolidated Plan 2008-2013
More importantly, this scenario does not assume that the overall number of units provided is enough to satisfy all of the city’s affordable housing needs. Boston’s 2000 Comprehensive Housing Affordability Strategy (CHAS) Data reveal that 38.2% of all city’s rental households were facing a cost burden by spending over 30% of their income towards gross rent needs. An additional 19.2% of rental households were facing a severe cost burden by spending over 50% of their income on gross rent needs. As the primary focus of this study is the spatial distribution of affordable housing in the city and addressing the issue of adequate supply would require a different methodological approach, this study merely acknowledges that the existing affordable units are not enough to satisfy all of the city’s needs.

2. 3 Strategies for Affordable Housing Creation in Boston

As a response to Boston’s housing shortage and escalating affordable housing crisis, in 2000 the city launched a comprehensive housing strategy called “Leading the Way” (LTW). The strategy required the collaboration of all the three city agencies involved in housing creation and affordability issues: the Boston Housing Authority (BHA), the Department of Neighborhood Development (DND), and the Boston Redevelopment Authority (BRA). The Leading the Way strategy outlined goals and strategies for the creation of market-rate housing and the production and preservation of affordable housing. The same time that Boston launched the first phase of Leading the Way (LTW I), Mayor Menino (through an executive order) enabled the city to also establish the Inclusionary Policy, widely also known as Inclusionary Development Policy (IDP). IDP relies on the use of private funds to provide affordable housing for a part of the population with income levels not serviced through other housing subsidy programs (Geoffrey Lewis, personal interview, February 2011). IDP is analyzed in more detail in chapter 3.

Part of the key strategies outlined in the first phase of LTW (FY2001-FY2003) were: (a) greater contribution of city funds to affordable housing creation resulting from the sale of city assets; (b) greater emphasis on leveraging city funds with other public and private development financing, (c) establishing inclusionary zoning, and (d) making available one thousand city-owned parcels for housing developments (City of Boston and Menino 2003). A main goal of the second phase of LTW (LTW II) was to produce 10,000 new units of housing, 2,100 of which would be below-market rates, to respond to the unbalanced supply and demand needs in the city. At that time, Mayor Menino also suggested increasing the city’s inclusionary development.
requirement to 15% of the market-rate units for affordable housing compared to the previous 10% requirement and an increase in the cash-out option included in the policy. LTW II also called for more downtown housing development through a new incentive zoning that permits taller residential buildings in the downtown core. It also supported higher-density housing around transit and commercial nodes, such as in the Fairmount Line stations planned for Dorchester and in Roxbury's Jackson Square, as well as in the neighborhood business districts (City of Boston and Menino 2008). In March 2009 the city launched the third phase of Leading the Way (LTW III), which outlined the city's housing priorities for the next three years. LTW III was formed at the beginning of the current recession period, when market conditions had softened and foreclosure problems had become evident. Responding to the changing market forces, the four main goals of LTW III were to: (a) provide housing for the city's workforce, (b) reverse the rise in homelessness, (c) address the foreclosure crisis, and (d) preserve and stabilize the city's rental-housing stock (City of Boston and Menino 2009).

Evident in all three phases of the Leading the Way is the city's desire to utilize private funds, beyond state and federal sources. Unsurprisingly, the strategies and goals of each phase respond directly to the changing market conditions and, therefore, to the city's ability to leverage additional private funds for creation of affordable housing. Lastly, a key city strategy has become the contribution of city-owned land to developers at a nominal fee for affordable housing developments.

Although many of the resources utilized for the creation of affordable housing are direct government subsidies, Boston seeks to further its capacity to confront housing affordability challenges through private development exactions. Specifically, the uniqueness of Boston's linkage and inclusionary policies lies not only in the fact that they are locally formed and administered but also in that they have emerged to foster income integration in the city through the production of affordable housing supported by private investment. The next chapter discusses the formation and application of both policies within Boston's unique political and development climate.
“[...] to build bridges between Boston’s downtown community and the neighborhoods is the result of a growing awareness of the interdependence of these sectors.”


3. 1 REDISTRIBUTIVE POLICIES AT THE LOCAL LEVEL

Urban revitalization in Boston, as in many other US cities, has been tainted by the heyday of the 1950s and 1960s urban renewal era. This renewal, supported through federal programs and funding sources, resulted in the brutal treatment and displacement of a portion of the city's lower income and politically disempowered population. Although by the 1970s such planning practices had become extinct and had been removed from the city's planning agenda, the emerging issues of speculative downtown development and gentrification merely replaced the methods through which the least wealthy of the city's population may have been neglected and marginalized (Dreier and Ehrlich 1991, 358). Then again, the excess office development in Boston's downtown in the 1980s resulted in considerable tax revenues for the city, made a considerable contribution to the city's fiscal health, and restored the local economy (Kennedy 1994, 222).

Because of the alluring fiscal benefits resulting from private investment, municipalities—in an effort to create a pro-growth environment—now offer an array of development-friendly provisions, from direct subsidies to tax abatements to fee waivers...
and zoning relief measures. This popular approach relies on the premise that the benefits of privately instigated economic activities create overall community improvements and increase economic activity. These programs are widely used by city-level governments and constitute what are known as Type I policies (Goetz 1990, 168). However, many studies have argued that numerous, heavily publicly subsidized, private investments have failed to clearly demonstrate the public benefit associated with publicly supported projects and have also created social inequality patterns (Goetz 1990, 186).

Urban development, land use, and city growth can significantly impact issues of justice and equity (Alterman 1989, 3). Largely due to the decentralized federalist system that characterizes planning in the US, a significant amount of power and autonomy over land use and development decisions exists at the local level. Consequently, local-level programs and policies that aim to deal with broad issues of equity and inequality at the city level are not uncommon (Alterman 1989, 3-4). An example is evident in the Type II policies, which require private developers to provide public benefits in exchange for development rights. Based on a completely different approach than the Type I policies, Type II policies present a market-correction approach that aims to mitigate negative development externalities and to redistribute more equitably market-generated benefits through local government’s sophistication in leveraging their land use authority (Goetz 1990, 171-172). However, Type II polices assume a greater leverage of local governments over private investment and are (or can be perceived as) possible only in strong market places.

Two common examples of local-level Type II policies are the inclusionary and the linkage policies. Discussed in more detailed below, both policies are crafted and applied at the local level in order to increase municipalities’ capacity to provide affordable housing. However, these two approaches are based on two somewhat different concepts. Inclusionary zoning is based on the goal of city-level social integration, while the linkage policy, although adhering to the same concept, is mainly based on the goal of sharing at the city level the responsibility for affordable housing supply (Alterman 1989, 5). Although both policies are a form of exaction, they differ from the conventional definition of the term. The difference results from placing the financial burden of typically affordable housing creation—rather than the cost of public facilities or infrastructure projects construction (typically associated with private development exactions)—on the private market (Alterman 1989, 4). The next section frames Boston’s urban development politics that made these policies possible.
3. 2 BOSTON’S URBAN DEVELOPMENT POLITICS

Boston's local government is characterized by a strong mayoral system and overwhelming representation by the Democratic Party. Mayor Menino, the city's current mayor, has been in place for over seventeen years. In 2000, under his tenure the city established the inclusionary zoning policy as an executive order. Mayor Flynn (1984-1993) preceded him and governed for three terms following Mayor White (1968-1984). The linkage policy was formed and embedded in the city's zoning ordinance, at the beginning of White's term.

In 1960, the City Planning Board was abolished, and the Boston Redevelopment Authority (BRA) assumed its powers. BRA's development authority includes "the power to buy and sell property, the power to acquire property through eminent domain, and the power to grant tax concession, and to encourage commercial and residential development." (Boston Redevelopment Authority HTTP). Housed in City Hall, BRA's municipal planning and development authority, on both housing and commercial development, have always been closely affiliated with mayoral and City Hall politics.

Mayor Flynn won the mayoral election after defeating Mel King, with whom he shared similar concerns regarding neighborhood disinvestment, housing affordability, and economic assistance for the poor (Kennedy 1994, 218). During Flynn's first term, Boston was facing unprecedented economic boom, mostly due to the outcome of Mayor White's last-term legacy as "downtown mayor," characterized by his concerted support of downtown development. Downtown development, however, did not translate to economic benefits for all of the city's residents (Kennedy 1994, 219). Conversely, Flynn ran his campaign on the promise of economic justice, and he became known for challenging traditional growth-machine politics (Dreier and Keating 1990, 194).

Unlike Mayor White, who kept most of the city's urban development within his authority, Mayor Flynn appointed Stephen Coyle as the director of the BRA. Flynn appreciated Coyle's understanding of the fine balance between urban development market forces and social benefits, as well as his ability to balance downtown development with the economics of jobs, housing issues, and the city's resulting affluence (Kennedy 1994, 222-223). In 1984, shortly after Mayor Flynn's election, the city adopted the linkage policy, which had won the City Council approval prior to Flynn's election but had been vetoed by Mayor White (Kennedy 1994, 229). At the time, in addition to the private development fee exaction stipulated in the linkage policy, Coyle formed a parcel-to-parcel requirement for two particular development projects. The private developers of valuable city-
owned, downtown property were required to also develop an additional site on one of the city's ignored areas (Kennedy 1994, 229).

Coyle recognized Boston's unique and strong economic environment and based strategies on the grounds of "market orientation" solutions. The imposed exactions were inflicting an additional two percent increase on the overall development cost, while at the same time investors in Boston were receiving a higher return on their investments than in other comparable market places (Kennedy 1994, 230). Coyle's ability to implement such a delicate market balance reveals not only the city government's capacity to grasp real estate economic trends in depth but also its ability to recognize the market cycles and implement policies that serve the "public interest" without discouraging private investment.

Regional economic conditions had worsened during Mayor Flynn's second term. The linkage policy, however, remained in place as part of the zoning ordinance. Recognizing the different negotiation power that city government in the late 1980s had over the development community, the emphasis shifted to directing public resources toward capital improvement projects—not only to preserve the city's downtown and neighborhoods but also to offer construction jobs (Kennedy 1994, 235). Such a shift in the city's urban development attitude illustrates a clear relationship between public leverage and market forces. Although it demonstrates the limitations that redistribution on the local level has to overcome, it articulates the tendency of city level undertakings to be flexible when market forces mandate it and assertive when market conditions allow it. Such a system can have lasting rewards, as is evident by the linkage policy still in place today.

During Mayor Menino's third term, Boston initiated the inclusionary policy. At a time when the national economy was coming out of the late 1990s recession, Boston was experiencing strong market trends, downtown development, and rapid labor force growth. The implications of such strong economic trends were impacting housing affordability in the city and led to the creation of the comprehensive affordable housing strategy "Leading the Way" (LTW). In 2000, during the first phase of LTW, inclusionary zoning mandated that private developers include affordable units within market-rate developments. However, the inclusionary policy still exists solely as an executive order. Although the recent recession did not provide sufficient reason to abolish such a policy, the city also did not capitalize on the national economic boom from 2005 to 2008 to bestow a permanent status on the inclusionary policy. Therefore, whether the policy will remain in place in perpetuity remains to be seen. The next sections tell the story of linkage and inclusionary policies in general and the specifics of their realization in Boston.
3. DISCUSSIONS ON LINKAGE PROGRAMS

Linkage policies require fee payments from commercial developments. Such policies intend to link downtown commercial development benefits with affordable housing, employment, and transportation benefits within a city (Keating 1986, 133). Although the specifics of the policies vary greatly among different municipalities, linkage fees are generally established to mitigate the rising housing prices caused by economic and job growth. Often linkage policies require either the direct creation of affordable housing or the contribution of fees to a trust fund that would then allocate resources to the production of affordable housing. However, these policies are not widespread among US cities. The first examples were observed in Boston, San Francisco, and Santa Monica in the early 1980s (Keating 1986, 133). Since linkage policies are intended to redistribute resources at the local level through private investment exactions (Type II policy), they are considered possible only in strong local markets. In addition, the municipal-level formation and administration of such policies suggest a wide variety of program goals and conditions (Alterman 1989, 25).

When linkage policies were first formed, their legal legitimacy was questioned in court (Connors and Massachusetts at Amherst University 1987, 69). Municipalities have overcome the legal hurdle by including in the linkage policies an explicit argument of how commercial development adversely impacts the housing market. Furthermore, the fee-payment formula needs to sufficiently and fairly base a payment on each development’s impact. As long as the required payment is proportionate to the costs inflicted on the municipality because of a development, the payment to mitigate the associated socioeconomic costs is deemed fair (Connors and Massachusetts at Amherst University 1987, 69).

A study of linkage policies in the first three cities that implemented them revealed the following conditions for their formation: a strong downtown private investment, community advocacy and unrest over the social costs that downtown development produces, the absence of mechanisms to generate additional tax revenue, the creation of new downtown and land use plans, and most importantly, progressive local governments (Keating 1986, 134). The importance of strong and progressive political support is evident by the absence of linkage policies from municipalities in the Sunbelt region (Keating 1986, 134). As illustrated earlier, Boston met these conditions during Mayor Flynn’s first term.

However, speculation over the social implications of the policy questions the goals and administration of trust funds. As the anticipated objective of trust funds is to maximize the funds’
leverage to produce the most units, it is possible that affordability targets are compromised and that NHT funds are not directed toward low- or very low-income households (Alterman 1989, 54-55). In addition, because of the conversion of payments from commercial land uses to residential land uses through the institution of trust funds, the decision as to the affordability targets is affected by political will and the leverage of a city’s lower income population (Alterman 1989, 55). Furthermore, since linkage policies direct funds from one type of land use to another, even under the direct affordable housing creation option, it is likely that the housing created will be located in less-desirable areas of a city and will not promote social or income integration (Alterman 1989, 56).

The greatest strength of linkage programs is probably the intention to mitigate the social costs created through commercial urban (downtown) development by placing the burden on the private development. Evidently, the implementation of the programs depends on local market conditions. The conversion of commercial development exactions to residential benefits addresses the complexity of social cost resulting from urban development. However, the non-spatial emphasis of the fund allocations can create spatial inequality and may undermine the social goals of the policy unless additional strategies or provisions with the linkage policy suggest otherwise.

3. 4 Boston’s Linkage Policy

Linkage Policy Overview

In the early 1980s, Boston, like many other cities, was hard pressed to fill the affordable housing creation gap that resulted from the cuts in government assistance and federal resources that characterized the Reagan Era. Although state-level initiatives and programs assumed a greater responsibility for social services, state-level resources were not enough to satisfy Boston’s needs (McCormack and Bolling 1983, 7). However, throughout the early 1980s housing and urban development were not the main focus of neighborhood groups. At the time, neighborhood groups opposed rent control and subsidized housing because they thought these measures would contribute to neighborhood decline and housing abandonment. The real estate and development boom that followed made housing issues prominent on the community’s agenda (Dreier and Keating 1990, 198).

As a result, city-level intervention became key. Boston’s community groups, social advocates, and a progressive local political environment became increasingly concerned and vocal over the uneven economic development created by purely market-driven urban development, which was concentrated
mainly in the downtown. Boston's housing linkage policy became the center of Flynn's mayoral campaign. Although it was recognized that such a policy alone would not be enough to solve Boston's housing affordability issues, the policy grew to be a symbolic strategy in addressing the economic disparity and uneven geography of opportunity created through downtown urban development and the end of urban renewal funding (Dreier and Ehrlich 1991, 356-362).

At the end of his last mayoral term, Mayor White (who preceded Mayor Flynn) convened an advisory group to study city-level redistributive strategies and the potential establishment of a linkage policy. The group's deliberations included whether to allocate general funds for housing or dedicate a percentage of the increase in taxes generated by new development to affordable housing. However, Massachusetts established Proposition 2 ½, which went into effect in 1982 and required that the total property tax amount be no more than 2.5% of the fair market value of the tax base. In order to achieve that proportion, the tax rates had to be reduced by 15% a year until achieving the 2.5% target. Thereafter, taxes could not be increased more than 2.5% annually. As a result, in FY 1981 Boston raised 518 million dollars in taxes (4% effective rate) and in 1983, after the tax cuts, it raised 144 million, presenting an additional difficulty for the city, which was facing a great challenge in maintaining the pre-existing levels of services with declining tax revenues (McCormack and Bolling 1983, 7). Therefore, as there was no excess of property taxes from new, commercial, real estate developments, linkage fees presented a "hidden tax" mechanism without formally requiring additional taxation.

From these early days of the policy's initiation, linkage became "part of an effort to build bridges between Boston's downtown community and the neighborhoods and it is the result of a growing awareness of the interdependence of these sectors." (McCormack and Bolling 1983, 9) In the early 1980s, the advisory group debated whether linkage fees should be applied to market-rate housing, too, with conflicting opinions. The main concern was that the city was experiencing great commercial development trends in the downtown with polarizing income disparity in the population. Specifically, between 1970 and 1980 the city's lower-income and upper-income population grew, while the middle-income population declined (McCormack and Bolling 1983, 6). Subsequently, in 1980, almost 40% of Boston's renters were paying rent in excess of 30% of their income (McCormack and Bolling 1983, 6). Under these considerations, the advisory group suggested directing funds from commercial developments for the creation of moderate and low median income households, which would also promote the creation of mixed-income housing opportunities (McCormack and Bolling 1983, 26).
The linkage policy's two main goals, as outlined in the City's 1986 Article 26 of the zoning code, were i) to regulate direct or indirect negative impacts of large real estate projects that cause the displacement of low or moderate income residents from housing, or that contribute to the escalating housing prices and ii) to increase the availability of low and moderate income housing in the city (City of Boston 1986, 1). Stipulations included in the 1986 zoning regulation had well-defined spatial terms regarding the allocation of the collected funds. Specifically, the regulation required that 10% of the collected funds be spent in developments located in the area highlighted in figure 8 and an additional 20% in neighborhood developments in the rest of the city located around or adjacent to the real-estate project from which they were exacted. All affordable housing was targeting households with annual income at or below 80% of the metropolitan area median income (City of Boston 1986, 3). In addition, linkage fees from real estate developments within the highlighted area (figure 8) were required in seven equal annual installments, with the first one due upon building permit issuance. Linkage fee payments from real estate developments elsewhere in the city were required in twelve equal annual installments, with the first one due upon the certificate of occupancy or twenty-four months after granting the building permit, whichever occurred first (City of Boston 1986, 2-4).
These different fee payment timeframes demonstrate that real estate market forces have geographic ties. The spatial emphasis in the allocation of the funds reveals an attempt not only to create affordable housing in the city but also to do so in the areas where most development occurred. As revealed in the *Planning the City Upon a Hill* (1994), which discusses Boston’s urban development politics and history, it is likely that the spatial emphasis is the outcome of social advocacy and community unrest. Such advocacy led to the formation of the policy and demanded an end to urban development’s social costs, which created geographic exclusion of lower income residents from the rapidly developing areas of the city.

In 1996, the linkage was further incorporated into Article 80B-7 Development Impact Project Exactions, which covers large-project review standards in the city’s zoning code. Although the policy’s specifics have periodically changed, its fundamentals remain the same. Linkage requires a per square foot of private development fee exaction applied to all new, large-scale, commercial real estate developments of over 100,000 square feet requiring zoning relief and to commercial projects (including retail, hotel and institutional uses) seeking expansion or rehabilitation resulting in a final project size of over 100,000 square feet. The largest portion of the funds collected—$7.87 per square foot of development in excess of 100,000 square feet—are provided through a competitive Request for Proposals (RFP) process as a capital grant to help pay for the cost of creating new affordable units or renovating and preserving the existing affordable housing stock. A smaller portion—$1.57 per square foot of development in excess of 100,000 square feet—is used to connect Boston’s residents with adult education, English as a Second Language, and job training services (City of Boston 1996, 51). Although there are still different payment timeframes based on the commercial property’s location, the current RFP does not include explicit geographic boundaries regarding where funds for affordable housing creation should be allocated.

The Neighborhood Housing Trust (NHT), administered through the City’s Department of Neighborhood Development (DND), was created in 1986 to manage the housing linkage funds. Because linkage fees do not have to be paid up front, the different timeframe terms are still in place today, but the specifics of the stipulations have changed. For developments included in the area defined as “downtown,” linkage payments are made over seven years, starting with the building permit issuance. For developments included in the area defined as “neighborhood,” linkage payments are made over seven years, starting either two years after the building permit issuance, or upon the occupancy permit issuance, whichever occurs first (Figure 9). In either case, the developers may choose to create or assist in the creation of
low- and moderate-income housing in the city, in lieu of paying the housing linkage fee. A pre-condition for this alternative is that the cost of the housing creation option is equivalent to the housing linkage fee for which it substitutes. Until 2007, the NHT had directed $81,458,485 in funds to the creation or preservation of 6,159 affordable units included in 115 development projects throughout the city (City of Boston and Menino 2005, 3).

The purposes of the housing linkage program as outlined today in article 80B-7 of the city's zoning code are "to prevent overcrowding and deterioration of existing housing; to preserve and increase the City's housing amenities; to facilitate the adequate provision of low and moderate income housing; and to establish a balance between new, large-scale, real estate development projects and the low and moderate income housing needs. The housing exaction requirement is designed to mitigate the impacts of large-scale real estate development on the available supply of low and moderate income housing and to increase the availability of such housing by requiring developers to make a development impact payment to the NHT or to contribute to the creation of low and moderate income housing." (City of Boston 1996, 51)
A study conducted in 2000 by the Boston Redevelopment Authority (BRA) compares Boston’s linkage policy outcomes with those of other cities in the US. The study ranked Boston’s policy the best in the country. The results are based on two indicators: the amount of funds harvested and the ability to maintain economic growth and development (City of Boston and BRA 2000, 7). Boston’s success in collecting the largest amount of funds was attributed to higher fees than most cities, full-city coverage, broad coverage of development types, and the flexibility to reduce disincentives of development (City of Boston and BRA 2000, 4). This study reveals that the basis of success and effectiveness is the amount of the funds collected. Contingent on economic trends as observed through indicators of development activity (such as prevailing per-square-foot commercial rents, employment growth, inflation rates, affordable housing vacancy rates, and new housing construction trends), the city can use its discretion to increase the linkage fees (City of Boston 1986, 4). In April 2006, in the middle of the most recent economic boom and at the request of Mayor Menino, the BRA and the Boston Zoning Commission increased linkage fees for the fourth time since the program’s initiation (figure 10). The fee adjustment to mitigate the rising housing construction costs and...
prices in the city occurred after observations revealed a strong and growing commercial real estate market, which could bear the increase of the linkage fees (Boston Municipal Research Bureau 2007).

By imposing an additional fee burden on developers, implementing linkage policies could discourage private development and push potential projects in areas outside the municipality’s boundaries. However, such a trend has not been observed in Boston, due mostly to the unique urban environment offerings and market forces that characterize the city (Theresa Gallagher, personal interview, February 2011). Moreover, because private developers are able to direct linkage funds to specific affordable housing developments, in some cases developers use this avenue to create positive community relationships and enhance their image in an area where they may have other development projects awaiting community approval (Theresa Gallagher, personal interview, February 2011). Therefore, in the case of Boston, the linkage program has occasionally created a win-win situation between private development and public benefits (Theresa Gallagher, personal interview, February 2011).

**Linkage Policy Outcomes**

The strength of the linkage policy is rooted in its ability to generate funds from commercial private developments to supplement the city’s capacity to create affordable housing and job training. As the creation of affordable housing and the implementation of job training efforts are two separate and not programmatically linked initiatives, administered through separate city departments, this analysis evaluates only the affordable housing component of the linkage program. The private exactions nature of the policy accounts for a cyclical availability of NHT funds. Figure 11 shows NHT fund contributions toward affordable housing units in the city from 1985 to 2005 (last year when available information was provided by DND) in nominal terms.

Although the varied allocation of NHT funds through time is not surprising, a more important issue is the timing of its cyclical characteristics. When market conditions and private investment slow down, affordability needs increase because recession periods usually mean that more households earn less income. However, the seven-year timeframe established for exacting the linkage funds from private developments tends to mitigate this issue (Theresa Gallagher, personal interview, February 2011). Evident in figure 11 is that the availability of NHT funds lags over market cycles. This lag may also be due to the two-year time period that occurs between granting permit or occupancy to the commercial development and the initiation of the seven-year payment period in the case of commercial developments located outside the downtown area. This policy provision seems
to have also contributed to mitigating the impact of NHT funds availability over the periods when such funds may be most in need.

At the end of FY 2003 the City reported the outcomes of LTW I. Between FY2001-FY2003 $748,526,707 was invested for the creation of affordable housing in the city. Of that, approximately 71% was private and 29% public investments. NHT funds contributed $15,640,749 out of the total amount of $217,891,957 of public investment for affordable housing creation at that time (City of Boston and Menino 2003, 12). A summary of the funding sources contributed to new affordable housing in the city during the first phase of LTW is presented in figure 12.

At the beginning of 2008, the City reported the outcomes of LTW II. Between FY2004-FY2007 $507,754,262 was invested in the creation of affordable housing in the city. Of that, 59% were public resources and 41% private investment. Of the total amount of public subsidies ($299,447,459), 29.8% were federal, 18.3% were state, and 10.9% were city resources. NHT funds accounted for 22.3% of the city’s contributions and for 2.4% of the overall resources invested (City of Boston and Menino 2008, 14). The three-year period of LTW II follows the recession observed during the early 2000s and includes a period of fast and rigorous economic growth for the city and the nation. As presented earlier, at that time Boston gained a total of 28,836 jobs.

FIGURE 11: 1986-2005 NHT FUNDS ALLOCATED FOR AFFORDABLE HOUSING

Department of Neighborhood Development, Neighborhood Housing Trust 2005 Report

FIGURE 12: FY 2001-FY 2003 ALLOCATED AFFORDABLE HOUSING FUNDS IN BOSTON

Adopted from the October 2003 LTW I Completion Report
Yet a greater portion of overall public subsidies, as compared to private investment, was allocated for the creation of affordable housing (figure 13). This can be partially explained because strategies for LTW II were formed in 2003 in the environment of the earlier recession period. However, the percent contribution of NHT funds between 2004 and 2007 is similar to the earlier three-year period, while overall there is an indication of different relationship between private development leverage over public resources. Figure 13 illustrates the funding sources contributed to new affordable housing in the city during LTW II.

### 3. 5 Discussions of Inclusionary Zoning

Inclusionary zoning policies first emerged in some US states in the early 1970s, as a result of the Reagan Era’s federal aid cuts to affordable housing. Such policies called to set aside a small portion of the units in residential developments (typically between 10 and 20 percent) for households unable to bear market-rate housing prices (Calavita and Mallach 2008, 15). Furthermore, at the time inclusionary housing was seen as a tool to foster racially and socioeconomically integrated communities. Massachusetts, California and New Jersey were the first states to enact inclusionary zoning state laws. During these early years, inclusionary zoning was aimed at supporting affordability and mixed-income environments in the suburbs (Calavita and Mallach 2008a, 16). Most recently, it has been adopted on the local scale, resulting in its inclusion in the zoning ordinance of over three hundred jurisdictions—cities, towns, and counties (Furman Center for Housing Policy 2008, 1). The objective to deconcentrate poverty through the integration of affordable units within market-rate projects also intends to provide economically disadvantaged residents with better access to employment (Read and The Center of Real Estate at UNC Charlotte 2008, 6).

The affordable units included in a market-rate development require the same per unit construction cost but, through lower rents or sales prices, generate less profit. Therefore, inclusionary
policies impose an additional cost on private developers. There is a great deal of controversy over who finally bears this additional cost. For the most part, the literature supports the idea that the additional cost leads to the repression of land values: although developers may be willing to decrease their profit margin, whenever possible they will negotiate for a lower land cost (Calavita and Mallach 2008, 17). As such, inclusionary zoning provisions are often married with cost offsets or incentives (such as density bonuses, fast-track permitting, waivers or deferral of impact fees, tax-exempt bond mortgage finance, CDBG funds). However, these strategies often suggest that the cost burden is either directly (in the case of CDBG funds) or indirectly inflicted back upon the public sector (Calavita and Mallach 2008, 19).

Moreover, the coupling of incentives with the inclusionary policies in order to address the cost burden depends heavily on the specific market conditions of each locality and the leverage that each public sector has over private investors. Table 4 provides a summary of economic incentives often incorporated with inclusionary stipulations and their advantages and disadvantages for the public sector.

As inclusionary stipulations share the Type II policy characteristics, they are more likely to be adopted by jurisdictions that are more affluent and near other jurisdictions having similar provisions, which also have growth management and cluster

| TABLE 5: ADVANTAGES AND DISADVANTAGES OF ECONOMIC INCENTIVES FOR THE PUBLIC SECTOR |
|---------------------------------------------|---------------------------------------------|
| **PUBLIC SECTOR** | **PUBLIC SECTOR** |
| **ADVANTAGES** | **DISADVANTAGES** |
| Density Bonuses | - Minimal direct cost  
- Increase in housing supply  
- Encourages compact development  |
| | - Less valuable in weak markets  
- Increases demand for public infrastructure |
| Expedited Permitting | - Minimal direct cost  
- Reduces private sector risks  
- Increases housing supply  |
| | - Limited value in markets with few regulatory barriers |
| Fee Waivers | - Valuable in markets with exactions  
- Politically attractive  |
| | - Reduces public revenue  
- Less valuable in markets with minimal development fees |
| Altered Design Standards | - Minimal direct cost  
- Preferred by developers  |
| | - May reduce housing quality  
- Market forces may require higher design standards |
| Cash Subsidies | - Efficient and easy to administer  
- Preferred by developers  |
| | - High direct cost  
- Requires funding sources  
- Political opposition |

*Read and The Center of Real Estate at UNC Charlotte 2008*
zoning policies (Furman Center for Housing Policy 2008, 5-6). However, even in strong markets, developers react to inclusionary policy requirements by choosing to invest in other jurisdictions that do not share the same laws, by raising the market-rate prices, or by negotiating lower land prices (Furman Center for Housing Policy 2008, 8). As increased supply of affordable housing and potential for promoting income integrated environments are not objectives of major public benefit, the question of how to introduce inclusionary policies while mitigating the negative externalities is of great importance. A 2008 Lincoln Institute study on the value recapture of inclusionary housing suggests that inclusionary polices are more effective when they become a part of a comprehensive local land-use planning and development processes that includes cost burden mitigation strategies, rather than when they are merely superimposed on existing regulatory frameworks. Therefore, incorporating inclusionary provisions through rezoning to support intensification of land uses (upzoning to higher densities or to more profitable land uses) can mitigate their negative externalities (Calavita and Mallach 2008, 20).

In the case of Boston, in the absence of formal economic incentives, the City's BRA negotiates with the private developers on a case-by-case basis. However, because of the city's restrictive zoning system, zoning exemptions and density considerations become always part of the negotiations (Geoffrey Lewis, personal interview, February 2011).

3. 6 BOSTON'S INCLUSIONARY POLICY (IDP)

Inclusionary Policy Overview

In 2000, in an effort to respond to the city's shortage of affordable housing, Mayor Menino and the BRA initiated the city's inclusionary zoning, also known as inclusionary development policy (IDP). Although IDP had been discussed since the mid-1980s, which is when the linkage policy surfaced, it was not established as an executive order until February 26, 2000. The main goal of the policy was to increase the city's capacity to create affordable housing in Boston and to promote economic integration within the city.

This first executive order's stipulation, which determined the projects that should comply, is still the same today (2001). It includes residential developments undertaken or financed by a city agency, developed on city-owned property that propose more than ten residential units, or include more than ten residential units and requiring zoning relief. Residential projects meeting any of these conditions were required to have 10%
of units made affordable within the development, or a number equal to no less than 0.15 times the total number of units created, made affordable in a different off-site development. At the time, at least 50% of the affordable units were targeted for moderate-income households earning less than 80% of the metropolitan area median income, and no more than 50% were targeted for middle-income households earning between 80% and 120% of the metropolitan median income. In lieu of directly creating affordable housing, and with the city's approval, a monetary contribution could be made toward the city's affordable housing fund. In that case the monetary contribution was calculated by multiplying 0.15 by the number of the new market-rate units, and the estimated Affordable Housing Cost Factor, which in 2000 was $52,000 (City of Boston and Office of the Mayor Thomas M. Menino 2000).

Researchers have suggested that, upon implementation, Boston's IDP revealed some unintended or unforeseen consequences and invited speculation regarding its effectiveness. Specifically, due to the lack of distinction between luxury and middle-class housing and between large and small units, the program discouraged middle-class, market-rate developments (Euchner and Pioneer Institute for Public Policy Research.; Rappaport Institute for Greater Boston. 2003, 38). In addition, since the IDP exempts developments smaller than ten units, it created a disincentive for larger-scale housing, multi-family developments and, thereby, further proved that the city's lack of housing contributed to even higher market-rate prices (Euchner and Pioneer Institute for Public Policy Research.; Rappaport Institute for Greater Boston. 2003, 39). However, motivated by the program's effectiveness in supplementing affordable housing creation in the city, in September 2003 Mayor Menino, in a letter to Mark Maloney, Chief Officer of the City's Economic Development Department, asked to increase the requirement for on-site affordable units from 10% to 15% (Mayor M. Thomas Menino 2003). While this suggestion increased the policy's potential to provide affordable housing, it also eliminated the private developers' incentive to provide integrated affordable housing within market-rate developments.

In February 2005 Mayor Menino, through another executive order in response to rising construction costs, increased the existing monetary contribution in lieu of the direct on-site or off-site affordable housing creation from $52,000 to $97,000 per unit. He also stipulated an annual automatic adjustment of the affordable housing cost factor based on the index developed and used by the city's linkage program (City of Boston and Office of the Mayor Thomas M. Menino 2005, 2). Although the cash-out fee contribution was increased, it was still deemed lower than the actual per on-site unit cost (Penniman 2006, 6). Hence,
the counter-option of the cash-out fee remained appealing to developers, as opposed to the direct on-site or off-site housing creation.

In May 2006 the Massachusetts Association of Community Development Corporations (MACDC) issued a study that evaluated the five-year implementation results of Boston's IDP and suggested policy changes. The study indicated that Boston's IDP had made a significant contribution to the city's affordable housing stock. It also highlighted key policy weaknesses. The weaknesses outlined in the report included the executive order administrative nature of the IDP rather than the less-flexible and more permanent zoning provision or by-law clause commonly employed as an administrative tool in other municipalities; the high levels of household’s income targeted; the low cash-out fee stipulation; Boston's average ranking (in comparison with other municipalities with inclusionary zoning ordinances) in producing affordable housing units per capita; the small unit size of the mixed-income developments that excluded families; and the added stress created for some of the affordable housing residents due to the condo fees or special assessment fees associated with market-rate developments (Penniman 2006, 5).

In response to the MACDC’s concerns and suggestions, in May 2006 through another executive order, Menino outlined the following IDP changes:

**Affordable household income levels:** The new targets were based on Boston's AMI rather than the MSA. For homeownership units, affordability targeted households earning between 130% and 160% of Boston’s median household income (BMI). For rental units, affordability targeted households earning between 100% and 125% of BMI (City of Boston and Office of the Mayor Thomas M. Menino 2006, 1).

**Increase of the cash-out contribution:** In the case of homeownership developments, the developer would pay $200,000 for each unit or at least an amount equal to half of the difference between the price of the market-rate unit and the price of an on-site affordable unit – whichever was greater. For rental
housing units the cash-out payment was set at $200,000 to be paid in seven equal installments with the first payment required prior to issuing the building permit for the project (City of Boston and Office of the Mayor Thomas M. Menino 2006, 1-2).

**Greater Emphasis on targeting resources:** Half of the IDP funds collected through the cash-out option would be used for the creation or preservation of affordable housing in geographic areas of the city with less than the citywide average of affordable housing or in areas that demonstrated a need for affordable housing preservation or creation (City of Boston and Office of the Mayor Thomas M. Menino 2006, 2).

**Transparency:** The development and oversight of a competitive funding process for awarding funds (City of Boston and Office of the Mayor Thomas M. Menino 2006, 3).

The 2006 changes revealed implementation constraints mostly due to the complexity of matching IDP regulations with other public subsidies targeting households based on the MHI of the MSA (Geoffrey Lewis, personal interview, February 2011). In September 2007, through another executive order, Mayor Menino issued the following changes:

**Affordability levels:** Returning to using the AMI of the MSA for defining affordability levels. The new executive order, still in effect today, stipulated that half of both the on-site and off-site homeownership housing created should be made affordable to households earning equal to or less than 80% of the MSA AMI. The other half should be made available to households earning between 80-100% of the MSA AMI. The city found these income levels comparable to 130% and 160% of Boston’s Median Income. The on-site and off-site rental units created should be made available to households earning equal to or less than 70% of the MSA AMI. The city found these income levels comparable to 100% and 125% of Boston’s Median Income (City of Boston and Office of the Mayor Thomas M. Menino 2007). Figure 14 summarizes the inclusionary policy’s evolution from 2000 to today.
Figure 14: Inclusionary Zoning Changes Timeline

February 29, 2000 Executive Order
Residential Developments:
- Undertaken or financed by the City of Boston, or
- Developed on property owned by the city, or
- Includes 10 or more residential units, and
- Requires zoning relief

September 8, 2003 Request
Temporary demonstration program

February 3, 2005 Executive Order

May 16, 2006 Executive Order
Affordable housing funds shall be prioritized to producing and/or preserving affordable housing in neighborhoods with less than the citywide average of affordable housing or in areas of the city that demonstrate a need for producing or preserving affordable housing.

ON-SITE: 10%
- no less than 50% for moderate-income (<80% AMI MSA)
- more than 50% for middle-income (80%-120%) AMI MSA

OFF-SITE: 15%
- no less than 50% for moderate-income (<80% AMI MSA)
- more than 50% for middle-income (80%-120%) AMI MSA

CASH-OUT: 15%
towards an affordable housing fund
- affordable housing cost factor ($52,000)

ON-SITE: 15%
- no less than 50% for moderate-income (<80% AMI MSA)
- more than 50% for middle-income (80%-120%) AMI MSA

OFF-SITE: 15%
- no less than 50% for moderate-income (<80% AMI MSA)
- more than 50% for middle-income (80%-120%) AMI MSA

CASH-OUT: 15%
towards an affordable housing fund
- affordable housing cost factor ($52,000)

ON-SITE: 15%
- no less than 50% for moderate-income (<80% AMI MSA)
- more than 50% for middle-income (80%-120%) AMI MSA

OFF-SITE: 15%
- no less than 50% for moderate-income (<80% AMI MSA)
- more than 50% for middle-income (80%-120%) AMI MSA

CASH-OUT: 15%
towards an affordable housing fund
- affordable housing cost factor ($52,000)

ON-SITE: 15%
- no less than 50% for moderate-income (<80% AMI MSA)
- more than 50% for middle-income (80%-120%) AMI MSA

OFF-SITE: 15%
- no less than 50% for moderate-income (<80% AMI MSA)
- more than 50% for middle-income (80%-120%) AMI MSA

CASH-OUT: 15%
towards an affordable housing fund
- affordable housing cost factor ($52,000)
- affordable housing cost factor ($52,000)

ON-SITE: 15%
- ownership units for households earning 130%-160% of BMI based on ACS
- rental units for households earning 100%-125% of BMI based on ACS
- affordable housing cost factor ($200,000) or 1/2 difference of (market rate unit affordable on-site) to be paid in 7 equal annual installments

OFF-SITE: 15%
- ownership units for households earning 130%-160% of BMI based on ACS
- rental units for households earning 100%-125% of BMI based on ACS
- affordable housing cost factor ($200,000) or 1/2 difference of (market rate unit affordable on-site) to be paid in 7 equal annual installments

CASH-OUT: 15%
- ownership units for households earning 130%-160% of BMI based on ACS
- rental units for households earning 100%-125% of BMI based on ACS
- affordable housing cost factor ($200,000) or 1/2 difference of (market rate unit affordable on-site) to be paid in 7 equal annual installments

Investing (In) Equity
Inclusionary Policy Outcomes

According to BRA’s records, to date 1,463 units have been created or preserved because of Boston’s inclusionary policy. Of these, 883 are owner occupied and 580 are rental homes, 532 service Boston’s households with income levels greater than 80% of the Boston Metro AMI, and 931 service households with income levels equal to or less than 80% of the Boston Metro AMI (Geoffrey Lewis, personal interview, February 2011). It should be noted, though, that the Massachusetts Comprehensive Permit Act, widely known as Chapter 40B, defines as affordable units those that target households earning 80% or below of the AMI. However, IDP currently defines as affordable units those earning less than 100% of the MSA AMI, while placing emphasis on providing half of the affordable homeownership units built for households earning 80% AMI and all of the affordable rental units for households earning 70% of AMI (City of Boston and Office of the Mayor Thomas M. Menino 2007).

During the first phase of LTW (FY2000-FY2003), which coincided with the first three years of the inclusionary policy’s implementation in Boston, a total of 2,217 affordable housing units were added in the city, 8% of which were the outcome of the IDP. Of the total affordable units created, 36% targeted households earning below 50% AMI; 26% targeted households earning 51-60% AMI; 26% targeted households earning 61-80%, and 12% targeted households earning 81-120% (City of Boston and Menino 2003, 11). Figure 15 illustrates the affordable units created through the different programs available in Boston for all income levels of below 120% AMI.

Between FY 2004 and FY 2007, a time period characterized by a strong and growing housing market, a total of 2,213 new affordable housing units were created in the city. Of those 732 (33%) were created through the IDP without the use of public
Figure 16: FY 2004-FY 2007 IDP Affordable Housing Units per Household Income

Adopted from the October 2008 LTW II Completion Report

funding (City of Boston and Menino 2008, 5). Figure 16 illustrates IDP's contribution per household income target in relation to the total IDP affordable housing created from 2004 to 2007.

Although the third phase of LTW is currently underway, at the end of 2010 the City issued a midway point progress report covering FY 2009-2010. That timeframe overlapped with the most recent recession, which to some extent is still noticeable today. Until the end of 2010, a total of 1,002 affordable housing units were created in the city, out of which 488 were homeownership and 514 rentals. Of those, 44 (4.4% of total) affordable homeownership units were created through the IDP, while the policy had not resulted in any rental units (City of Boston 2010, 6). The small number of new units, and hence the small number of IDP units, is indicative of the most recent economic climate.
The persistence of inequality is rooted in "[...] the challenge to ensure that people of all backgrounds enjoy access to housing in communities that serve as steppingstones to opportunity, political influence, and broader social horizons rather than as isolated and isolating traps with second-class support systems."


**Spatial Income Integration**

To assess income integration in Boston I use the 1980, 1990, and 2000 census data, and the 2010 census estimates at the level of the block group. For each of these years, the median household income of each block group is divided by the city’s median household income (MHI). The spatial income distribution figures created illustrate which areas are characterized by lower, similar, or higher median household incomes than the city at each time. Supportive figures are created to portray the change of each block group’s MHI between each decade. This change is calculated as a ratio of each block group’s MHI to the MHI of the overall city within each decade. These figures present an
additional analytical approach to determining whether spatial income integration or segregation has occurred in Boston through time, and they illustrate which parts of the city became wealthier and which ones poorer.

Spatial Implications of Affordable Housing Supported by Linkage Funds

Affordable housing projects do not rely solely on funds from the Neighborhood Housing Trust (NHT) of Boston. On the contrary, resources from linkage fees supplement other public subsidies in filling the financial gap of affordable housing units. Therefore, the location of each affordable development is determined by factors far beyond the allocation of NHT funds. Furthermore, location is further confined by broader urban development regulations and market driven limitations. Despite the supplementary nature of NHT-assisted affordable units, this study includes an analysis of the spatial distribution and geographic concentrations of NHT-assisted units in order to assess whether their creation supports income integration goals.

Spatial Implications of Affordable Housing Created through the Inclusionary Development Policy (IDP)

Assessing the capacity of IDP to promote income integration within the city relies on analyzing the location of the affordable housing units created as a result of the policy. This study examines the location of the on-site affordable housing created as part of the IDP developments. It also examines the portion of the off-site units, as well as the magnitude of the funds collected through the cash-out option. Although this study does not include an analysis of the negotiations associated with determining which of the three options—on-site, off-site, or cash-out—developers are asked to comply with, it sheds some light on the possible negotiation parameters between the private developers and the Boston Redevelopment Authority in determining the preferred option.

4. 2 WHO ARE THE PEOPLE SERVICED?

Prior to the spatial analysis of the affordable housing, I attempt to profile four, four-member households earning incomes of 50%, 70%, 80%, and 100% of AMI as defined by the US Housing and Urban Development office and the BRA in 2010. Such analysis is not inclusive of all possible household profiles. It is intended only to offer the human dimension of the people serviced and thereby speculate about their everyday needs.

NHT funds target households earning at or below 80% of the Boston’s metropolitan area AMI, with many of them targeting at or below 50% of AMI (Theresa Gallagher, personal interview,
February 2011). The current IDP provisions specify that half of the inclusionary zoning units for homeownership are meant to target households earning below 80% of AMI and the other half households earning between 80% and 100% of AMI. For rental units IDP targets households earning 70% of AMI and below. As mentioned in chapter 3, the state's Chapter 40B provision defines as affordable housing that which targets populations earning 80% AMI and below. Based on the ES-202 data for the second quarter of 2010, a possible composition of the households serviced through these policies today is as follows.

For a household of four, 50 percent affordability equates to a household income of no more than $45,900. That could mean a household with one working adult in motor vehicles wholesales ($38,740 annual average wage) or in an electronics and appliance store ($42,224 annual average wage).

For a household of four, 70 percent affordability equates to a household income of no more than $64,250. That could mean a household with one working adult in the administration of economic programs ($62,296 annual average wage) or two working adults one of whom works in a clothing store ($25,272 annual average wage) and one in a florist shop ($37,804 annual average wage).

For a household of four, 80 percent affordability equates to a household income of no more than $64,400. That could mean a household with one adult working as a building finishing contractor ($58,656 annual average wage) or working in the waste management and remediation services ($58,604). It could also mean two working adults one of whom works in home healthcare services ($36,660 annual average wage) and one in special food services ($26,260 annual average wage).

For a household of four, 100 percent affordability equates to a household income of no more than $91,800. That could mean a household with one working adult in ambulatory healthcare services ($80,236 annual average wage) or working in accounting and bookkeeping services ($90,012). It could also mean two working adults, one of whom works in taxi and limo services ($34,684 annual average wage) and one in a psychiatric and substance abuse hospital ($54,808 annual average wage).
4. Has Boston Become Income Integrated?

Spatial income distribution patterns in the city of Boston are affected by factors far beyond the location of affordable housing created through IDP and the contribution or allocation of NHT funds. However, examining the spatial distribution of median household income through time is an important first step in assessing whether Boston has attained spatial income integration. Examining the spatial patterns of the affordable housing created by the two city-level policies enables an assessment of whether these two policies have reinforced or undermined the prevalent patterns.

The spatial income distribution analysis relies on median household income (MHI) census data on the level of the block group. Block groups contain generally between 600 and 3,000 people, with an optimum size of 1,500 people (US Census Bureau HTTP). Since the determining aspect of block groups’ limits is the number of people it includes, the size of their geographic boundaries varies disproportionately to the density of the area they encompass. The MHI information is based on the 1980, 1990, and 2000 decennial data, and the 2010 US census estimates currently available. As the MHI income of Boston changes over a ten-year period, the MHI of each block group is divided each time by the MHI of the city in order to identify areas characterized by lower or higher MHI levels than the city and to enable the observation and comparison of median household income spatial patterns through time. Because the linkage policy was initiated in 1986 and the IDP in 2000, the 1980, 1990, 2000, and 2010 data points allow for an examination of income distribution prior to and after the implementation of both policies.

In 1980 Boston’s median household income was $13,043. Figure 17 illustrates block groups with MHI levels lower than, similar to, or higher than Boston’s MHI. Although in 1980 there were clear spatial patterns of MHI distribution, the lowest block group had no less than 55% and the highest no more than 185%, of the city’s MHI. As illustrated in figure 17, part of Boston’s downtown, North End and Beacon Hill, as well West Roxbury, Hyde Park, and a large part of Jamaica Plain, were the highest income areas. Roxbury, the South End, South Boston Fenway, and part of Dorchester had the highest concentrations of low-income households.

Areas highlighted in yellow had about the same MHI levels as the city. Out of the 545 block groups included in the city 234 (42.9%) had MHI below 95% of the city’s MHI and 234 (44%) had MHI above 105% of the city’s MHI. It must be noted that MHI data had a more aggregate format in 1980, resulting in block groups with similar MHI levels being assigned the exact same
MHI figure. Hence, the more detailed picture presented in the following years is not necessarily the outcome of true block-group MHI changes.

In 1990 the income inequality had grown significantly. The lowest median household block groups were characterized by an MHI of less than 35% of the citywide MHI ($29,900) and the three highest MHI block groups were characterized by an MHI of 235%, 255% and 285% of Boston’s MHI. Roxbury, part of the South End, downtown (the China town area), Mattapan, and Fenway included the city’s lowest-income population. Out of the 545 block groups in the city 215 (39.5%) had MHI lower than 95% of the city’s and 284 (52.2%) had MHI higher than 105% of the city’s. Almost 20% of the block groups had MHI less that 55% of the city’s. The Back Bay/Beacon Hill neighborhood, part of Jamaica Plain and West Roxbury included the city’s highest-income population. South Boston and East Boston started showing signs of income integration. Overall, in 1990 spatial income distribution patterns in Boston were clearly identifiable (figure 18). Either due to the availability of more refined data or due to true changes, most of the city’s wealthy areas had become wealthier, while most of the city’s poor areas had become poorer during the ten-year period. Figure 19 illustrates the change per block group as a ratio of the change in the city’s MHI between 1980 and 1990.
City of Boston Median Household Income $13,043

FIGURE 17: MEDIAN HOUSEHOLD INCOME DISTRIBUTION, BOSTON 1980

Legend
0.00% - 55.00%
55.01% - 75.00%
75.01% - 95.00%
95.01% - 105.00%
105.01% - 125.00%
125.01% - 145.00%
145.01% - 165.00%
165.01% - 185.00%

Block Group MHI Divided by City MHI, 1980 US Census Data, MIT Geolyrics
Figure 18: Median Household Income Distribution, Boston 1990

City of Boston Median Household Income $29,900

Legend

- 0.00% - 35.00%
- 35.01% - 55.00%
- 55.01% - 75.00%
- 75.01% - 95.00%
- 95.01% - 105.00%
- 105.01% - 125.00%
- 125.01% - 145.00%
- 145.01% - 165.00%
- 165.01% - 200.00%
- 200.01% - 285.00%

Block Group MHI Divided by City MHI, 1990 US Census Data, MIT Geolytics

Boston's Urban Development Redistributive Policies' Spatial Outcomes 77
FIGURE 19: MEDIAN HOUSEHOLD INCOME CHANGE PER BLOCK GROUP, BOSTON 1980-1990

City of Boston Median Household Income Change $16,857

Legend
-955.00% - 0.00%
0.01% - 85.00%
85.01% - 115.00%
115.01% - 200.00%
200.01% - 387.03%

Block Group MHI Change Divided by City MHI Change, 1990, 1990 US Census Data, MIT Geolyrics
By 2000, income inequality in the city had amplified further and its spatial ties remained clearly marked (figure 20). In 2000, 23 block groups had MHI levels over 200% of the city's MHI, in comparison with only 6 block groups with over 200% of the city's MHI in 1990. In addition the city's poorest block group had an MHI of 15% of the city's MHI and 222 block groups had MHI levels less than 95% of the city's MHI in comparison to the 215 block groups in 1990. In 2000 East Boston had returned to very low MHI levels, while higher income levels characterized more areas in South Boston. Roxbury and Fenway continued to have the city's highest concentration of lower-income people, while concentrations of lower-income households were also more evident and geographically further concentrated in Mattapan and Dorchester. Concentrations of wealthy households had become even more noticeable in Back Bay/Beacon Hill, Jamaica Plain, West Roxbury, parts of Charleston, Downtown, and Allston/Brighton (figure 21).
FIGURE 20: MEDIAN HOUSEHOLD INCOME DISTRIBUTION, BOSTON 2000

City of Boston Median Household Income $39,629

Legend
- 0.00% - 35.00%
- 35.01% - 55.00%
- 55.01% - 75.00%
- 75.01% - 95.00%
- 95.01% - 105.00%
- 105.01% - 125.00%
- 125.01% - 145.00%
- 145.01% - 165.00%
- 165.01% - 200.00%
- 200.01% - 285.00%

Block Group MHI Divided by City MHI, 2000 US Census Data, MIT Geolyrics
City of Boston Median Household Income Change $9,729

Legend
-285.00% - 0.00%
0.01% - 85.00%
85.01% - 115.00%
115.01% - 200.00%
200.01% - 400.00%
400.01% - 833.21%

Block Group MHI Change Divided by City MHI Change, 1990, 2000 US Census Data, MIT Geolytics

Boston's Urban Development Redistributive Policies' Spatial Outcomes
City of Boston Median Household Income Estimate $40,171

Legend

- 0.00% - 35.00%
- 35.01% - 55.00%
- 55.01% - 75.00%
- 75.01% - 95.00%
- 95.01% - 105.00%
- 105.01% - 125.00%
- 125.01% - 145.00%
- 145.01% - 165.00%
- 165.01% - 200.00%
- 200.01% - 285.00%

Block Group MHI Divided by City MHI,
2010 US Census Estimates, MIT Geolyrics
Because the analysis of income distribution for 2010 is based on the 2010 MHI estimates rather than actual counts, it includes greater statistical noise and error. Therefore, an analysis of the MHI change per block group is not included here. However, the 2010 MHI spatial representation is predictable and consistent with the 2000 patterns and with those that can be observed in Boston's urban environment today. In 2010, 206 block groups had an MHI of less than 95% of $40,171, which is Boston's 2010 MHI estimate. Two hundred seventy-five block groups, in comparison with 269 in 2000, have an MHI of over 105% of the city's MHI. As illustrated in the figure 22, the geographic concentration of wealth and poverty has remained the same, while slight changes are observed in the South End and in downtown, which have become less income-integrated since 2000.
As public housing developments tend to include large concentrations of low-income residents, figure 23 presents an overlay of Boston Housing Authority (BHA) properties on the 2010 MHI estimates distribution. Very telling is that the very few lower-income areas included in some of the city's wealthier neighborhoods, including the South End, are the direct outcome of public housing developments. Therefore, even the weak income integration patterns observed in many areas of the city are not the result of true income integration. Rather they are the outcome of public housing locations with thigh concentration of lower income residents.
4. Has the Linkage Policy Supported Income Integration?

Between 1986 and 2005, 6,090 affordable housing units were created with the support of linkage funds. Of them, over 35% (2,139) were located in Roxbury and over 14% (866) in the South End. During the same 19-year period, a total of $80,987,745 NHT funds was used to support the creation of the affordable housing units. Over 23% ($18,938,736) of the total funds was allocated to affordable housing creation in Dorchester and 13.5% ($10,931,453) in the South End. Figure 24 includes all of Boston's neighborhoods based on the percentage of the total amount of NHT funds they attracted and figure 25 based on the number of affordable units that were created.

The area identified as central includes downtown and Chinatown. The relatively high NHT allocation in this area is due to Chinatown's long history of advocacy and housing creation. Specifically, out of the total $4,471,159 NHT funds $3,751,159 was allocated to Chinatown projects. The remaining $720,000 (0.89% of total) was allocated to the rest of the downtown area.

The relatively high creation of NHT assisted affordable housing in the Central area is again the result of Chinatown. Out of the 324 total units created in the Central area, 185 were in Chinatown. The remaining 139 (2.28% of total NHT assisted units) were created in the rest of the downtown area.

In an effort to leverage additional private, state, and city funds, the NHT RFP includes a $50,000 per unit limit. However, there is variation between the amounts per affordable unit spent in each neighborhood. Table 6 includes a summary of the NHT per unit contribution for each of Boston's neighborhoods. Roxbury, which has attracted the highest amount of NHT funds, has also been able to leverage additional funds, thereby keeping the NHT contribution at an overall low average level ($8,854). However, other neighborhoods such as Fenway, Mattapan, Dorchester, and East Boston, have also been able to attract a substantial amount of NHT funds, while they have required the highest average per unit NHT subsidy. Hence, the ability to leverage additional funds does not appear to be the greatest priority in the administration and allocation of linkage funds.

The administration and allocation of NHT funds has well-defined provisions, a clearly administrated process, and a transparent, well-advertised funding allocation procedure. In discussions with nonprofit, affordable housing developers, it became apparent that they were well informed about the program's administration and availability of funds. Madison Park Development Corporation's (MPDC) real estate development representative indicated that most recently the MPDC was awarded NHT funds to create a new affordable housing project
Figure 24: Spatial Distribution of NHT Funds Allocated, 1986 to 2005

NHT Funds Allocated Per Neighborhood
As a Ratio of Total NHT funds

Total Allocated NHT Funds
$80,987,745

Legend
- 15.46% - 26.77%
- 8.82% - 15.45%
- 6.21% - 8.81%
- 1.53% - 6.2%
- 0.01% - 1.52%
- 0%

Department of Neighborhood Development, 2005 NHT Report
Boston's Urban Development Redistributive Policies' Spatial Outcomes 87
FIGURE 25: SPATIAL DISTRIBUTION OF NHT ASSISTED AFFORDABLE UNITS, 1986 TO 2005

NHT Assisted Units Per Neighborhood As a Ratio of Total NHT Assisted Units

Total NHT Assisted Units 6,090

Legend
- 15.99% - 39.47%
- 8.87% - 15.98%
- 4.03% - 8.86%
- 0.01% - 4.02%
- 0%

Department of Neighborhood Development, 2005 NHT Report
TABLE 6: NHT FUNDS PER ASSISTED UNIT CREATED, 1986-2005

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Amount Spent Per Affordable Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fenway</td>
<td>$27,228</td>
</tr>
<tr>
<td>East Boston</td>
<td>$24,360</td>
</tr>
<tr>
<td>Dorchester</td>
<td>$23,312</td>
</tr>
<tr>
<td>Mattapan</td>
<td>$21,209</td>
</tr>
<tr>
<td>Chinatown</td>
<td>$20,277</td>
</tr>
<tr>
<td>Mission Hill</td>
<td>$19,634</td>
</tr>
<tr>
<td>South Boston</td>
<td>$19,395</td>
</tr>
<tr>
<td>Allston-Brighton</td>
<td>$18,642</td>
</tr>
<tr>
<td>Roslindale</td>
<td>$18,220</td>
</tr>
<tr>
<td>Jamaica Plain</td>
<td>$15,649</td>
</tr>
<tr>
<td>Brighton</td>
<td>$12,755</td>
</tr>
<tr>
<td>South End</td>
<td>$12,623</td>
</tr>
<tr>
<td>Beacon Hill</td>
<td>$9,779</td>
</tr>
<tr>
<td>Roxbury</td>
<td>$8,854</td>
</tr>
<tr>
<td>Charlestown</td>
<td>$6,744</td>
</tr>
<tr>
<td>Back Bay</td>
<td>$6,329</td>
</tr>
<tr>
<td>Central</td>
<td>$5,180</td>
</tr>
<tr>
<td>West End</td>
<td>$5,152</td>
</tr>
<tr>
<td><strong>City Average</strong></td>
<td><strong>$13,298</strong></td>
</tr>
</tbody>
</table>

Department of Neighborhood Development, 2005 NHT Report

In Roxbury that targets populations of various income levels, all of which are below the 80% AMI target. He also specified that the organization has developed a good track record working with the city and specifically with DND in creating affordability options in Roxbury. Some of the developments would have not been possible if such funds were not available (Personal Interview, March 2011).

Through the current RFP process, NHT funds are used to fill in financial gaps for affordable housing developments, drawing on additional state and city subsidies. Per DND's NHT RFP, there is a $750,000 per project and a $50,000 per unit limit. In addition, funds are applicable only to rental and cooperative housing creation or preservation (City of Boston and Department of Neighborhood Development 2010). The NHT RFP also stipulates that the targeted affordability levels must be at or below 80% of AMI, with a minimum of 10% set aside for homeless or formerly homeless people. DND's affordability requirement for all rental units is in perpetuity (Department of Neighborhood Development HTTP). Because NHT funds are allocated through a competitive RFP process, a critical evaluation criterion is the development team's track record on comparable projects. MPDC's real estate representative verified that part of the organization's success in attracting such funds is the long-standing reputation of MPDC in developing affordable housing in Roxbury.
FIGURE 26: PERCENTAGE OF NHT ASSISTED AFFORDABLE UNITS (1986 TO 2005) COMPARED TO THE 2005 AFFORDABLE HOUSING DISTRIBUTION IN THE CITY (40B)

Percent of Affordable Units (40B) as a Percent of Total Units Per Neighborhood (2005)

Legend
- 6%
- 8%
- 11%
- 13%
- 15%
- 16%
- 18%
- 19%
- 21%
- 22%
- 27%
- 29%
- 44%
- 50%

Department of Neighborhood Development, 2005 NHT Report
The use of linkage funds alone does not currently include any provisions or offer any incentives to create affordable housing in parts of the city with lower affordability levels. Figure 26 illustrates the resulting percentages of affordable housing provided in each neighborhood and compares this geographic distribution with the housing affordability levels of each neighborhood according to the 2005 40B report.

It is apparent that the five neighborhoods that attracted the most funds (Roxbury, South End, Dorchester, Mattapan, and Jamaica Plain which also includes Mission Hill) drew almost 64.5% of the total funds allocated between 1986 and 2005 and are some of the city’s neighborhoods with the highest concentrations of affordability based on the 2005 40B data. Similarly, neighborhoods where the most affordable housing units were created (Roxbury, South End, Charlestown, Dorchester and Mattapan), almost 68.5% of total NHT units assisted between 1986 and 2005, are (with the exception of Dorchester) the city’s neighborhoods with higher housing affordability concentration based on the 2005 40B data. All of the neighborhoods, apart from the South End, have shown strong income segregation patterns through time and have some of the city’s highest concentrations of low-income households. This analysis is not conclusive as to whether the geographic distribution of affordable housing created through other subsidies follows different patterns. Nevertheless, it reveals that the availability of linkage funds does not promote spatial income integration. Although these funds increase the city’s capacity to provide much needed affordable housing, their spatial allocation contributes to income segregation and adds to the supply of affordable housing in the neighborhoods with high affordability levels.
4.5 Has the Inclusionary Policy Supported Income Integration?

The strength of the IDP lies not only in its capacity to create affordable housing but also in its ability to promote income integration in Boston. It promotes income integration by mandating the inclusion of affordable units within market-rate developments while assigning the additional financial burden to the private developer. However, due to the options of either off-site housing creation or cash-outs (in lieu of directly creating affordable housing), the policy’s strength in promoting mixed-income developments and fostering income integration in the city is compromised.

Specifically, 115 market-rate housing developments with over 10 units each have been developed in Boston from 2000 to 2010, adding a total of 7,627 units in the city’s housing stock. Out of the total number of units 929 (12.18%) are characterized by IDP as affordable and refer to households earning at or below 120% of AMI. The 929 units result in a ratio lower than the 15% requirement because originally the policy included a 10% on-site requirement and because a cash-out option is occasionally negotiated. As it was not possible to obtain data for the affordable units supported by the IDP funds, it is likely that the overall ratio is higher than 12.18%. Of the 929 units, 476 (6.12% of total units) target families earning at or below 80% of AMI. In addition $9,784,852 has been collected in the IDP fund through the cash-out option to further support affordable housing creation in the city (Leading the Way Database, 2010). As mentioned earlier, units targeting households earning between 80-120% of AMI are not included in the state’s 40B list. However, the policy responds to the need to develop workforce housing in the city: a need that is not satisfied by any other city or state programs (Geoffrey Lewis, personal interview, February 2011). Figure 27 shows the household income levels of the on-site and off-site affordable housing creation option through IDP with the exception of additional units that have been supported by the IDP cash-out funds.

Negotiations on a case-by-case basis between BRA and the developer determine which of the three options is agreed upon each time. Although BRA considers it a priority to include the affordable units on-site, it evaluates the trade-offs associated with the cost of creating affordable housing on-site with the potential to create more affordable units elsewhere through the use of the collected IDP funds (Geoffrey Lewis, personal interview, February 2011). Although the desire to optimize the number of the affordable units provided is rational and justifiable, the ad-hoc or unpredictable nature of case-by-case negotiations compromises, and sometimes negates, the policy’s spatial income integration outcomes.
In addition, the policy still exists only as an executive order and has not been included in the zoning ordinance. According to Geoffrey Lewis, senior project manager and assistant director of policy at BRA, the flexibility inherent in the executive order status of the IDP has been important in instigating changes within the short ten-year period since the policy was initiated in order to best adjust to the city's needs. However, a possible change in the mayor's seat could mean the elimination of the policy. Furthermore, the ad-hoc nature of the negotiations between the individual developers and BRA does not support the presence of a transparent and predictable process.

The outcome of the negotiation of the different options usually results in a combination of two or more ways of contribution. For example, although affordable units may be provided on-site, sometimes less than fifteen percent of the total units are offered as affordable. In such cases, the remaining affordable units are offered either on an off-site location or result in a fee contribution. Out of the 115 market-rate developments complying with IDP, 84 include all 651 affordable units (below 120% AMI) entirely on-site, 4 developments with a total of 93 affordable units included both on-site and off-site options, and 29 more developments with a total of 2,278 new units included both 180 affordable housing on-site (7.9%) and monetary contributions (Leading the Way Database, 2010).

Figure 28 illustrates the on-site affordable housing created through IDP either when a development offered all or part of the affordable housing on-site. It overlays the housing location with the 2005 affordability levels of each neighborhood based on the states 40B data. Figure 29 depicts the developments that offered less than the 15% of affordable units on-site while also making a cash-out contribution. It overlays the on-site housing locations with revenue collected from residential projects in each neighborhood that also complied with the cash-out option. However, there is no indication of where these funds were spent. Because there are no stipulations mandating that IDP funds
Figure 28: 2000-2010 On-Site Affordable Housing Created Through IDP (On-Site and Partial Off-site Cases) Compared to The Neighborhood Affordability Levels (40B) in 2005

Legend
- 0 - 10
- 11 - 19
- 20 - 30
- 31 - 40
- 41 - 66

On-Site Affordable Housing

- 1
- 2
- 30

Partial On-Site Affordable Housing

Department of Neighborhood Development and Leading the Way Database, 2010
Figure 29: 2000-2010 Partial On-Site Affordable Housing Created During the Cash-Out Option Overlaid With Revenue Generated by the Cash-Out Option

Legend
- 1 - 3
- 4 - 10
- 11 - 20
- 21 - 58

Revenue Generated During the Cash-Out Option
- $3,808,000
- $3,089,704
- $1,907,860
- $432,000
- $240,200
- $156,000
- $52,888
- $52,000
- $20,800
- $10,400
- $0

Department of Neighborhood Development and Leading the Way Database, 2010

Boston's Urban Development Redistributive Policies' Spatial Outcomes
should be spent within the same neighborhood or sites adjacent to the market rate development area, it can be assumed that they were spent in various parts of the city.

Figure 28 clearly illustrates IDP's capacity to provide affordable units in central parts of the city characterized by lower affordability levels. However, figure 29 indicates that the cash-out option has limited the creation of additional on-site affordable units in mostly the areas of Fenway/Kenmore, South Boston, and Central (which includes downtown, Chinatown, and West End).

Obviously, the inclusionary policy has the potential to increase income integration, not only within each development but also within the city's geography. However, alternative available options to on-site housing and the desire to maximize the number of affordable units in the city compromise the policy's ability to achieve that goal. This may be of distinct importance because half of the IDP units are meant to target the city's workforce population. A narrow opportunity to better integrate workforce households within the city's higher-income neighborhoods further exemplifies the constraint in achieving income integration in the city and reveals a real challenge of existing policies to overturn market forces and the "business as usual" development regime.

Figure 30 overlays for each neighborhood the total NHT assisted units (from 1986 to 2005), the total IDP created affordable units (from 2000 to 2010), and the total IDP cash-out fees collected in lieu of creating affordable housing, with the median household income (MHI) of each neighborhood in 2000. As illustrated, greater numbers of NHT assisted units are provided in parts of the city with lower MHI income levels, while IDP affordable units are mostly concentrated in higher MHI income level neighborhoods. However, the cash-out option seems to compromise the IDP's ability to generate greater income integration: in areas such as Central and South Boston, a large amount of cash-out fees has been collected in lieu of creating additional affordable units. However, in the Fenway/Kenmore neighborhood, the cash-out option has prevented further concentration of affordable units in a part of the city already characterized by a very low MHI. The results of this summary are not surprising as linkage fund allocations lack the spatial emphasis that characterizes the IDP. However, upon implementation even the IDP does not present strong enough spatial results to suggest that it could alter the prevailing income distribution patterns in the city.
FIGURE 30: TOTAL IDP AFFORDABLE UNITS, NHT-ASSISTED UNITS, AND IDP REVENUE THROUGH THE CASH-OUT OPTION, OVERLAID WITH 2000 NEIGHBORHOOD MHI LEVELS

Legend

- $66,428
- $56,111
- $46,847
- $44,705
- $41,590
- $40,312
- $38,941
- $37,925
- $32,749
- $27,133
- $25,401

City of Boston Neighborhood Profile Data and Leading the Way Database, 2010
“ [...] heritage of progressive politics is important in providing a political environment conducive to alternative policy strategies.”


**MOVING TOWARDS A SPATIALLY EQUITABLE URBAN LANDSCAPE**

This chapter builds upon the analysis unfolded in chapter 4 and attempts to address barriers associated with the spatial redistribution of affordable housing in the city. It offers suggestions for how either linkage or inclusionary policy modifications as well as broader urban development reform could lead to greater income integration in the city. I recognize that any policy recommendation should be made with a consideration of market forces. However, without ignoring the importance of economics, I formulate these suggestions with a bias toward achieving greater levels of income integration. Hence, the following conclusions and suggestions are often speculative in nature rather than prescriptive of immediately implementable strategies.

Furthermore, I argue that as market forces are cyclical, some of the suggestions may become more pertinent in the future under a stronger economic climate, or that they could or should have occurred during the most recent real estate boom.

The first two sections suggest policy reforms for Boston’s inclusionary and linkage policies that could more strongly support income integration in the city. Section 3 addresses urban development reform beyond the two city-level policies that could impact the city’s ability to achieve income integration and foster spatial equity. Section 4 offers a brief assessment of the contribution and limitations of this thesis.
5. (How) Can the Linkage Policy Create Greater Income Integration in the City?

When initially formed, the linkage policy had explicit spatial stipulations regarding the allocation of NHT funds. As presented in chapter 3, ten percent of the linkage funds had to be allocated in or adjacent to downtown; an additional twenty percent had to be allocated for affordable housing in close proximity to the commercial development from which they were exacted. As large commercial developments are more concentrated in downtown, the policy could potentially result in the allocation of 30% of the funds in or adjacent to downtown areas. However, today the linkage policy lacks such stipulations and it has been relegated to a supplementary role in increasing public subsidies.

Furthermore, the NHT fund limitation of $750,000 per project and $50,000 per unit makes the creation of affordable housing easier in parts of the city with lower land values or in areas with abundance of city-owned land. As shown in chapter 3 both of these characteristics also have strong spatial ties that deter income integration. To ascribe explicit spatial emphasis to the linkage policy (in order to promote income integration), it is important to address this difference in land values and to mitigate the additional cost burden they impose on the final per unit cost. One possible solution could be the allocation of higher percentages of the overall funds to specific city neighborhoods, or to specific areas within each neighborhood. In areas of higher land values, the policy could allow for a greater per project and per unit allocation. A greater number of units could mitigate the increased land value cost. Obviously, such recommendations may meet with opposition from existing communities that currently attract large portions of NHT funds, and could compromise the city's ability to maximize the number of NHT assisted affordable units created.

Alternatively, the city could set explicit targets for NHT assisted units in certain areas of the city. In order to mitigate the implications of the potentially higher land values in these areas, the city could allow higher densities when affordable units are included in a development. This strategy, although it may still meet with community opposition, does not have to compromise the final number of NHT assisted units: the additional per unit cost will be lowered due to the higher density provision.

Important to these recommendations is defining the areas of the city where more affordable housing should be created. Although income integration is one way of assessing spatial equity, the identification of the target areas should not be made with income integration as the sole criterion. It is highly likely that the higher income areas of the city are also the ones offering better services to residents. However, driven by Xavier Briggs' advocacy of a "geography of opportunity," such areas
might also be identified based on quality of life indicators such as access to public amenities, low crime rates, infrastructure upgrades and more. Hence, first there is a need to identify a set of explicit indicators that create opportunity and betterment for lower- and middle- income residents. Based on those indicators, linkage policy provisions should identify the areas targeted for either the allocation of a higher percentage of NHT funds, or for a greater number of NHT assisted units and higher density provisions. These decisions should also consider the market barriers associated with developing affordable housing.

Furthermore, currently NHT funds are allocated for the creation of affordable housing and job training efforts. Because the policy emerged out of community unrest and political advocacy seeking to extend the economic benefits created from downtown developments to the city's neighborhoods, there may be alternative ways of achieving this goal beyond the two current efforts. One such alternative may come through requirements to directly employ lower- and middle- income city residents in the private market jobs created (other than those available during construction) in the new commercial developments. Access to these jobs by existing residents with less income capacity may benefit the city more than the creation of affordable housing. It may increase household income, and hence decrease affordability needs. Evidently, such provisions will have to be crafted in accordance with labor market experts and will have to be negotiated with the business community. Although such proposals have occasionally been suggested through Community Benefits Agreements (CBA), they may include unintended labor market implications and can be very difficult to administer. However, I find that the inability to adequately solve housing affordability and spatial inequity through the single lens of housing policies is becoming increasingly clear.

Moreover, it may be of merit to shift the conversation away from the goal of de-concentrating affordable housing units and toward attracting more market rate households in the lower income parts of the city. This shift could possibly occur through directing a portion of the NHT funds toward public facilities, infrastructure improvements, urban design enrichments, public services, or other offerings lacking in areas of the city already characterized by high concentrations of affordable housing. However, as targeting resources for such purposes may also increase housing prices and rents, such provisions should come with very stringent affordability restrictions for the existing affordable housing stock. Such enhancements could impel higher income residents to a lower-income neighborhood, generating in this way a mixed income environment, one that results from extension of resources rather than de-concentration of affordable housing, and from infusion of higher-income households in
neighborhoods of higher affordability. That approach suggests not only the possibility of fostering income integration but also the betterment of the city’s lower- and middle- income residents, even if income integration is not to be achieved.

Obviously, a large enough impact could not be achieved through the use of NHT funds alone. However, NHT funds could leverage additional capital improvement funds, creating in this way greater emphasis on improvements in the city’s lower-income areas. Although such a proposal demands rigorous interdepartmental collaboration, requires strong political will, and needs to avoid impacting negatively other parts of the city (the ones that will receive less attention), it has the potential to mitigate spatial inequality. In many ways, this strategy suggests a reversal of the older redlining process that deprived many city areas. It suggests directing a greater portion of public investment toward the more impoverished parts of the city. However, it is likely that such proposal will be met with opposition from city residents paying higher property or income taxes if the targeted areas exclude their neighborhoods. However, spatial equity may never be adequately solved through housing policies alone; hence, an interdepartmental collaboration could offer an appropriate avenue.

5.2 (How) CAN THE INCLUSIONARY POLICY CREATE GREATER INCOME INTEGRATION IN THE CITY?

Before addressing the IDP’s potential to foster income integration in the city, it is important to highlight the policy’s constraints due to its executive order status and the ad-hoc nature of the case-by-case negotiations between developers and the BRA. The uncertainty that these conditions impose compromises IDP’s strength. The lack of explicit criteria that would guide decisions regarding the three alternative options, while offering appropriate cost-mitigation strategies (other than zoning relief), is likely to increase developers’ leverage during the negotiations with BRA. The city is presumably in a particularly disadvantaged position especially during weak market conditions.

However, as demonstrated in chapter 4, IDP in many cases has resulted not only in creating affordable units in wealthier parts of the city, but also in creating income integrated developments. Hence, although the impact of the policy is not enough to disrupt prevailing income distribution patterns, it can be used as a reference for other housing policies that lack any explicit spatial stipulations. More importantly, there is potential to create synergies between IDP and additional public subsidy programs. These synergies can generate incentives for developers to create more affordable units, possibly for lower-income households, within the market rate developments.
One such possible synergy can be built with the tax-exempt financing program offered by Mass Housing that applies to mixed-income rental developments and that can be used for up to 90% of the project’s appraised value. Eligible developments are those with 20% of the units targeted for households earning 50% or less of AMI or with 40% or more of units targeted for households earning 60% of AMI. A few cases in Boston have utilized this option, increasing in this way the number of affordable units and lowering the affordability targets within the mixed-income development. However, pursuing this synergy is not explicitly incentivized or regulated, leaving the option of its use to the discretion of each developer. It is possible to assume that synergies such as the tax-exempt financing can be built into IDP’s stipulations, either through incentives or through direct regulation. Specifically, stipulations to utilize such or other synergies could be mandated in areas of the city characterized by less income integration, higher land values, less available developable land, and strong market trends. In parts of the city with high affordability levels and abundance of (public) land, the same stipulation can be simply recommended.

As presented in chapter 3, in 2000, when IDP was first formed, it mandated different percentage requirements for each of the three options. However, in an effort to maximize the number of affordable units created, the on-site contribution was later increased to the same (15%) level required by the off-site and cash-out alternatives. The policy’s potential to generate income integration could be increased by assigning different affordable unit percentage targets for each alternative option, thus making the on-site option more appealing to developers. Furthermore, it is likely to propose a variation in the percentage requirements contingent on the location of the residential development. Higher percentage requirements will be suitable for areas of the city characterized by greater development activity and less income integration, while lower percentage requirements may be more appropriate in areas with the opposite characteristics. As presented in chapter 2, the current affordability levels of the city do not adequately address all those in need of affordable housing. Hence, increasing affordability requirements in certain parts of the city will not only help achieve income integration but will also address the inadequate affordable housing supply.

Any of the suggestions outlined above would ideally require explicit provisions and a predictable and regulated implementation of the policy. This in turn would require including the inclusionary policy in the city’s ordinance in order to make its administration clear and predictable to both developers and city planners. Naturally, forming these more aggressive provisions while ascribing a permanent status to the IDP is contingent on market conditions. Such policy modifications are likely to be
successfully implemented when market conditions are strong; they could have occurred during the recent real estate boom, or may occur in the future when market conditions improve. Moreover, any policy recommendations should be coupled with cost burden mitigation strategies to ensure that they will not adversely impact land values or market rate housing prices.

5. 3 (How) COULD THE REFORM OF URBAN DEVELOPMENT FOSTER SPATIAL EQUITY?

This section includes suggestions for reforming urban development policies or for forming new ones in order to allow for the possibility of a more equitable urban landscape to emerge. This section purposefully deals with the housing affordability issue beyond the specifics of the two housing affordability policies that this thesis examines. My argument is that affordable housing, its location, and the "geography of opportunity" it attains or fails to create are larger issues of urban development regimes and outcomes and as such cannot be solved by housing policies alone. Although the propositions outlined below are not always directly associated with the linkage and inclusionary policy of Boston, they emerged out of the research findings. The main goal of this section is to question "urban development panacea" assumptions, and to initiate a conversation about supplementary local level redistribution methods that address and further support spatial equity.

Is Framing Spatial Equity As Income Integration the Right Framework?

Striving to include goals that promote income integration in citywide policies is neither inconsequential nor without equity implications. However, the income integration goal lacks an explicit argument or explanation as to why income integration is important or why it addresses spatial urban inequality. The lack of such an explicitly statement about the benefits of such a goal, along with the constraints and difficulties of implementing strategies that aim to foster spatial income integration under the "business as usual" axiom, may very well be one reason that this goal remains unmet.

Hence, defining a goal that is more explicitly linked to offering people of lower income levels a "geography of opportunity," as explained by Xavier Briggs, may result in more assertive policies with more identifiable outcomes. In that case income integration may be realized as an implication of policies rather than as the main objective. Thus, it is imperative to define housing affordability beyond the context of housing policies alone. Under that framework, there is an advantage to redefining the dearth
and the need for affordability in a way that is integrated with larger urban development matters. Therefore, it is possible to form policy provisions that require, for example, affordable housing to be located in areas of the city: i) close to T stops, ii) where the crime rates are lower than the citywide average, iii) where public schools perform at or above the city level standards, iv) that have an array of well functioning public facilities, v) that are characterized by significant capital improvement investments, and vi) that are characterized by a well maintained urban realm. These spatial requirements provide a basis for a better quality of life, or at least a way to reverse the negative, albeit accidental and unintentional, implications created by the non-spatial emphases of current policies. Indirectly, these are a few of the indicators that imply wealthier locations, and offer the possibility of de-concentrating lower-income people.

Evidently, the implementation of such criteria will face constraints imposed by (public) land availability, market forces and private investment trends, which typically follow public infrastructure improvements and better schools. Constraints may also be imposed by an increased per affordable housing unit cost in areas that lack available public land. However, the lack of planning and the notion of only following market forces is a mere consequence of neoliberalism that, as this thesis suggests, has been a source of inequity. Establishing such criteria has the potential to result in more income integrated neighborhoods, without explicitly stating income integration as a goal.

As discussed earlier in the linkage policy reform suggestions, it may be of merit to shift the emphasis from the location of affordable housing per se, to the geographic distribution of funds for public improvements. Challenges associated with this approach include the disapproval of citizens paying higher property and income taxes to the city if a consequence of the policy implementation is the disproportionate allocation of resources in areas of the city other than their own communities. However, different policy models can be explored where additional property tax revenues resulting from commercial real estate development in downtown or in the city's wealthier areas, are directed toward public resources in parts of the city with high concentrations of affordable housing, lower income levels, and greater needs for better public services and public infrastructure.

This model ultimately proposes almost the opposite of a tax increment financing (TIF) district and suggests a different method of city-level redistribution. This method places more emphasis on the quality of life and the opportunity created for the lower income population of the city, rather than the amount of affordable housing produced, without necessarily compromising the quantity of affordable housing created. Clearly, any policy
that targets lower income areas of the city, especially areas characterized by higher percentages of rental housing, will have to include clearly articulated and stringent housing affordability stipulations to prevent indirect displacement of existing lower-, moderate- or middle income residents. Income integration could still be achieved since lower densities and higher concentrations of vacant buildings and sites characterize many lower-income areas in the city. Hence, additional housing creation and household income integration does not have to entail the displacement of the people already living in an area.

(When) Is Income Integration Attainable?

Some of the city's wealthier areas, such as Back Bay and Beacon Hill, demonstrate very strong income patterns. The fact that these areas are considered fully developed (due to historical and neighborhood character standards) implies major constraints in achieving income integration. However, the case of the South End suggests that, during the development period of an area, a proactive approach to including housing that targets a variety of income level residents is possible and can create long-term income diversity patterns. Hence, in lieu of over spending resources and over extending efforts to create greater income mix in few of the city's areas (a highly reactive approach), it may be more effective to focus efforts on employing a more proactive approach in the city's developing areas. The case of South Boston is an example of such an opportunity. It is possible to imagine that more stringent requirements for creating affordable housing in South Boston, or in other centrally located areas experiencing intense development and growth in the future, can be required not only through the IDP policy but also through the city's urban development and affordable housing agenda. Similarly to previous recommendations, such requirements will have to be attentive to market forces and will have to be coupled with cost burden mitigation strategies and provisions.

More importantly, as portrayed in the case of the South End, proactive income integration strategies require not only progressive local politics but also active and strong community advocacy. As will be further analyzed below, community advocacy tends to be geographically confined and less visible at a city-level scale. Hence, a proactive strategy may not become pressing if intense development occurs in parts of the city with weak community leadership. However, the city of Boston has historically demonstrated strong examples of community advocacy. Thus, it is crucial to explore ways in which community advocacy can extend beyond the area of influence of a specific organization and create greater capacity through encouraging collaboration among community organizations.
(How) Could CDCs Provide Affordable Housing That Advances Income Integration?

Community Development Corporations (CDCs) are typically more active in areas of the city with lower-income levels. They become naturally the advocates and generators of affordable housing in the areas in which they operate. Hence, it can be argued that they contribute to the creation of affordable housing concentrations in the city's lower income areas. As reported in the LTW I report, by 2004 34% of Boston's new affordable housing was created by CDCs. In addition, from 1986 to 2005 $18,938,736 NHT funds (23.38% of total) were allocated to Roxbury, where the local CDC has a strong track record in creating affordable housing. In the same period 2,139 number of affordable housing units supported by NHT funds (a 35.12% of the total affordable housing units created with the support of NHT funds) were created in Roxbury. In a discussion with the real estate project manager of Madison Park Development Corporation, it was noted that the organization has built a long-term trust relationship with the city and has a good track record of applying for and being awarded funds for the creation of affordable housing (Personal interview, March 2011).

The significance of CDCs in advocating for resources for lower-income communities and for providing affordable housing is indisputable. As their ability to attract public subsidies suggests, the city has ascribed great importance to CDCs in terms of creating affordable housing. Therefore, it is worthwhile to explore how the decentralized system that characterizes the operation of CDCs can be reformed to maintain the positive outcomes of creating affordable housing while at the same time being informed and informing larger scale city strategies and goals.

It is possible to imagine a new CDC model that acts in a certain capacity at a city-level scale. Specifically, in order to mitigate the effects created due to the presence or absence of CDCs from certain neighborhoods, as well as the implications of CDCs' different capacity and staff expertise, it may be of merit to explore the possibility of forming a non-profit real estate city-level entity. Such an entity could be supported by existing local CDC real estate experts as well as additional (private sector) developers and affordable housing experts and will have the capacity to assume real estate responsibilities and undertake affordable housing development projects throughout the city. The city level actions of the entity will make the creation of affordable housing more likely in parts of the city that currently do not have or have limited capacity CDCs.
Moreover, such an entity might have the potential to elevate to the scale of the city community level real estate expertise over the complexities associated with the creation of affordable housing. Furthermore, this entity’s contribution does not have to be beneficial only on the city level. By assuming city level activity and influence (non-profit) real estate professionals can obtain a more comprehensive view of Boston’s affordability challenges and can inform or reframe their own decisions and undertakings. In addition, it may become easier for the city to coordinate fund allocations and affordable housing creation through a single entity that has the potential to alleviate competition due to capacity challenges between the different CDCs.

The institution of such an entity and the specifics of its powers and operations are contingent on political, community, and market interests. It is likely that areas where local CDCs have shown great activity and success will be unwilling to share their staff capacity and expertise, while areas with weaker CDCs may see the potential that this entity could provide. Moreover, the role of the non-profit city-level entity will have to be clearly articulated in order to minimize conflicts with the for profit development community. Assigning a city-level scale to CDCs does not mean that their local ties, operations and influence is not important. On the contrary, it means that their activities should be protected and maintained. CDCs undertake many other functions besides affordable housing creation, and such activities associated with community advocacy, job training, educational programs, and additional economic development activities, need to remain local in order to ensure that specialized services and resources are available to local communities that need them the most.

However, interaction and information sharing between local CDCs and the city-level entity regarding affordable housing creation undertakings can prove beneficial for both. The close interaction of the city-level real estate entity with local CDCs is critical to foster the legitimacy of its operations at the local level as well as to ensure that city level efforts will not be perceived as unresponsive at the local level.

**Could Density Provisions Deflate the Affordable Housing Cost Barrier?**

The literature on inclusionary zoning reveals a great concern over the impacts of the policy on land values. Furthermore, affordable housing developments tend to occur on city-owned land or look for sites where land values are low. Either way, there are disadvantages. In the case of the inclusionary policy, especially if it is to include additional provisions that further promote mixed income environments, developer pressure and negotiations with landowners may depress land prices or increase market rate unit prices. In the case of the NHT fund allocation (or for that
matter any public subsidy allocation), affordable developments are concentrated due to the concentration of city-owned and lower value land. To address these constraints it is important to examine ways that additional land costs could be mitigated.

A possible solution, one that builds upon Stephen Coyle’s model for the establishment of the linkage policy, is to gain a greater understanding of private developers’ risks and returns on their investment. This way, a local government can assign maximum limits on the investment’s return. Such a strategy, however, requires public sector agencies to have deep real estate expertise, and to be able to adjust their requirements based on the market cycles. Such a complex system will have to be implemented with sophistication in order to avoid deterring market driven development altogether. In addition, it assumes a level of regulation that is not only unfamiliar but may also invite litigation. For these reasons, such an approach may not be feasible.

A safer alternative solution could entail re-examining density options. It is likely that increased density can mitigate per unit costs. As BRA’s senior project manager Geoffrey Lewis indicated, during a recent IDP project negotiation it was decided to agree upon the cash-out option, as the per unit cost was estimated to be $600,000 (Geoffrey Lewis, personal interview, February 2011). The higher per unit cost of the development is partly due to its high-luxury nature and partially due to the high land value of the site. A higher density can resolve the land value constraint. Although unrestricted densities are not a solution, there is not necessarily a direct counter-correlation between higher density development and architectural articulation or quality.

Although Boston has shied away from structural density bonuses because of the emphasis on historic preservation (Sheila Dillon, personal interview, March 2011), it is likely that a discussion over density will be of merit. Re-examining density provisions in Boston will require a comprehensive city level approach in order to identify the areas of the city where additional density will be allowed in a way that promotes an overall positive physical urban design outcome. Density provisions will have to be married with design standards and architectural design reviews regarding the building’s articulation and could be restricted to mixed-income or affordable housing developments. In that case, higher density can decrease the per unit average cost and allow creation of more affordable housing in parts of the city with higher land values. Additionally, employing higher density strategies can mitigate possible negative impacts of IDP on land values and market rate unit prices in the city. However, both urban design and architectural considerations are of key importance in order to avoid creating a formulaic urban design image such as the one that characterizes public housing developments.
Moving Beyond Municipal Boundaries?

Municipal boundaries can present a paradox. They have been formed and altered through time as a response to changing social, cultural, and economic conditions, and ultimately they constitute a place’s identity. Municipal boundaries also confine the formation and implementation of local policies that, in turn, contribute to the identity of a place and impact community characteristics. However, as can be experienced in Boston, Cambridge, and Brookline municipal boundaries are not noticeable when localities share similar market economies, political agendas, and most importantly, populations. Living in Cambridge while working in Boston or Brookline and vice versa is not only entirely possible but also likely. Their municipal boundaries are in many ways invisible. Yet local policies aiming to address social issues are restricted within the very same municipal boundaries although their implications may far exceed them.

My thesis offers evidence of this paradox, which can ultimately become a misfortune for the planning profession. In undertaking a study of housing affordability and spatial equity, issues that could be studied in many other US municipalities, I chose as the vehicle of exploration two city-level redistributive policies. However, issues around the unequal geography of opportunity result from urban development challenges that exceed in scope these two policies and surpass in geography Boston’s city boundaries. Although the municipal boundaries’ power over the everyday experience of a place can be irrelevant, these boundaries restrict the possibilities for local planning intervention. In the absence of a research undertaking that could advocate for the multiple benefits that the amalgamation of the three cities’ boundaries could have, and in lieu of advocating for regional planning as the solution to any planning issue, I suggest that there is merit in pursuing intergovernmental collaboration when addressing policy issues around adjacent municipalities’ common challenges that can have impacts that extend beyond single municipal boundaries. The synergies that could be built between Boston, Cambridge, and Brookline present an excellent case.

These cities present many cultural and market commonalities. More importantly, in a person’s everyday experience, they are ultimately one city. Hence, it is not difficult to envision the benefits resulting from potential shared development and housing policies. First and foremost, such intergovernmental collaboration on social policy issues could mitigate the competitive relationship that adjacent municipalities typically bear when implementing social policies, and could increase the local governments’ leverage while negotiating with private market entities. Clearly, the formation of such shared policies will have to be based on
shared goals, political will, social, and market considerations. The scale of the social issues that municipalities are called to address and the scale of the resources available to them are often at odds, which makes redistribution on the local level a greatly challenging task. When localities share commonalities, like those observed between Boston, Cambridge, and Brookline intergovernmental collaboration can become an integral part of a more effective and assertive local government intervention.

5. 4 EPILOGUE

Spatial equity, social cost, redistribution, justice, and public interest, are all terms with multiple meanings, framed by the ideological and political regime within which they emerge. This thesis is biased. The bias derives from defining these terms in the absolute. Yet such a stance does not emerge from a failure to consider the contexts that influence their meaning. I argue that such a bias is necessary in order to provoke a discussion that may increase spatial equity awareness. Although this bias can be perceived as authoritarian, I argue that a counter-proposal that advocates for perpetuating a business-as-usual state of affairs would only support a regime of unequal opportunity that has generated implications reaching far more people than those underprivileged.

The most important limitation of this thesis is that although it recognizes the value in advocating for a "geography of opportunity," through the research question that it explores, it does not address the issue of housing location choice. Income integration has become a major policy hope. Yet this thesis falls short of discussing how such a goal could also incorporate location choice rather than merely advocating for policies and urban development reforms that would produce more mixed-income environments. While I am not entirely apprehensive about social engineering proposals, I deem of greatest importance the need to couple the suggestions outlined in chapter 5 with provisions that allow the people targeted by these policies to choose the location of their homes. Under that assumption, the recommendations offered intend to increase rather than dictate people's housing location choice. This approach has the capacity to account for cultural, racial, and community aspects and preferences that income integration alone does not address.

Ultimately, this thesis is privileged by having the opportunity to offer policy suggestions and to speculate on urban development reforms with Boston's unique political and economic context as a background. Boston enjoys a long-standing sophisticated local government, and is also known for its history of community advocacy and democratic values. In many other US cities, such a regime is not only unfamiliar but also undervalued. Using Boston
as the backdrop to frame issues of spatial equity is a conscious effort that allows for a bolder exploration of planning decisions and urban development reforms. It allows us to speculate on how such decisions could lead to the manifestation of equity in the urban landscape, and hence to speculate on the possibility that such an urban landscape could in turn instigate the reform of social and political regimes.


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