FROM WORK TO HOME
BOSTON'S HOTEL WORKERS AND THE
PROSPECTS FOR UNION-SPONSORED HOUSING
by
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ABSTRACT

This thesis examines the relationship between income distribution and housing prices in the Boston area and assesses the feasibility of unions developing housing for their members as a solution to the housing affordability problems of low-wage urban workers.

The first part of the paper argues that the kind of economic restructuring that is occurring in many large United States cities will exacerbate the housing affordability problem for urban workers. As the share of low and high-wage jobs grow, while the proportion of middle-wage jobs shrinks, the structure of demand for housing is changing. High-income earners bid up the price of housing, and as a result, the growing share of low-wage earners are less and less able to afford housing. This paper introduces a new response to this growing mismatch between the labor market and the housing market: a union role in "taking housing out of competition".

The second half of this paper examines the Boston Hotel Workers Union's efforts to take housing out of competition by developing subsidized housing for its members. I review the existing models of union involvement in housing and conclude that the Hotel Workers will face several new challenges related to using union pension funds, collectively bargaining for employer assistance in housing, and combining employer, union, and public resources in a housing development that meets the needs of union members. The final chapter of the thesis analyzes a survey of the housing conditions of the union's membership and presents recommendations based upon the results.

Thesis Supervisor: Bennett Harrison
Title: Professor of Political Economy and Planning
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Finally, thanks to Sarah, for her hard work, to Olmy, for sharing the computer, and to Larry, who never lost his sense of humor.
Introduction

Maria Buendia\textsuperscript{1} supports five children alone on her salary of $274 a week. She and her family live in a one bedroom apartment, for which they pay $400 a month in rent.

Ronald Fenton earns more than $375 a week, but he still cannot find an affordable apartment for himself, his wife, and their two children. They live with his family of origin, in a four bedroom apartment, crowded with ten other siblings.

Michel Augustin arrived here from Haiti several years ago. Since he has been in Boston, he has lived in a basement room in Mattapan, saving as much of his $250 weekly salary as he can for the arrival of his family. This year, however, his wife and three children will arrive, and he has not been able to find a place for them all to live.

These people sound like they are in desperate economic straits, and they are. But they are far from the stereotypical notion of urban poverty: welfare, homelessness, an underclass. All three work full time, in Boston's rapidly growing service sector. They have held their jobs for a number of years and have seen their wages increase fairly steadily. They are all union members: part of Boston's new working class. But the vibrant urban economy that is creating thousands of new service sector jobs each year cannot offer these workers an affordable home.

The first two chapters of this paper will explore how it is that such a seemingly healthy local economy is unable to house its own workforce. I argue that this apparent

\textsuperscript{1} Throughout this paper, pseudonyms are used for confidentiality reasons. All information is from a survey of Hotel and Restaurant Employees Union Local 26 members. See Chapter 4 for a description of the survey methodology.
contradiction -- a housing shortage coexisting with robust employment growth and rising personal incomes will become more and more common, especially in cities like Boston, New York, and San Francisco, which have rapidly growing service sectors and polarized wage structures. One strategic approach to this problem is to link housing more closely to jobs, either through employer-assisted housing or union sponsored housing.

Buendia, Fenton, and Augustin are all members of Local 26 of the Hotel Employees and Restaurant Employees Union. This union is embarking upon an important new experiment. After years of following the traditional strategy of collective bargaining to "take wages out of competition," the union is still seeing its members' standards of living decline because of rapidly increasing housing costs. Local 26 now proposes to try to "take housing out of competition" by developing subsidized housing for union members. The Hotel Workers Housing Program, still in its formative stages, will combine employer contributions, union pension funds, and public resources to meet members' housing needs.

Chapter 3 will present some of the obstacles and strategic considerations that a union developing housing must take into account. I will do this by summarizing what other unions have done in the housing development field, and discussing the legal, political, and economic challenges that Local 26 (or any other union) is likely to face in breaking new ground. Ultimately, however, the potential for a union housing program and the eventual shape of that program depends on the needs, resources, and commitment of its membership. The final part of this paper will analyze a survey of the Local 26 membership, and present recommendations based on the results.
Chapter 1

Industrial Restructuring, Income Distribution, and the Housing Market

A growing number of urban researchers are working to uncover the way in which international economic forces are influencing the structure of local economies. According to these theorists, the internationalization of the U.S. economy, the rise of the modern multinational corporation, and the technological change that allows work processes to be geographically divided have all combined to make possible a new kind of corporate headquarters city. Manufacturing and even service employment has been dispersed around the globe, but this same dispersion has created a need for more complex coordination and control back in U.S. central offices. While very little manufacturing takes place in these headquarters cities, the worldwide operations of large corporations are planned and coordinated, necessitating a wide array of financial and other business services.

These global developments help to explain some of the structural change urban planners and economists see in the labor markets of large U.S. cities. Manufacturing employment is declining, while financial and business services employment is growing. The growth of these sectors stimulates office construction. The people who perform these coordination functions are highly paid professional and technical workers, who in turn stimulate demand for particular kinds of retail trade and personal services: restaurants, catering, housecleaning, repair services, daycare, hairdressing, etc. New York is the prototypical example of this kind of

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2 Noyelle, Stanback, Sassen, Soja.
3 Sassen (1984) emphasizes in particular the growing demand for specialized personal services in headquarters cities and stresses its importance in creating a demand for immigrant labor.
restructuring, but recent studies have found similar trends to be occurring in Los Angeles\textsuperscript{4}, Atlanta, Denver, Phoenix,\textsuperscript{5} and San Francisco.\textsuperscript{6}

In drawing out the implications of this new pattern of urban economic growth, most theorists stress its effect on the distribution of wages and income. Stanback and Noyelle (1982) found that traditional manufacturing and public sector wages had a fairly normal distribution—many people earned close to the average wage. Wages in finance, services and high tech manufacturing, however, were bimodal—many people earned either high or low wages. These findings were true at the national level, and in a number of case study cities. Thus the kind of growth that headquarters cities are experiencing could be expected to give rise to increasing wage polarization. Bluestone and Harrison (1987) have shown this polarization trend over time at the national and regional level, although not for particular cities. In almost every region of the country, for example, the proportion of (full-time-year-round) jobs that were either low wage or high wage rose between 1979 and 1986, while the proportion of jobs that paid middle level wages shrank.

What are the effects of this distributional change on urban economies? Since polarization means increasing inequality, most of us see it as a negative development, on moral grounds alone. Moreover, since there has been such a tremendous amount of academic debate\textsuperscript{7} about the existence of and reasons for wage and income polarization, it has been premature to hypothesize about the specific economic implications of inequality. If we could just take the foregoing theory for granted for a

\textsuperscript{4} Sassen, 1984  
\textsuperscript{5} Stanback and Noyelle, 1982. Of course, many other cities have not followed this pattern; Stanback and Noyelle discuss the reasons for variation among their seven case study cities.  
\textsuperscript{6} Fainstein et al., 1983.  
\textsuperscript{7} See Tilly and Loveman (1988) for a summary of this debate.
moment, however, it can yield some interesting insights into other fields of urban analysis, which are often seen as quite separate. For example, global economic change, urban industrial restructuring, and their effects on income distribution form an important background to studies of gentrification and neighborhood change. William Julius Wilson (1987) uses the concepts of restructuring and income polarization to develop his theory about the growth of an "underclass" in some urban neighborhoods. A changing employment structure may also provide important clues to the deteriorating conditions and increasing drop-out rates in many urban school systems. If the structure of educational requirements for jobs is becoming polarized as well, there may be fewer and fewer reasons to achieve a middle level (high school) education.

I want to use this body of theory about industrial restructuring and income polarization to talk about housing markets in these same headquarters cities. My hypothesis is that an increasingly polarized income distribution inflates the price of housing, precipitating the kinds of affordable housing crises we are now witnessing in so many of our major cities. High wage earners bid up the price of housing, while an increase in the share of low wage workers does not result in an increased supply of low-income housing. High and rising housing costs then, in turn, have a secondary effect on the distribution of wealth and purchasing power in these cities. Those who already own housing see their wealth increase dramatically, while renters pay an increasing proportion of their incomes for housing costs. (Joint Center Report, 1986) A polarized income distribution may also lead to increasing instability in the housing market, in a way similar to that in which underconsumptionist theorists describe income distribution affecting overall prices. If a relatively small number of

8 Baran and Sweezy (1966) articulate the Marxian version of underconsumptionist theory. However, almost all macroeconomic writers are working under the assumption that the composition of household demand--income distribution--affects prices and output.
customers have high and rising incomes which contribute to demand for normal use and speculative demand, prices may rise, but also be subject to collapse, due to an underlying weakness in the effective demand of the larger share of customers who have very low incomes.

My purpose is to look at some of the available evidence on the Boston economy to see if these hypotheses are borne out there, and to discuss the feasibility of linking workplace demands to housing. I do not propose to model these hypothesized relationships between income distribution and housing prices, or to prove them empirically. There are a number of theoretical and technical problems that would arise in trying to do so. While I am still convinced the relationship is an important one and deserving of further research, the following caveats should be kept in mind.

First, income distribution influences housing prices because it is a characteristic of the structure of demand for housing. But price is a function of supply as well as demand. In any particular period, the factors that influence housing supply, such as construction costs, the price and availability of development financing, or land costs could easily overwhelm the influence of income distribution.

Second, even if supply were held constant, income distribution is only one characteristic of demand. Many other factors, which are traditionally included in housing market analysis, may be more important: the rate of population growth, its changing age distribution and rate of household formation, as well as overall (per capita) income growth. One of the most often-cited recent influences on the housing market is the dramatic decline in federal spending on housing, which worked on both the supply and demand sides of the market, by building public housing and by providing vouchers to low-income renters.
Finally, the focus on income polarization is basically an argument that demand should be disaggregated; that overall levels of income reveal some information, but that more information is revealed by looking at the distribution of that income. But supply can be disaggregated too. Suppose, for example, that there are two types of housing--low income and high income-- and that their markets do not influence each other much. In this situation, the rich getting richer and the poor staying poor could result in inflated prices for high-income housing, but stable prices for low-income housing. This is, of course, an extreme scenario to illustrate a point. While changes in the top of the luxury condominium market may not affect the bottom of the rental market, "the housing market" is a set of closely linked submarkets which do influence one another. A shortage in one submarket is very likely to spread into other closely related submarket. However, since housing is transformable, the lines dividing these submarkets are not set in stone. A fairly high income housing unit, for example, can become downgraded with time and neglect, while low income housing can be upgraded through investment.

In large cities undergoing industrial restructuring and income redistribution, demand and supply in these submarkets may be interacting in new ways. Traditionally, higher income households augment housing supply by building new homes and leaving their old housing to families in the next lower tier of the income distribution. This process of upgrading and thereby releasing old housing continues throughout the income distribution. At the very bottom of the distribution, public spending increases the supply of housing for the poor, who would otherwise only have the abandoned housing of higher income groups. In the recent period, however, declining federal housing spending, changed housing preferences, and a new urban employment structure have combined to alter this process. In Boston for example,
most new housing units are conversions rather than newly constructed units at either the high or low-income ends of the spectrum. Thus as higher income groups upgrade, they are decreasing the housing supply for lower income groups rather than increasing it.

As a result of the complexity of the housing market, it is very difficult to isolate how distinct submarkets are behaving and what their relationship is to one another. In a 1987 study of the Boston area, Karl Case found that during the early eighties, the rate of price increase in the wealthy suburbs of Boston was similar to that of less well off parts of the metropolitan area. But no researcher has tried to isolate low, moderate, and high income housing markets in a given area to see how price trends differ within these different submarkets.

After all these caveats, my final point is this: industrial restructuring and its effects on the wage and income structure are probably not the most significant factors in the housing crisis we see around us, but they are a new characteristic of many cities that has been basically ignored by much housing research, perhaps partly because of the technical and theoretical problems mentioned above. I hope that as the discussion of changing income distribution in U.S. cities becomes more and more widespread, researchers who model housing prices will try to add to their models measures of income inequality as well as the more traditional variables on per capita income and median income.
Chapter 2
The Boston Context: A New Pattern of Urban Economic Growth and its Consequences for the Local Housing Market

Industrial Restructuring and Income Distribution

Boston has experienced a real turnaround in its economic fortunes over the last ten years, to an even greater extent than the state of Massachusetts. In 1975, the standard metropolitan area's (SMSA) unemployment rate was 10.5%; today it is well below 4%. Since 1982, per capita income in the area has been rising than more rapidly than it has in the state and the nation. In the city itself, development construction is averaging $1.2 billion a year, up from $760 million a year in the early eighties. In 1978, 40% of Boston's office space was Class A (built since 1960 or renovated), by 1986, that share had increased to 60%.

Does this pattern of economic growth carry with it the same kind of restructuring that is occurring in New York, San Francisco, and Los Angeles? Is the theoretical notion of a "headquarters city" helpful in conceptualizing Boston's recent revitalization as well? In terms of sectoral employment change, the theoretical model fits very well. As Table 1 below shows, between 1976 and 1985, manufacturing employment in Boston declined by 21%, while the financial sector grew by 32%. The service industries together grew by 34%, led by hotels, business and professional services, and personal and repair services. In the greater metropolitan area, employment trends were similar, with one major exception. The high technology firms located on Boston's suburban ring grew strongly, while traditional manufacturing declined as it did within the city limits.
Table 1
Employment by Industry, City of Boston, 1976-1985

(Thousands of workers)

<table>
<thead>
<tr>
<th>Industry</th>
<th>1976 Level</th>
<th>1985 Level</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Mining</td>
<td>1.0</td>
<td>1.3</td>
<td>23.2%</td>
</tr>
<tr>
<td>Construction</td>
<td>14.7</td>
<td>13.7</td>
<td>-6.9</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>53.8</td>
<td>42.5</td>
<td>-20.9</td>
</tr>
<tr>
<td>Transport/Comm/Utilities</td>
<td>34.8</td>
<td>36.6</td>
<td>5.2</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>31.2</td>
<td>25.8</td>
<td>-17.4</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>57.9</td>
<td>63.7</td>
<td>9.9</td>
</tr>
<tr>
<td>Finance/Insurance/R.E.</td>
<td>64.7</td>
<td>85.1</td>
<td>31.6</td>
</tr>
<tr>
<td>Services</td>
<td>168.3</td>
<td>225.8</td>
<td>34.2</td>
</tr>
<tr>
<td>Hotel</td>
<td>4.9</td>
<td>10.2</td>
<td>108.9</td>
</tr>
<tr>
<td>Medical</td>
<td>56.6</td>
<td>65.9</td>
<td>16.2</td>
</tr>
<tr>
<td>Educational</td>
<td>23.5</td>
<td>27.7</td>
<td>17.9</td>
</tr>
<tr>
<td>Cultural</td>
<td>5.1</td>
<td>6.3</td>
<td>24.0</td>
</tr>
<tr>
<td>Social/Nonprofit</td>
<td>18.2</td>
<td>20.5</td>
<td>12.7</td>
</tr>
<tr>
<td>Business</td>
<td>30.4</td>
<td>47.2</td>
<td>55.3</td>
</tr>
<tr>
<td>Professional</td>
<td>22.4</td>
<td>36.3</td>
<td>62.2</td>
</tr>
<tr>
<td>Personal/Repair</td>
<td>7.3</td>
<td>11.8</td>
<td>62.6</td>
</tr>
<tr>
<td>Government</td>
<td>84.8</td>
<td>99.2</td>
<td>17.0</td>
</tr>
<tr>
<td>Total</td>
<td>511.2</td>
<td>593.7</td>
<td>16.1</td>
</tr>
</tbody>
</table>

If the theories of Noyelle, Sassen, Harrison et al. are correct, this kind of industrial restructuring should lead to a more polarized wage and income distribution. Table 2 shows that the distribution of wages has indeed become more polarized during Boston's most rapid period of growth. Between 1979 and 1986, the real median wage for full-time, year-round workers in the Boston metropolitan area hardly increased (from $22,900 to $23,000 in 1986 dollars). Since 1979, however, the share of workers earning low wages (50% of the 1979 median or less) has increased slightly. There is also a greater share of workers earning high wages in 1986 than in 1979. In 1979, 20% of all year-round, full-time workers earned more than 1.5 times the 1979 median; by 1986 that share had increased to 22.9%. The share of workers

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9 This table is adapted from Boston Redevelopment Authority report #247, "Boston Employment Trends and Projections by Industry."
earning middle level wages (between 50% and 150% of the 1979 median) has declined from 66% in 1979 to 62.7% in 1986.

Table 2
Distribution of YRFT Workers' Wages, Boston Metropolitan Area, 1979 and 1986, in Terms of 1979 Median Wage
(in 1986 dollars)

<table>
<thead>
<tr>
<th>Wage Category</th>
<th>Percent of 1979 Median</th>
<th>Percent of YRFT Workers in 1979</th>
<th>Percent of YRFT Workers in 1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-$11,453</td>
<td>0-50%</td>
<td>13.9%</td>
<td>14.5%</td>
</tr>
<tr>
<td>$11,454-$34,359</td>
<td>51-150%</td>
<td>66.0%</td>
<td>62.7%</td>
</tr>
<tr>
<td>$34,360-$45,812</td>
<td>151-200%</td>
<td>9.0%</td>
<td>11.7%</td>
</tr>
<tr>
<td>$45,813+</td>
<td>201% or more</td>
<td>11.0%</td>
<td>11.2%</td>
</tr>
</tbody>
</table>

While the distribution of wages most accurately reflects the impact of industrial restructuring in the city, it is not the most important variable influencing the housing market. To rent or buy housing, individual workers package their wage income with that of other family or household members and with other, non-wage income. Table 3 shows that the distribution of this family income followed a somewhat different pattern than did wages over the same period. First, real median family income increased much more than wages did. In 1986 dollars, median family income rose from $32,559 in 1979 to $39,700 in 1986. The middle of the income distribution experienced the same kind of shrinkage as the middle of the wage distribution. In

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10 The data in Tables 2 and 3 are from the 1980 and 1987 March Current Population Survey for Massachusetts. The wage categories are based on the author's calculations. I use annual wages reported by full time year round workers to avoid clouding the comparison with changes in average hours and weeks worked. I use the greater metropolitan area for two reasons: many who work in Boston live outside the city, and the sample size is much greater. The sample size for the Boston Standard Metropolitan Statistical area was about 1000 full time year round workers and 700 families in 1987; in 1980 the sample was slightly smaller.
1979, 55.6% of all families earned from 50 to 150% of the 1979 median, but in 1986, only 46.8% received this middle level income. The share of families receiving low incomes decreased, while the share of families earning high incomes relative to the 1979 median increased considerably--25.1% earned more than 1.5 times the median in 1979, compared with 36.9% in 1986. The increase in the share of very high income earners was even more striking--12% of all families earned at least twice the median in 1979, while 19% earned more than that level in 1986. These are the families whose demand helped drive up the price of housing during this period.

Table 3

<table>
<thead>
<tr>
<th>Income Category</th>
<th>Percent of 1979 Median</th>
<th>Percent of Families</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-$16,280</td>
<td>0-50%</td>
<td>19.4% 16.3%</td>
</tr>
<tr>
<td>$16,281-$48,839</td>
<td>51-150%</td>
<td>55.6% 46.8%</td>
</tr>
<tr>
<td>$48,840-$65,118</td>
<td>151-200%</td>
<td>13.1% 17.8%</td>
</tr>
<tr>
<td>$65,119+</td>
<td>201% or more</td>
<td>12.0% 19.1%</td>
</tr>
</tbody>
</table>

Table 3

Distribution of Family Income, Boston Metropolitan Area, 1979 and 1986

There are a number of reasons for these diverging trends in wage and income distribution (which are occurring at the state and national level as well.) First, and perhaps most importantly, individual workers package their wages together to make up family income. Thus, if an increasing number of people per family are working, income distribution will change. Moreover, if families of different income levels tend to package incomes differently-- for example, if more people work in lower and middle income families, income distribution will also be affected. This appears to happening in the Boston area.
Second, non-wage income is also included in family income calculations, the most important sources of which are property income and transfer payments, such as AFDC or Social Security. Sharp changes in the distribution of this type of income could influence the way total family income is distributed as well. Finally, this variable counts people in families, and not everyone lives in families. In the Boston area in 1987, 16% of all people did not live in families—about half of them lived alone and half lived with other people who were not relatives. Trends in the income distribution of these people is not being measured here. However, it is not likely that this income distribution followed a radically different trend than family income distribution.11

Most people, however, still live in families, and thus family income is a crucial variable in the housing market. The changing income distribution over the last several years, particularly the increasing share of high income families, has helped to inflate the price of housing. While I cannot prove this causality, for the reasons discussed in Chapter 1, I can show the secondary effect of how income distribution interacts with housing price change to decrease housing affordability. The result for the low wage and low income part of the city’s population is that their relative standard of living has decreased: their income buys them less and less housing.

**Housing Affordability**

By almost any measure, housing in Boston has become drastically less affordable over the last seven or eight years. Median family income in the Boston metropolitan area grew by about 87% from 1979 to 1986, a healthy increase, even

11 I chose to focus on family income primarily because there is a known relationship of dependence in families. In other households, members may or may not pool their incomes.
though some of the rise is due to inflation. But the median price of an existing single family home in the area increased by 140% over the same period.\(^\text{12}\) Fair market rents, as defined by the Department of Housing and Urban Development (HUD), increased by between 100% and 130%, depending on apartment size.

In a recent Boston Redevelopment Authority report, Greiner and Dreier estimate an "affordability gap" -- the ratio of median home prices to average annual wages. In four years, that ratio increased 56%: in 1982, home prices were 4.7 times greater than average wages; by 1986 they were 7.3 times greater. The National Association of Realtors (NAR) has its own affordability index, based on the assumption that mortgage payments should take up roughly one quarter of a household's income. NAR calculates 25% of median family income divided by the mortgage payment for a median-priced home. If the mortgage payment is greater than 25% of income, this fraction will be below 1.0; values above 1.0 indicate greater affordability. In Boston, this index was at about 1.0 in 1979, and now is at about .70. The national index is above 1.0.

These affordability estimates compare measures of central tendency in both housing prices and income variables. Any resulting divergence in these measures indicates decreasing affordability. The rest of this section examines how housing prices relate to the full distribution of income, to show the proportion of families that can or cannot afford an average home or rental apartment. In this way, both the effects of changing income distribution, and of rising housing costs can be captured. In the tables below, the annual incomes necessary to afford a median-priced home, a prototypical subsidized home, and an average rental apartment in 1979 and 1986 are used as benchmarks. The distribution of all Boston area families' income is shown as it relates

\(^{12}\) Housing price change estimated from National Association of Realtors, "Existing Home Sales".
to these necessary income levels.

Table 4 shows that if a family or other group of individuals in the Boston area were to purchase an average, unsubsidized single family house, putting 20% down, and taking out a mortgage at a market rate of interest, they would have needed to have an annual income of almost $28,000 in 1979 to keep up with the mortgage and other expenses. In 1986, they would have needed an income of close to $64,000 to make a comparable purchase, even though interest rates were slightly lower. In 1979, this income level was beyond the reach of 58% of all Boston area families. By 1986, 75% could not afford a market priced house.

<table>
<thead>
<tr>
<th></th>
<th>1979</th>
<th>1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Necessary to Purchase</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A Median Priced Home(^\text{13})</td>
<td>$27,707</td>
<td>$63,693</td>
</tr>
<tr>
<td>Percent of Necessary Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of Income in Each Category</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-90%</td>
<td>57.7%</td>
<td>74.7%</td>
</tr>
<tr>
<td>91-150%</td>
<td>29.9%</td>
<td>18.4%</td>
</tr>
<tr>
<td>151% or more</td>
<td>12.4%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

\(^{13}\) These estimates of minimum income necessary to purchase a home follow the methodology of DiPasquale (1987) and are based on the following assumptions:

a) The median price of a single family home was $159,200 in 1986; $66,400 in 1979. The National Association of realtors did not report median prices for the Boston area before 1980, so the 1979 price is estimated based on the median price for New England as a whole and the 1980 ratio between Boston and New England prices.
b) The mortgage interest rate was 10.25% in 1986 and 10.92% in 1979.
d) In both years, real estate taxes were be 2% of the purchase price. Hazard insurance was .6% of the purchase price. The required downpayment was 20% of the house price.
e) The total monthly payment includes principal and interest, taxes, and insurance.
f) According to standard underwriting guidelines, the total monthly payment can not exceed 28% of annual income.
Grave as this situation may seem, things may actually be worse for those who are potential first-time homebuyers. Table 4 measures the income needed to buy a house against the income of all Boston area residents, some of whom already own homes. In fact, renters' average income in the area is only about 55% of the average income of homeowners.

**Table 5**

**Subsidized Homeownership Affordability**

| Annual Income Necessary to Purchase A Median Priced Subsidized Home\(^{14}\) | 1979     | 1986     |
|------------------------------------------------------------------------------------------------|
|                                                                                     | $18,136  | $33,246  |

<table>
<thead>
<tr>
<th>Percent of Necessary Income</th>
<th>0-90%</th>
<th>91-150%</th>
<th>151% or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Families with Income in Each Category</td>
<td>33.8%</td>
<td>31.0%</td>
<td>35.2%</td>
</tr>
<tr>
<td>1979</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1986</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^{14}\) To estimate the income necessary to purchase a subsidized home, the assumptions for the market case were altered in the following way:

a) The median price of a subsidized home was $86,000 in 1986 and $35,900 in 1979. The 1986 figure is the average price of homes purchased under the Massachusetts Homeownership Opportunity Program (HOP), which sets a ceiling on the price of homes that participants can purchase. This program did not exist in 1979. To estimate the median price of a low-cost home in that year, I assumed a constant ratio between the median market price and the low-cost price in each year. See pp. 3-5 for a discussion of some of the weaknesses inherent in the assumption of similar rates of price change among different classes of housing.

b) The mortgage interest rate was 8.8% in 1979--the tax exempt rate for that year-- and 5.5% for 1986--the HOP rate for the first four years of the mortgage term.

c) In both years, the downpayment was 5% instead of 20%.

d) In addition to real estate taxes of 2% and hazard insurance of .6% of the purchase price, purchasers of subsidized homes had to pay mortgage insurance equal to .375% of the loan amount in both years.

e) Most subsidized homes are now in multifamily developments, therefore, purchasers of a typical subsidized home had to pay $65 a month in condominium fees in 1979 and $100 a month in 1986, a rate of increase equal to the Consumer Price Index.

f) The monthly payment includes principal and interest, taxes, insurance, and condominium fees.
Table 5 shows a similar scenario, but for the purchase of a typical subsidized home, which is lower in cost than a market price home, requires a smaller downpayment, and where the mortgage interest is below the market rate. In this scenario, the overall annual income necessary to purchase a home is much lower than in the market case, and affordability has remained about the same since 1979. Approximately one third of families in the Boston area could not afford to purchase such a home in 1979 or in 1986. In 1985, the state government started the Massachusetts Homeownership Opportunity Program (HOP). HOP encourages developers to build low cost homeownership housing units and subsidizes the mortgage interest rate paid by low income homebuyers. In the absence of this program, the affordability of subsidized homes probably would have decreased substantially.

Table 6 uses the same methodology to measure average market rents against income distribution. If a family wanted to pay no more than 1/4 of its income in rent, it would have needed about $15,000 in annual income to rent a typical two bedroom apartment in 1979 and about $32,000 in 1986. About 28% of all families could not afford this in 1979; in 1986, 33% could not support a typical rental apartment and keep rent expenses to 1/4 of income. Thus, approximately one third of all area residents can afford neither a market rental or a subsidized home purchase. As discussed above, these cases actually exaggerate affordability, because they portray shares of all residents, rather than just renters, whose incomes are lower than average. Moreover, these are family incomes as well, and therefore do not include single people, particularly single

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15 According to the 1987 Current Population Survey, renters' average family income was $29,000, well below the income needed to pay rent on an average apartment and keep rent at 25% of income. However, when broken into renters and owners, the CPS sample size becomes very small, so that estimates are less reliable.
elderly people, many of whom are low-income renters.

<table>
<thead>
<tr>
<th>Table 6</th>
<th>Rental Housing Affordability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1979</td>
</tr>
<tr>
<td>Annual Income Necessary to Afford A Median Priced Rental Apartment(^{16})</td>
<td>$15,168</td>
</tr>
<tr>
<td>Percent of Necessary Income</td>
<td>Percent of Families with Income in Each Category</td>
</tr>
<tr>
<td>0-90%</td>
<td>27.5%</td>
</tr>
<tr>
<td>91-150%</td>
<td>24.1%</td>
</tr>
<tr>
<td>151% or more</td>
<td>48.5%</td>
</tr>
</tbody>
</table>

In sum, purchasing a home on the market is now out of reach for almost 75% of all families. Measures to expand homeownership to lower income families still do not reach the poorest third of all families in the area. This same group also does not have adequate income to rent the average un-subsidized apartment in the Boston area.

**Hotel Workers in the City's Labor and Housing Markets**

In each of the housing affordability scenarios outlined above, most of Boston's hotel workers would be excluded from purchasing or renting housing. Even though they have risen in recent years, hotel workers' wages currently average less than

\(^{16}\) These estimates of the minimum income necessary to support a median-priced rental apartment include the following assumptions:

a) The median price of a rental apartment was $670 in 1986, and $316 in 1979. These are the HUD Boston area fair market rent levels for two bedroom apartments in each year. HUD establishes fair market rents for all sizes of apartments. It is worth noting that the rate of increase in rents of two bedroom apartments (112%) was approximately in the middle of the range of rent increases in all size apartments, which spanned from 100% for studio apartments to 130% for 3 and 4 bedroom apartments.

b) Annual rent can not exceed 25% of annual income in both years.
Median family income among unionized workers is $22,000, well below the annual income necessary to purchase a subsidized home or rent an average apartment.

Yet hotel workers are not anomalies in Boston's housing market or its labor market. They are employed by the most rapidly growing of all Boston's service industries. Due to a confluence of trends in the city's industrial structure, its wage and income distribution, and in federal spending on housing, their dilemma is increasingly common. If current trends continue, it may become the norm for people who are stable, long-term members of the workforce, to still be unable to afford adequate housing. Hotel workers are one subgroup of a large, growing low wage workforce, which includes retail trade workers, health service workers, and clerical workers in the financial, and other service industries. For all of these workers, there are currently many, many jobs, but no affordable housing.

Particularly right now in Boston's economy, with a labor shortage and a polarized job structure helping to fuel rapidly increasing housing costs, the traditional union strategy of "taking wages out of competition" may be insufficient. Under the collective bargaining contract with the major hotels which is due to expire at the end of 1988, hotel workers' wage rates increased by about 20% over a period of two and a half years. This is much better than inflation, but it is a far cry from keeping pace with the increase in housing costs in the Boston area. For a single earner family to reach the income needed even for a typical subsidized home purchase, wages in the industry would have to double. Perhaps "taking housing out of competition"--finding some way to reduce the cost and improve the quality of members' housing--could do

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18 Hotel workers also gained a better health plan, dental benefits, and a legal aid plan.
more to improve workers' standard of living.
In chapter 2, I argue that given current labor market and housing market trends, it is in many workers' interests to try to "take housing out of competition." Even in tight labor market, housing costs are rising so much faster than wages that only a total revolution in the wage structure would be worth as much as a hefty and permanent housing subsidy. Especially for lower wage workers, to include housing in a bundle of benefits that can be collectively bargained instead of competing in the free market for housing may improve their standard of living even more than negotiating on wages alone. A dollar of wages can buy more than a dollar of housing. It may also leverage the use of millions of pension fund dollars, which right now have virtually no opportunity cost.19

What would a strategy to take housing out of competition look like? In recent years, many unions have become involved in housing development and finance in various ways. But no union has attempted to do what Local 26 is proposing: to use employer, union, and public funds to develop housing for union members. As the first union to try this strategy, Local 26 will face a number of challenges in breaking new ground. This chapter will examine the experiences of other unions in housing, and will raise some of the new issues Local 26 is likely to face in creating its own program.

Unions and Housing

Since the movement to broaden pension investments began in the seventies, an

19 I am assuming, of course, that most pension funds are not currently invested in enterprises which directly benefit union members or retirees.
increasing number of joint union-management administered pension funds are investing in housing and other real estate. Generally, these are market-rate investments, conducted through some intermediary fund set up to pool pension funds and invest them in guaranteed mortgages or other kinds of real estate investments. A smaller number of unions are becoming more directly involved in housing by making investments that have some strategic or social purpose. Of this latter group, most current projects fall into two categories:

1) Many unions are using pension funds to finance union-built construction. Most often these are building trades unions, although some other unions have made this kind of investment as well. The goal of these investments is job creation; pension fund financing is usually contingent upon use of union labor. Nationwide, there are at least eleven regional or local building trades investment foundations currently pursuing this kind of strategic investing. In general, these investments are at or near a market rate of return, but often investments are made in low income areas or to community developers that might otherwise be unable to obtain financing at all. One of the most innovative projects of this type is the Bricklayers' and Laborers Nonprofit Housing Corporation in Boston, which creates union jobs and low income housing, and is now serving as a model for other building trades unions.

2) Other unions are using pension funds to provide low interest mortgages for union members. A number of public sector unions (whose pension funds are less strictly regulated than private funds) are involved in this kind of activity. The first private

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20 See Landecker, 1982 or Gray, 1983 for a description of the conservatism and low rates of return of most pension funds in the post-war period, and the movement to diversify in the seventies.
22 Connecticut, Hawaii, and San Francisco employee pension funds all have member loan programs.
sector union to succeed in this kind of a program was a Florida Local of the Operating Engineers. The Department of Labor (DOL) sued the trustees of the Operating Engineers fund for using their pension assets in this way, but DOL was defeated in court in 1985. Now that the precedent has been set, more unions can be expected to follow the Operating Engineers' lead. To date, the Ironworkers Union in New York City has been the only other private sector union to set up a member loan program.

A third prototype is a historical one: in the 1950s and 1960s, a number of unions in New York City invested in cooperative apartment buildings. The buildings were open to anyone within certain eligibility requirements, but a large share of union members became resident shareholders through word of mouth. These investments were made before the 1974 passage of the Employee Retirement Income Security Act (ERISA), which strictly regulates the investment of pension funds. There are other pre-ERISA examples of housing development. Some of these were actually housing for pensioners, and may have used federal elderly housing subsidies as well. In San Francisco in the 1960s, the International Longshoreman's and Warehouser's Union built housing for retirees. The United Farmworkers have also built housing for retired farmworkers.

The Bricklayers

To date, the Bricklayers and Laborers Non-Profit Housing Corporation has

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23 Under the Employee Retirement Income Security Act of 1974 (ERISA), the trustees of a pension fund are required to act as "prudent investors". In general, any investment that is not as secure or as profitable as possible could be challenged. The Department of Labor is responsible for administering this part of the law.
developed 230 union-built housing units. In the first project, only the Bricklayers and Laborers funds were invested, but now other unions are investing their pension funds as well—so far, $25 million has been committed. The Bricklayers use a financing mechanism called "development deposit" that they have worked out with United States Trust. The pension fund invests in bank certificates of deposit; in return, U.S. Trust agrees to lend the construction loan for the housing development at two to three points below the market interest rate. The pension funds involved earn about 10% on their U.S. Trust CDs—less than they could earn in traditional stock investing, but still acceptable as a rate of return in a diversified portfolio.

The housing units sell for about 40% below market prices. The Bricklayers Corporation reduces costs in several ways. In addition to the below-market financing discussed above, the city of Boston has helped the Corporation acquire land at a low cost. A state mortgage subsidy program helps to reduce financing costs for the purchasers of the units. Finally, the Corporation takes no profit for development, and due to members' skills, is able to keep construction costs at a minimum.

Union members gain two things from this program: union job creation and positive public relations. Providing housing to union members is not a goal of the program. Bricklayers earn high wages, and would probably exceed the minimums imposed by some of the state and city subsidy programs involved. Apparently the idea of developing housing initially arose during a time when the building trades unions were lobbying hard for prevailing wage legislation in the state and they felt they needed to document the unions' contribution to community development. In the current local economy, job creation is not particularly important—the construction industry is booming—but it may again be one day.
Ironworkers Locals Loan Program

This program provides below market mortgages to union members that have been vested in the multiemployer pension plan for at least five years. The pension fund started a subsidiary company called Iron Equity and has committed $18 million to it for the sole purpose of providing mortgages to plan participants. The Amalgamated Bank (owned by the Amalgamated Clothing and Textile Workers Union) administers the loans. This is not a loan program for low-income people: a 25% downpayment is required, and the bank uses all the standard criteria for accepting or rejecting mortgage applications. Each borrower's annuity account—the amount that person has already contributed into his or her pension fund—is used as secondary collateral for these loans. The program offers mortgages at about 2 percentage points lower than they would from a regular bank.

The Ironworkers Union appears to be carefully modeling its program based on various opinions that the Department of Labor has issued during and after the decision on the Operating Engineers loan program. The Labor Department has stated that it is not consistent with ERISA to trade direct benefits for plan participants for a below-market rate of return. However, reduction in the risk of an investment is an appropriate trade off for a market rate of return. The Ironworkers Union has designed its program accordingly: loans are going to a limited group; secondary collateral is available; and since borrowers are union members, a great deal of information is available on their income and employment history.

Of Historical Interest: the ILGWU in New York

Thirty years ago, the United Housing Foundation in New York City developed
a number of union-sponsored cooperative apartment buildings. The International Ladies Garment Workers Union (ILGWU), one of several unions that participated, used its pension funds to finance two buildings in New York and one in Puerto Rico. Legal and financial circumstances have changed dramatically since these projects were undertaken, thus they can hardly serve as a model for current day efforts. In fact, the details of the case serve to highlight the challenges facing unions that undertake housing development today.

As discussed above, these investments were made before ERISA. However, they probably would not even have been in violation of that law. Thirty years ago, low cost housing was not a below market investment for pension funds. The ILGWU pension and welfare fund earned 5 to 5 1/2% on its long-term loans to these coop buildings; at the time this was considered a market investment. The fund was not yet investing in stocks and bonds, and 5 1/2% was better than what could have been earned through federal bills and bonds--at that time a primary vehicle for many pension funds. These coops were built during the early days of urban renewal, so some subsidies for "slum clearance" were available. Land acquisition was subsidized by the federal government, and the city abated property taxes for 25 years. Construction was also done on a non-profit basis. While these subsidies probably would not be large enough to make housing affordable today, thirty years ago they were sufficient.

Only previous residents on the site were ensured access to these coop apartments; no formal preference was given to union members. However, according to one long-time resident,24 union members knew about the development, and thus

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24 Most of the information on ILGWU financed coops is from an interview with Walter Mankoff, Associate Research Director of the New York State ILGWU, and current resident of Penn South, one of the ILGWU financed
many became residents and shareholders. At that time however, while the coop units were very affordable, they were not in great demand; housing elsewhere was relatively plentiful, and the coop buildings were located in slum areas.

The Hotel Workers Housing Program

Local 26 proposes to take housing out of competition by developing subsidized housing for union members. The Hotel Workers’ Housing Program is still in its formative stages. The first parcel of land has yet to be chosen. The number of units, their design, and the specific form of ownership are thus also still to be determined. Yet the union has already done a tremendous amount of work in securing financing commitments, developing relationships with community organizations, and working out the broad conceptual outlines of the program. What they are proposing to do is quite different from what any other union has done, and as such, it will face many new challenges.

The union currently has a prototypical proposal for the development of 100 units of housing. Half of these units would be homeownership opportunities for first-time home buyers, 25 would be limited equity cooperative units (funded partially through Section 8 vouchers), and 25 would be sold to the Boston Housing Authority as new public housing units. The union is proposing to have 40% of all units held by Local 26 members, although it has not yet worked out exactly how this allocation will be implemented.

Total development costs for this prototypical project are $12.9 million. The major sources of financing would be a $5.6 million loan from the International buildings.
Union's pension fund at 7%; a letter of credit from this same fund ensuring a $2 million loan at 5% from the city of Boston; a $3 million construction loan at 4% and a similar size long-term loan at 8% from Consumer United Insurance Company—the company that provides the union's health and life insurance. The local union will also make a loan from its own, much smaller, pension fund. In addition, Local 26 plans to bargain with employers for a contribution to a housing trust fund, which will be used partly for front-end development costs and partly to give second mortgages to help members with their downpayments. In order to make the units more affordable, a number of city and state housing subsidy programs will be used as well.25

What the Hotel Workers propose to do is very different from what other unions have done. Local 26 will also be the first union to negotiate an employer contribution to a housing fund. The union will also be the first to successfully channel employer, union, and public resources toward housing development that will directly benefit union members as well as members of whatever community the housing is located in. All of these facets make the Hotel Workers Housing Program a complex and path-breaking effort. They will also raise new challenges for Local 26, that other unions have not had to face.

First, Local 26 is proposing a new use of its international union pension funds. Other union have built up substantial legal precedent in this area, thus their experiences can be very helpful. Second, if the union is successful in negotiating with the hotels for a housing trust fund, it will have to allocate this resource among its members, who have varied incomes and housing needs. Third, in using public resources for its development, the union may have a legal and political struggle to directly designating publicly assisted housing to union members. Finally, the Hotel

25 See Appendix A for more detail on the financing of the program.
Workers Housing program will bring a new entity into the community development movement: the union local. For most of its history the actors in this movement have defined themselves geographically, sometimes racially, but never solely according to their workplace. In the short run, unions will face political challenges in trying to re-shape the rules of the community development game. In the long run, this redefinition promises a potential coalition between the labor and community development movements that will strengthen them both.

A New Use of Pension Funds

Most other unions have chosen to focus their efforts either solely on the supply side of the housing development process--providing construction and long-term financing, or solely on the demand side--providing mortage loans to members. Both the supply-side model (e.g. Bricklayers) and the demand-side model (e.g. Ironworkers) have developed a legal rationale or specific legal precedent which justifies their particular form of below-market pension fund investments. In the case of the building trades model, there is a precedent to the claim that job-creation is a benefit which should be taken into consideration in evaluating trustees' performance under ERISA. In the case of the Ironworkers, they have built a legal argument that does not have to do with social benefit, but which relies on the conventional market principle that reduced risk in an investment is an acceptable trade off for profitability. In proposing to combine these two models, the Hotel Workers will be creating a hybrid: the program will create jobs, but not for members of the same union whose pension fund is being invested. The program will be providing members with housing, a tangible benefit, but the investment may not necessarily be a low risk one.

Under the current national administration, any innovative use of pension funds
may be open to a Department of Labor challenge. In expectation of such a challenge, Local 26 can pursue at least two options. In developing the financial part of its program, the Local could try to model it more closely on one of the existing programs that has already withstood a DOL challenge. This method would probably be the most conserving of legal work, but it might not ultimately yield a housing program that met all of the Local's goals. Financing through the "development deposit" method, for example, would have to be at close to the market rate. Yet the Local is currently hoping to obtain financing from the International at about 7%. A member loan program such as the Ironworkers might be superfluous, since most hotel workers have low enough incomes to qualify for the state mortgage subsidy program. Alternatively, the Local could try to develop a legal argument in defense of its own particular plan in advance, drawing as much as possible from the successes of other unions. It is clear that any substantially below-market investment will have to be justified on the basis of security as well as benefit to pension plan participants.

Housing as A Bargained Benefit

Local 26 plans to negotiate with the hotels for a Housing Trust Fund, which the union hopes will be about $500,000 a year. Contributing to union-sponsored housing may be in employers' interest as well as workers'. From employers' point of view, such a program could help to keep wage demands down, reduce employee turnover, as well as contributing to favorable public relations.26

But implementing the notion of housing as a negotiated benefit may be difficult.

Housing will always be an unequal benefit; not every union member will get it. Even if Local 26's program were very successful, developing 100 units of housing a year with 40% of each development going to union members, ten years of success would only yield housing for about 10% of the union's membership. Moreover, the membership is very varied. Minimum hourly wages now range from $7.00 to $9.50, and over last few years, they have converged. But real difference is between "front of the house" workers, who earn gratuities, and thus very good salaries, and back of the house workers, who are primarily female and non-white. These two kinds of workers probably face very different current housing situations, and also have very different abilities to afford future housing. Some union members, such as those depicted in the introduction, may be in dire need of housing. However, almost everyone in the union could benefit from better housing. In the survey discussed in detail in the next chapter, only 8% of respondents owned their own homes, and 73% had some kind of problem with their current housing situation. Who is the union developing housing for?

While the housing trust fund will be only one of many types of subsidies, it is the one that most directly represents foregone wages or other benefits to members. Legally, negotiated benefits must represent the interests of all union workers. Thus its allocation may be more important than some of the other, larger subsidies. But the nature of the housing market may make it difficult to allocate this subsidy to those in the union who really do need housing the most.

In the Local's current proposal, half of the units will be for purchase; most of the Trust fund ($250,000) will go to help purchasers of these units with their downpayments. Even with this and other mortgage interest assistance, the minimum income that a purchaser would require in order to afford one of these units is
$25,800. This income level is actually quite low compared to other home ownership possibilities in the Boston area, even subsidized ones. Yet it is still above the median income level of union members, which is closer to $22,000. Thus even a substantially subsidized homeownership option is probably out of reach for the union's lower income members, who may be most in need of a housing subsidy.

Local 26 is facing a well-worn dilemma of the subsidized housing field. Given limited subsidy funds, they can either be spread across a large number of beneficiaries who have some resources of their own, or can be used as very deep subsidies to a small number of very low income beneficiaries. The current proposal does have provisions for much deeper subsidies for some of the housing units, but the union does not have the resources to provide these subsidies itself, and will depend on the state and city for them. The Local's prototypical project has 15 Section 8 (or Section 707--the state equivalent) units that will be part of a limited equity cooperative, and 25 units that will be sold to the Boston Housing Authority to be used as public housing units. These units, in effect, have an unlimited subsidy, because rent is a fixed proportion (30%) of the renter's income, and the subsidy essentially makes up the difference between whatever that amount is and a fair market rent. This is the kind of subsidy that the union's lowest income members--maids or kitchen workers who are single parents with large families--will need. As the following section discusses, however, Local 26 faces a challenge in ensuring that these subsidies will be allocated to union members.

Public Resources for Union Housing Development

27 "Building the Union: Jobs and Homes" Hotel Workers Housing Program proposal, 1988.
Local 26 wants to have direct set-asides for union members. In any of their developments, they would like to have 40-50% occupied by union members. Others would be open to any eligible families in the community. Since the membership is quite varied, the union proposes to spread this 40% over all types of units: homes for purchase, Section 8 units, and public housing units. Since the whole development will be publicly subsidized in a variety of ways, obtaining these set-asides may be a legal and political challenge for the union.

According to community development attorney Dan Satinsky, the program faces two separate legal issues. First, developers of subsidized housing must follow an "affirmative fair marketing" plan to ensure that residents are a racially balanced group. When the Bricklayers developed their first project, for example, it was located in South Boston, a white area of the city known to be unwelcoming to blacks. This choice of location caused considerable uproar about the use of public subsidies for an innovative project that could only benefit whites. Local 26 is not likely to face a similar problem. The Local is very racially mixed, and with the help of the housing survey discussed in chapter 4, this racial balance can now be documented. However, the principle of allocating public funds to a closed, membership group remains problematic.

Legal problems may be especially likely to arise in the case of the Boston Housing Authority and Section 8 units, which involve the deepest subsidies, the most tightly regulated programs, and the longest waiting lists. In general, for both of these programs, individual families are approved as being eligible, and join a waiting list. When new housing units become available, property managers choose from that list. The waiting list for Boston Public Housing currently contains 14,000 families. The list of families who have Section 8 vouchers but cannot find landlords to accept them
is estimated to be several years long as well. In awarding other kinds of subsidized housing units, including homeownership units, lotteries are usually held among a large number of eligible applicants.

In a worst-case scenario, the combination of high costs of homeownership units, and unresolved access to deeply subsidized units could potentially put the Local in a real catch-22 situation. Imagine for a moment that this is a union of maids and bartenders only. With its own funds, the union can subsidize housing for bartenders, who may not need that much help. The only housing maids can afford is Section 8 or BHA, but the local doesn't control this housing and may not be able to get their members in. In order to avoid this worst-case scenario, there are a number of approaches the Local can take, many of which require considerable further research. First, it will be important to have more information about these deep subsidy programs before proceeding with a project. It may be possible to have formal set-asides, so long as they are racially balanced; it would be very useful to have specific acknowledgement of this from subsidizing agencies in advance of development.

Agencies may be more inclined to give this acknowledgement if they know more about the Local's membership. How many members, for example, are on public housing or Section 8 waiting lists? How many are eligible for these programs, but have not applied? We have made an important start on answering these questions through the membership housing survey, which will be reported on in Chapter 4. If

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28 This is clearly an oversimplification. However, as chapter 4 will show, the local union membership is made up of workers in very different income situations with different housing needs. It is important to note, however, that the "maids" in this example--those members with the lowest income and the most difficult-to-meet housing needs, are the strongest supporters of the current leadership of the Local.
formal set-asides for the lower-income units prove inaccessible, either legally or politically, the union still has several alternatives. It could consider using its own funds for fewer, deeper, subsidies, instead of helping a larger number of members with small subsidies.

A New Entity in Community Development

Throughout the history of the community development movement, community has most often been defined spatially— as neighborhoods or larger areas of cities and towns. Often this overlaps with race, and in some community development efforts, race is the tie that binds. What Local 26 is trying to do poses yet a new definition of community, based on the workplace. These people are not all the same race, nor do they all live in the same neighborhood; what they have in common with each other is that they all work in the same industry. In bringing this new dimension to the community development movement, Local 26 may have to struggle to re-define the rules of the community development game, but also has the potential to forge important new alliances.

Some of the legal and regulatory problems discussed above are simply the result of the fact that few local unions have entered the community development field. Law and regulation evolve through political struggle; nowhere is this clearer than in the realm of local regulatory law governing housing and community development. For example, to resolve the political dilemma caused by the Bricklayers' housing development in South Boston, a new regulation was drafted which states that 70% of the units in a publicly subsidized development may go to neighborhood residents (who may be all white) if 70% of the remaining units go to minorities. There is also a regulation which prohibits discrimination in housing on the basis of the source of a
resident's income. Its purpose is clearly to prevent discrimination against welfare recipients, but it could now work against a union plan to develop housing primarily for its members.

Local 26 will have to redefine these rules and regulations, which have been shaped by twenty years of a community development movement in which unions did not play a major role. While this process will entail bureaucratic wrangling, it is likely to be successful in the end. Local 26 represents a large constituency, which is clearly in need of public housing assistance. Moreover it brings into subsidized housing development financial resources, in the form of pension financing and employer contributions, which such a constituency does not normally control. While the process may be an exhausting and politically volatile one, it will pave the way for other unions to become similarly involved in community development and create the possibility of greater resource sharing and cooperation between the labor and community development movements.
Chapter 4

Making Housing Meet Members' Needs

Many of the strategic choices that Local 26 must make in order to implement its housing program hinge upon more detailed information about the membership and their current housing situation. Moreover, while all of the legal and political issues discussed in the previous chapter will influence the union's housing program, ultimately the leadership is committed to trying to make members' needs define the shape of the program as much as possible. To that end, the union decided to survey the membership about their housing conditions, their income, and their thoughts about union-sponsored development.

Any survey is a limited information gathering tool. This one is particularly limited, because of institutional and resource constraints. The union did not want to question some members and not others, for fear of creating misunderstanding. The Local also did not have the resources to do a telephone survey, so we conducted the survey by mail. Surveys were mailed to the 3,200 workers covered by the contract with the major hotels, which will be re-negotiated this year. This agreement represents about 60% of the Local's membership; the others are in smaller restaurants and institutions around the city. Since many union members do not speak or read English, the survey was translated into four other languages as well: French, Spanish, Portuguese, and Chinese.

The 254 respondents to the survey are clearly not a random sample, because of

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29 Local 26 has a total of 40 contracts.
30 See Appendix B for a copy of the survey instrument.
the constraints discussed above. Only those who took the time to fill out the survey and mail it back are part of our sample; thus there is a possibility of response bias. In particular, those who have severe housing problems might be overrepresented in the sample, while those who do not have problems might have been less likely to respond. In general, this could mean that lower income workers would be overrepresented, while the opposite would be true of higher income workers.

With the limited data available, I have checked for this bias against the union's membership list, by comparing zip codes (as a proxy for race as well as income) and occupations (as a proxy for income). It seems clear that the "back of the house" workers--kitchen workers, laundry workers, and maids-- were much more likely to respond to this survey than were the "front of the house" workers such as bartenders and waiters. Between 7% and 11% of all back of the house workers responded to the survey; for bellhops, cooks and housepersons, the response rate was between 3% and 5%. For waitresses, waiters, and bartenders, the response rate was only 1.7%. The overall average response rate for all occupations was 5.6%. Workers living in Cambridge, Somerville, and Boston, and especially in the Roxbury and Dorchester neighborhoods, were also overrepresented in the survey, while union members living in suburbs responded at lower than average rates. Workers who had been members of the union for five years or more also responded at a higher rate than more recent members. In sum, this survey should not be seen as representing all unionized hotel workers. It is, however, representative of the lower paid workers living close to the central city, who make up about two thirds of all unionized hotel workers.

31 See Appendix C for more detail on survey response bias.
Support for a Union Housing Program

One goal of the survey was to see how important housing was as a concern for union members. Information about the nature of workers' housing problems, as well as the extent of rank and file support for a housing program will strengthen the union's hand considerably in the contract negotiations. The survey asked whether members thought the union should bargain with employers for a housing fund, and also asked them to rank their priorities in collective bargaining. Eighty-four percent of all respondents were in favor of the union negotiating over housing, 8% were opposed, and 8% did not answer the question. Table 10 shows the way that respondents ranked issues according to how important they should be in the contract negotiations. A small share of respondents (5%) listed other negotiation priorities as well, including job security, more sick and vacation days, improved working conditions, and stock shares in the company.

<table>
<thead>
<tr>
<th>Issue</th>
<th>1 (most important)</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5 (least important)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable housing</td>
<td>55%</td>
<td>14%</td>
<td>6%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Wages</td>
<td>43%</td>
<td>18%</td>
<td>9%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Health benefits</td>
<td>27%</td>
<td>19%</td>
<td>22%</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Retirement benefits</td>
<td>18%</td>
<td>5%</td>
<td>10%</td>
<td>23%</td>
<td>15%</td>
</tr>
<tr>
<td>Daycare</td>
<td>11%</td>
<td>2%</td>
<td>8%</td>
<td>11%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Note: Neither rows nor columns will sum to 100%; some respondents ranked more than one item 'most important' and left others blank.

Approximately three quarters of all respondents had some kind of problems with their current housing situation. The most frequently cited problems were apartments that were too small, rent that was too high, and apartments in bad condition.

As the most often-mentioned problem suggests, there is a significant amount of
overcrowding taking place among these workers. Thirty one percent of respondents had more than two people per bedroom in their apartment; 11% had more than three people per bedroom.

<table>
<thead>
<tr>
<th>Type of Housing Problem</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment too small</td>
<td>43%</td>
</tr>
<tr>
<td>Rent too high</td>
<td>34%</td>
</tr>
<tr>
<td>Apartment in bad condition</td>
<td>21%</td>
</tr>
<tr>
<td>Conversion to condominium, or being evicted</td>
<td>10%</td>
</tr>
<tr>
<td>Other</td>
<td>10%</td>
</tr>
</tbody>
</table>

Table 9

Many respondents wrote in other housing problems, which were quite varied, ranging from "living in a shelter" to "heating problems" to "12 people in one apartment." The most commonly reported "other" response was something related to the neighborhood-- either "not a safe area" or "drugs in the neighborhood".

Anecdotal reports from members suggested that hotel workers were experiencing a significant amount of housing displacement. As Table 9 shows, 10% of the sample were in danger of displacement due to either condominium conversion or eviction. The survey also asked about how long respondents had lived in their current housing in order to get an idea of turnover in the recent past. By this measure, approximately one third of all respondents had lived at their current addresses for one year or less, one third had between 5 and 7 years tenure, and another third had 8 years or more. Of course, for the one third that had recently moved, we have no information regarding the cause of housing turnover.

Union staff was concerned that members were having to pay large shares of their incomes in rent. However, the median rent which respondents are paying is $472 a month. This is a surprisingly low figure, given that the fair market rent for a two
a bedroom apartment in the Boston area was about $670 in 1986, and that many of these people have large families. As Table 8 shows, it seems that most members are not paying exceedingly high rents relative to their incomes. While almost half of all respondents pay more than 1/4 of their income in rent, only 9% pay 50% or more. Instead, as the responses on housing problems show, these families are coping with the housing crisis by living in substandard and overcrowded apartments.

Table 8
Rent as a Share of Total Household Income

<table>
<thead>
<tr>
<th>Rent Share</th>
<th>Percent of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>25% or less</td>
<td>51%</td>
</tr>
<tr>
<td>26% to 33%</td>
<td>22%</td>
</tr>
<tr>
<td>34% to 49%</td>
<td>18%</td>
</tr>
<tr>
<td>50% or more</td>
<td>9%</td>
</tr>
</tbody>
</table>

In sum, among the back of the house workers, whom this survey most strongly represents, there is a high frequency of housing problems, and strong support for collective bargaining on housing. Both of these facts reinforce the current union plan to negotiate with employers.

Equity and Affordability

As the previous chapter discusses, Local 26 faces a number of strategic choices in how to allocate its housing subsidy funds. The mix of rental and ownership options, as well as the cost to members of housing units will determine which members are able to benefit from the Housing Program. Information about the income and savings of members is crucial to planning an equitable program.

The median family income of respondents was $22,000, only about 55% of the
Boston area median. As Table 11 shows, the most common income was actually between $10,000 and $20,000.

Table 11
Household Income

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $10,000</td>
<td>3%</td>
</tr>
<tr>
<td>$10,000 to $19,999</td>
<td>36%</td>
</tr>
<tr>
<td>$20,000 to $29,999</td>
<td>33%</td>
</tr>
<tr>
<td>$30,000 to $39,999</td>
<td>17%</td>
</tr>
<tr>
<td>$40,000 to 49,999</td>
<td>7%</td>
</tr>
<tr>
<td>$50,000 or more</td>
<td>5%</td>
</tr>
</tbody>
</table>

Of course the income of hotel workers' families varied substantially depending on how many earners there were in the household. Forty two percent of respondents had only one earner in the household; 33% had two earners; and 25% had three or more earners. The overall average income was $24,700, while for single-earner households the mean income was only $16,800. Even by packaging multiple incomes, however, these families are not attaining the typical Boston area standard of living. Families with three earners or more had an average income of $32,700, still about $7,000 below the median family income in the metropolitan area. About half of all respondents had no savings that they could use for a downpayment on a house. Of those who did have some savings, the median amount was $5,000. Approximately one third of all respondents reported more than $7,000 in savings.

Since hotel workers' income is so much lower than the average for the Boston area, it is clear that much of the city's housing stock will be out of their reach. By comparing the incomes of survey respondents to the affordability levels calculated in Chapter 2, it is possible to quantify this affordability gap. Virtually all of the survey respondents (98%) do not have adequate income to purchase a market priced single family home. Seventy percent could not afford a typical subsidized homeownership
opportunity either. If rent was to remain at 1/4 of income, 70% would also not be able to pay the rent on a typical two bedroom market rate apartment at $670 a month.

Homeownership, as it is currently envisioned in the Local 26 prototype proposal, does not seem to be a realistic way to meet most members housing needs. In the Local 26 prototype proposal, half of the units are subsidized homeownership opportunities with a purchase price of $92,000. With help from the employer's housing trust fund, these units would be even less costly than the typical subsidized home, so that a purchaser's annual income would only have to be $25,800 to afford one of the homes. Yet 63% of hotel worker respondents have total household incomes below this level. The prototype suggests using the Housing Trust to give second mortgages for downpayments. But downpayment is not the real or only problem. The incomes of most hotel workers families are too low to support the monthly mortgage payment on a $92,000 home, even at subsidized rate of interest (5.5%) The typical hotel worker in this sample could only afford the homeownership option if the loan amount was about $50,000.

Access to Public Resources

Chapter 3 points out two challenges to union use of public housing subsidies. First, public subsidies must benefit a racially balanced group. Second, it may be difficult for Local 26 to designate that a portion of all subsidized housing units in its development must go to union members. The survey reveals information that will be helpful in negotiating on both of these issues.

The membership is racially and ethnically diverse, thus affirmative fair marketing requirements for public subsidies are not likely to be a problem. More than
three quarters of respondents are people of color: 32% are Black, 24% are Hispanic, and 10% are Asian. Ten percent of respondents categorized themselves as other and wrote their own ethnic definition; approximately half of these were Cape Verdean; others were Haitian and from various African countries. The language in which surveys were filled out is another way of capturing respondents' ethnic background, as well as their facility with English. More than half of the surveys (55%) were filled out in English; 18% were returned in Spanish; 11% in French; 9% in Portuguese; and 6% in Chinese. This probably is a minimum measurement of the international nature of the union. From the responses, it is clear that many people preferred to fill out the survey in English, even if they did not have a great facility with the language.

Public officials may be surprised to learn that a strikingly large share of Local 26 members are eligible for public housing assistance, but are not receiving any. Only 8% of hotel worker respondents are currently in publicly assisted housing. Another 8% are on waiting lists for Section 8 or public housing, but many more are eligible for assistance. The Department of Housing and Urban Development sets eligibility levels for Section 8 and public housing. To qualify for Section 8, a family must earn no more than 80% of the area median income for a family of the same size. To be eligible for public housing, families must be "very low income"--they must earn no more than 50% of the median. Based upon their incomes and their family sizes, 50% of hotel worker survey respondents would qualify as "very low income" and 78% are eligible for Section 8. This data will be important in negotiating with the city around set-aside issues. While allocating a subsidy to a closed group may seem unpalatable to program administrators, if it can be proved that this same group is fully eligible and has not been able to gain access to assistance through other measures, they may become more flexible on the set-aside issue.
Recommendations

Ninety percent of hotel workers are renters, many of them in overcrowded apartments in bad condition. The union needs to find a way to help these low-income renters. The currently proposed development includes a number of Section 8 and public housing units. The survey confirms that a majority of back of the house workers are eligible for these units, which should lend support to the union's negotiations with public agencies to allow set-asides for union members.

While the homeownership option as it is currently envisioned should probably not be for 50% of the units developed, it need not be discarded outright. Some hotel workers --about one third, according to this sample, and probably a larger share of the full membership-- will be eligible and able to afford a typical subsidized homeownership unit. For those that can, the downpayment is not likely to be a great problem, so Housing Trust resources can be targeted elsewhere. For other hotel workers, who have steady but lower incomes and could support a monthly payment only on about $50,000, Local 26 could consider using the Trust Fund for some kind of equity participation. In this case, homebuyers would only have to take out a mortgage on 60% or 70% of the purchase price and the Trust Fund could provide the rest. This of course would be a deep and long term subsidy, which would not be quickly recycled back into the Fund. As such, it could only be available to a few.

No matter what the mix of ownership options in a housing development, only a small fraction of members will be able to get into any newly constructed units. In order to have a broader impact, the union could explore other measures, in addition to developing housing units.
A large share of workers are eligible for housing subsidies, but have not applied for them. In fact, several survey respondents wrote in questions about how to go about getting assistance. Thus, many members could probably benefit from technical assistance in negotiating the maze of public housing assistance programs. This kind of information, counselling, and referral will be especially effective if Local 26 continues to develop the relationships it already has started with community development corporations and city agencies. These organizations have access to subsidized housing units by virtue of developing them or funding them and must meet affirmative fair marketing requirements. Offering housing opportunities to Local 26 members may be one way to meet their needs and the union's at the same time.

For low-income renters who are unable to get into subsidized units, amassing security deposits and first and last month's rent may be a major obstacle to finding an apartment. The Union could use some portion of the Housing Trust as a revolving loan fund to help members in this way. This service could be open to all members that need it, and thus not limited to the small fraction who are able to get into newly developed units.
Conclusion

This paper has argued that the kind of economic restructuring that is occurring in many large United States cities will exacerbate the housing affordability problem for urban workers. As the share of low and high-wage jobs grow, while the proportion of middle-wage jobs shrinks, the structure of demand for housing is changing. High-income earners bid up the price of housing, and in some cases decrease the supply of moderately priced housing, by converting and upgrading housing units. Low-wage earners, many of them employed in the rapidly growing service sector of the economy, are becoming a larger share of all city residents, but the private housing market is not responding with an increase in the number of low and moderately priced housing units.

As the employment structures of major cities continue to change, their housing markets and labor markets may become more and more out of sync. I have tried to argue that in response, jobs and housing should be more closely linked. Unions, particularly those representing workers in the growing, lower wage sectors can play an important role in creating this link. In addition to organizing workers and collectively bargaining to take wages out of competition, unions can try to take housing out of competition--to find some way to use their institutional and collective force to subsidize workers’ housing.

The second half of this paper examines the Boston Hotel Workers Union’s efforts to take housing out of competition by developing subsidized housing for its members. While many other unions have become involved in housing, no other unions in the recent period have actually tried to develop housing for members. Thus, the experiences of other unions can teach us a great deal about the challenges of strategically investing union pension funds, but can not actually shed much light on this
new strategy of taking housing out of competition. The Hotel Workers, to a great extent, will be carving out a new role for unions. In the process, Local 26 will face a number of new challenges.

First, in collectively bargaining for employer assistance in housing, the union will be bringing a completely new issue to the negotiating table. Once the union succeeds in this negotiation, moreover, it will have to grapple with the tough distributional issue of how to allocate this benefit in a way that helps all members, and at the same time targets housing assistance to those who need it most. Second, the union has the challenge of combining employer, union, and public resources in a housing development that meets the needs of union members. Finally, Local 26 will have to redefine the rules of the community development game so that the legal and political definition of community will no longer be limited to the neighborhood, but can include the workplace as well.

In short, any union trying to take housing out of competition faces an uphill battle. This raises some larger questions about the viability of the strategy as a whole. Despite the legal and political struggles that Local 26 is having to wage, it is a strong union with considerable political clout. But most other service sector workers will not have such an institution behind them. In fact, with the exception of public employees, most service sector workers are in small, nonunionized workplaces. Thus, taking wages out of competition is not a realistic way to solve these workers' housing problems.

This lack of union organization raises another issue: while subsidizing members' housing clearly benefits current union members, any new use of union resources may take resources away from the work of organizing others.
Finally, union housing development efforts, like the work of traditional neighborhood-based community development corporations, will be small scale, benefitting only a fraction of those who need help each year. Yet housing for the working poor is a widespread problem and it is only one part of a wider affordable housing crisis, which is affecting the homeless and the middle class as well. A broader solution will entail working in coalition with these groups for larger changes in housing policy.

But as is true with almost every intractable problem, small scale solutions can and should be pursued alongside broader ones. The strategy that Local 26 is pursuing will provide a model for other unions. Even though the majority of service workers are not organized, many are—especially healthcare workers and public sector workers. Local 26's work can pave the way for other unions to follow. In addition, the Local 26 effort raises the prospect of an alliance between the labor movement and the community development movement that will strengthen both.
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Pension & Investment Age, various issues.

Pension World, various issues.


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Appendix A: Hotel Workers Housing Proposal

The Union Continues a Dream

This 1851 poster reminds us that the dream of homeownership has always been part of the American labor movement. And, while the developer in 1851 saw it as the "workingman's" dream, Local 26, in partnership with the city, local community organizations, and the International, can help the men and women of this union realize that dream.

The enthusiasm with which this project is viewed in Boston—by the city administration, by the neighborhoods, by the media—indicates the expanding level of support for Local 26 as we begin the next stage of our Hotel Workers Housing Program.

OWNERSHIP OPTIONS

The Local has created an innovative approach to the development of this project, building a collaborative effort that enables us to expand the options available to members. The 100 units would have three different ownership options: individual homeowners, resident cooperatives, and the Boston Housing Authority.

Individual Ownership
Fifty units would be available for first time homeowners making between $25,600 and $34,200. The intent of this project is to use existing state programs that provide mortgage interest subsidies with a current after-subsidy annual interest rate of five percent to reduce mortgage costs.

Public Acquisition
Twenty five units would be sold to the State's 705 Scattered Site Condominium Acquisition Program to benefit public housing tenants. This effort would provide quality housing to some of the many families waiting for any kind of housing in the city.

Limited Equity Cooperatives
An additional 25 rental units would be organized as a limited equity cooperative for low and moderate income families. Fifteen of these units would be reserved for low-income families and the remaining 10 units would be for moderate-income families. These residents would own the units as a group, and would be limited in the sale price of their individual units should they decide to sell.

RESIDENT MANAGEMENT

The Hotel Workers Housing Program would be managed by a firm selected by the residents. The resident committee would have representatives from all three resident categories. And while it is a project goal to have 40 to 50 percent of all units held by Local 26 members, the local will not manage any aspect of the project once it is completed.
## Appendix A: Hotel Workers Housing Proposal

### Allotments by Funding Source

Allocations are suggested program goals

<table>
<thead>
<tr>
<th>Units</th>
<th>Bedrooms</th>
<th>Public Acquisition</th>
<th>1st Time Home Buyers</th>
<th>Limited Equity Coops</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>To Union</td>
<td>Total</td>
</tr>
<tr>
<td>45</td>
<td>2</td>
<td>12</td>
<td>6</td>
<td>23</td>
</tr>
<tr>
<td>45</td>
<td>3</td>
<td>11</td>
<td>5</td>
<td>23</td>
</tr>
<tr>
<td>10</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td>25</td>
<td>12</td>
<td>50</td>
</tr>
</tbody>
</table>

### Affordability

Allocations are suggested program goals

<table>
<thead>
<tr>
<th>Income</th>
<th>Two Bedroom</th>
<th>Three Bedroom</th>
<th>Four Bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>To Union</td>
<td>Total</td>
</tr>
<tr>
<td>Low*</td>
<td>19</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>Moderate*</td>
<td>26</td>
<td>14</td>
<td>27</td>
</tr>
<tr>
<td>Market</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Totals</td>
<td>45</td>
<td>21</td>
<td>45</td>
</tr>
</tbody>
</table>

*Low is defined as 50% of the SMSA, which for a family of four equals $20,550 or the qualifying amount for Section 8 rental assistance.

**Moderate is defined as up to 80% of the SMSA, which for a family of four equals $29,900.
See following family income/size chart.
## 1987 HUD Income Guidelines

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Income</th>
<th>Median</th>
<th>Moderate (80%)</th>
<th>Low (50%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$26,180</td>
<td>$20,950</td>
<td>$14,400</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>$29,920</td>
<td>$23,900</td>
<td>$16,450</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>$33,660</td>
<td>$26,900</td>
<td>$18,500</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>$37,400</td>
<td>$29,900</td>
<td>$20,550</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>$39,740</td>
<td>$31,750</td>
<td>$22,200</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>$42,075</td>
<td>$33,650</td>
<td>$23,850</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>$44,415</td>
<td>$35,500</td>
<td>$25,500</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>$46,750</td>
<td>$37,400</td>
<td>$27,150</td>
<td></td>
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</tbody>
</table>
### Development Proforma

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ACQUISITION COSTS @</strong></td>
<td>0 per unit</td>
</tr>
<tr>
<td><strong>CONSTRUCTION COSTS</strong></td>
<td></td>
</tr>
<tr>
<td>Total New Construction</td>
<td>10,259,000</td>
</tr>
<tr>
<td>Average GSF/Unit</td>
<td>1,207</td>
</tr>
<tr>
<td>Constr. Cost/GSF</td>
<td>$85.00</td>
</tr>
<tr>
<td><strong>GENERAL DEVELOPMENT COSTS</strong></td>
<td></td>
</tr>
<tr>
<td>Arch. Eng. @</td>
<td>6.0%</td>
</tr>
<tr>
<td>Legal/Consulting</td>
<td>4.0%</td>
</tr>
<tr>
<td>Surveys, Eng., Clerk, etc.</td>
<td>2.5%</td>
</tr>
<tr>
<td>Bldg. &amp; Misc. Permits</td>
<td>1.5%</td>
</tr>
<tr>
<td>Taxes/Insurance, etc.</td>
<td>40,000</td>
</tr>
<tr>
<td>Title and Recording</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td>1,461,446</td>
</tr>
<tr>
<td><strong>FINANCING COSTS</strong></td>
<td></td>
</tr>
<tr>
<td>Construction Interest</td>
<td>346,500</td>
</tr>
<tr>
<td><strong>FINANCING</strong></td>
<td></td>
</tr>
<tr>
<td>Period (Mo's)</td>
<td>14</td>
</tr>
<tr>
<td>Principal</td>
<td>11,000,000</td>
</tr>
<tr>
<td>Annual Interest</td>
<td>6.00%</td>
</tr>
<tr>
<td>Average % outstanding</td>
<td>45.00%</td>
</tr>
<tr>
<td>Financing Fee 2.0% max. loan</td>
<td>220,000</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td>566,500</td>
</tr>
<tr>
<td>Contingency @ 5.0% of Constr. costs</td>
<td>512,975</td>
</tr>
<tr>
<td>Sponsor Devpt. Fee @</td>
<td>1,000 per unit</td>
</tr>
<tr>
<td><strong>TOTAL CASH DEVELOPMENT COSTS</strong></td>
<td>12,900,421</td>
</tr>
<tr>
<td><strong>CASH DEVELOPMENT COSTS PER UNIT</strong></td>
<td>129,000</td>
</tr>
</tbody>
</table>
## Appendix A: Hotel Workers Housing Proposal

Hotel and Restaurant Workers Union

### Sources of Financing

<table>
<thead>
<tr>
<th>CONSTRUCTION SOURCES</th>
<th>Int. Rates</th>
<th>COOP</th>
<th>PRIVATE</th>
<th>PUBLIC</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local 26 Trust Fund</td>
<td>-</td>
<td>75,000</td>
<td>275,000</td>
<td></td>
<td>350,000</td>
</tr>
<tr>
<td>Housing Innovation Fund</td>
<td>-</td>
<td>500,000</td>
<td>2,000,000</td>
<td></td>
<td>2,500,000</td>
</tr>
<tr>
<td>Consumer United Loan</td>
<td>4%</td>
<td>1,000,000</td>
<td>2,000,000</td>
<td></td>
<td>3,000,000</td>
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<tr>
<td>International Loan</td>
<td>7%</td>
<td>1,500,000</td>
<td>3,000,000</td>
<td>1,100,000</td>
<td>5,600,000</td>
</tr>
<tr>
<td>Local 26 Loan</td>
<td>9%</td>
<td>400,000</td>
<td>400,000</td>
<td></td>
<td>800,000</td>
</tr>
<tr>
<td>Net Syndication Proceeds</td>
<td>-</td>
<td>650,000</td>
<td></td>
<td></td>
<td>650,000</td>
</tr>
<tr>
<td>Linkage Proceeds (Cash)</td>
<td>-</td>
<td>400,000</td>
<td>400,000</td>
<td></td>
<td>800,000</td>
</tr>
<tr>
<td>City Loan/Int'l L.C.</td>
<td>4%</td>
<td></td>
<td>675,000</td>
<td>1,325,000</td>
<td>2,000,000</td>
</tr>
</tbody>
</table>

**TOTAL** | | 3,225,000 | 6,450,000 | 3,225,000 | 12,900,000 |

### TAKE-OUT/PERMANENT SOURCES

<table>
<thead>
<tr>
<th>Sources</th>
<th></th>
<th>COOP</th>
<th>PRIVATE</th>
<th>PUBLIC</th>
<th>TOTAL</th>
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<tr>
<td>Local 26 Second Mortgages</td>
<td></td>
<td>250,000</td>
<td></td>
<td></td>
<td>250,000</td>
</tr>
<tr>
<td>Housing Innovation Fund</td>
<td></td>
<td>500,000</td>
<td></td>
<td></td>
<td>500,000</td>
</tr>
<tr>
<td>Consumer United End Loans</td>
<td></td>
<td>1,000,000</td>
<td>2,000,000</td>
<td></td>
<td>3,000,000</td>
</tr>
<tr>
<td>International End Loans</td>
<td></td>
<td>1,500,000</td>
<td>2,000,000</td>
<td>3,500,000</td>
<td>9,000,000</td>
</tr>
<tr>
<td>Purchaser Down payments</td>
<td></td>
<td>350,000</td>
<td></td>
<td></td>
<td>350,000</td>
</tr>
<tr>
<td>BHA Purchase Proceeds</td>
<td></td>
<td></td>
<td>2,500,000</td>
<td></td>
<td>2,500,000</td>
</tr>
<tr>
<td>Net Syndication Proceeds</td>
<td></td>
<td>650,000</td>
<td></td>
<td></td>
<td>650,000</td>
</tr>
<tr>
<td>Linkage Proceeds (Cash)</td>
<td></td>
<td>400,000</td>
<td>400,000</td>
<td></td>
<td>800,000</td>
</tr>
<tr>
<td>Bridge Loan Repaid by Linkage</td>
<td></td>
<td>75,000</td>
<td>950,000</td>
<td>725,000</td>
<td>1,750,000</td>
</tr>
</tbody>
</table>

**TOTAL** | | 3,225,000 | 6,450,000 | 3,225,000 | 12,900,000 |
Appendix A: Hotel Workers Housing Proposal

Hotel and Restaurant Workers

Summary Limited Equity Cooperative Proforma

SCHEDULE (Unit type and monthly payments)

<table>
<thead>
<tr>
<th>UNIT Type</th>
<th>LOW-INCOME (Sec. 8)</th>
<th>MODERATE/MARKET</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UNIT #</td>
<td>RENT</td>
<td>UNIT #</td>
</tr>
<tr>
<td>2-Bedroom</td>
<td>7</td>
<td>$759</td>
<td>3</td>
</tr>
<tr>
<td>3-Bedroom</td>
<td>7</td>
<td>$948</td>
<td>4</td>
</tr>
<tr>
<td>4-Bedroom</td>
<td>1</td>
<td>$1,020</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>15</td>
<td>$12,969</td>
<td>10</td>
</tr>
<tr>
<td>Percent</td>
<td>60%</td>
<td></td>
<td>40%</td>
</tr>
</tbody>
</table>

GROSS ANNUAL RENTS $239,664

INCOME/EXPENSE

TOTAL UNITS 25
ANNUAL GROSS RENTS $239,664
Vacancy @ 5.0% ($11,983)

EFFECTIVE RESIDENTIAL INCOME

MISCELLANEOUS INCOME
Laundry: $3.00/unit/mo. = $900

TOTAL MISC. INCOME $900

TOTAL EFFECTIVE RENTAL INCOME $228,581
STATE RENTAL ASSISTANCE $4,943/unit $123,563

TOTAL EFFECTIVE INCOME $352,143
ANNUAL OPERATING EXPENSES $4,400 per unit 25 units ($110,000)

NET OPERATING INCOME $242,143
DEBT SERVICE PAYMENTS ($220,130)

YEAR 1 NET CASH FLOW (10% of D.S.) $22,013

MHFA FINANCING TERMS AND ANALYSIS

Annual Interest 8.00% Coverage Ratio 1.10
Annual Constant 8.8052% Term (yrs) 30
Maximum Payment $220,130
Maximum Mortgage $2,500,000
Appendix A: Hotel Workers Housing Proposal

Hotel and Restaurant Workers Union

Homeownership Affordability Analysis

TOTAL HOUSING EXPENSES

2- and 3-Bedroom Townhouses (Average Expenses)
Sales Price @ $92,000
Mortgage @ $80,000
Local 26 Dn py. (2nd) $5,000
Down payment of $ 7,000

<table>
<thead>
<tr>
<th></th>
<th>Per Month</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage Payments (princ. &amp; interest)</td>
<td>$429</td>
<td>$5,153</td>
</tr>
<tr>
<td>Real Estate Taxes (estimate)</td>
<td>$100</td>
<td>$1,196</td>
</tr>
<tr>
<td>Condominium Fee (excluding utilities)</td>
<td>$150</td>
<td>$1,800</td>
</tr>
<tr>
<td>Homeowner and condominium insurance estimate</td>
<td>$31</td>
<td>$368</td>
</tr>
<tr>
<td>TOTAL P.I.T.I. plus condo fees</td>
<td>$710</td>
<td>$8,517</td>
</tr>
<tr>
<td>Estimated Utilities</td>
<td>$ 67</td>
<td>$ 800</td>
</tr>
<tr>
<td>TOTAL HOUSING EXPENSES</td>
<td>$776</td>
<td>$9,317</td>
</tr>
</tbody>
</table>

Minimum Qualifying Income @33.00% (excluding utilities) $25,800
Minimum Income as % of 4-person median 69%
Maximum Allowable Income $34,000
Percent of median 91%

Rental Affordability Analysis

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>2-Bedroom</th>
<th>3-Bedroom</th>
<th>4-Bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Certificate Rental Rate</td>
<td>$630</td>
<td>$700</td>
<td>$771</td>
</tr>
<tr>
<td>Minimum Income @ 30% of income</td>
<td>$25,200</td>
<td>$28,000</td>
<td>$30,800</td>
</tr>
<tr>
<td>Percent of Median (3-person)</td>
<td>75%</td>
<td>70%</td>
<td>69%</td>
</tr>
<tr>
<td>(5-person)</td>
<td>(5-person)</td>
<td>(7-person)</td>
<td></td>
</tr>
</tbody>
</table>
Finance Package Summary

The total development cost for the Hotel Workers Housing Program is $12,900,000, with an average cost of $129,000 per unit. However, all units are affordable to low- or moderate-income families through financing arrangements that includes the City of Boston, State of Massachusetts, Hotel Employees and Restaurant Employees International Union, and the Hotel, Restaurant, Institutional Employees and Bartenders Union, Local 26.

**The City of Boston would provide:**

- Land at minimal cost
- $2,200,000 in linkage funds to make the units affordable. These funds are derived from fees assessed to downtown developers as part of their agreements with the City.
- A BUILD construction loan for $2,000,000 at three percent interest. This loan must be secured by a letter of credit.

**Massachusetts State Subsidies would provide:**

- Low income tax credits which would generate $650,000. These funds would be used as equity for the development of the cooperative units.
- Rental Development Action Loan (RDAL) funds would provide an average of $4,950 per unit for the coops.
- Homeownership Opportunity Program (HOP) with its family income guidelines would reduce the effective initial annual interest rate to five percent.
- 705 program would enable the Boston Housing Authority to purchase two-, three- and four-bedroom units at a purchase price of $90,000 for the two-bedroom and $110,000 for the three- and four-bedroom units.

**Local 26 Resources would include:**

- Housing Fund
- Project Development Fund to provide front-end development costs
- Use and leveraging of the local's pension fund
- $50,000 challenge grant from the State

**Hotel Employees and Restaurant Employees International Union Resources would include:**

- A $5,600,000 construction loan
- A letter of credit to secure a $2,000,000 BUILD loan
- The purchase of a $3,500,000 mortgage pool
Government Programs

Homeowner Opportunity Program (HOP)

Direct appropriation of State funds which underwrite mortgage interest rates by 3 percent below the tax exempt mortgage bonding rate of MHFA, i.e. an 8.5 percent tax exempt rate becomes 5.5 percent. In each three year period, the interest rate increases by one percent and after nine years it levels off at the tax exempt rate, which is currently 8.5 percent.

705 Program

This State program allows local housing authorities to purchase scattered site housing for the benefit of public housing eligible families. Acquisition guidelines are $90,000 for a 2-bedroom and $110,000 for a 3 or 4-bedroom unit. The local housing authority would own the single family unit which would be occupied by families eligible for public housing assistance.

Rental Development Action Loan Program (RDAL)

A State financed rental subsidy over and above other subsidies that is structured as an interest subsidy program for the cooperative owner. It would reduce the carrying charges of a cooperative mortgage to 30 percent of a family's income.

Housing Innovation Fund (HIF)

A recently legislated State program to fund the creation of innovative and alternative forms of housing for low-income families.

Linkage Fund

A City of Boston program that requires commercial developers to make funds available for the creation and preservation of affordable housing to the low-and moderate-income residents of Boston's neighborhoods.

BUILD Fund

A City of Boston program that provides construction loans at between 3 percent and 5 percent. A letter of credit or collateral is required to obtain this financing. These are monies that are identified for other programs but not yet dispensed.
Dear Brother and Sister:

The Union is developing a housing program for its members. This survey will help to determine members’ housing needs and interest in the Union’s housing program. Please complete the survey in one of the following languages, whichever is easiest for you: English, French, Spanish, Portuguese, or Chinese. The survey is for Union use only and all information will be kept confidential. After you have completed the survey, please do one of the following: give it to a housing committee member or business agent; send it to the Union (read instructions on back); or bring it to the Union or to the next housing meeting. The next housing meeting is Wednesday March 23 at 5:00 pm at the Union Hall (58 Berkeley St).

Querido Hermano y Hermana:

El Sindicato está empezando un programa de viviendas para los miembros. Este cuestionario es sumamente importante para determinar las necesidades de vivienda de los miembros del Sindicato y el interés en el programa de vivienda. Por favor, conteste el cuestionario en el lenguaje que sea más fácil para usted: Inglés, Francés, Español, Portugués, o Chino. El cuestionario es para el uso del sindicato solamente y toda la información será confidencial. Después que usted conteste el cuestionario, hágalo uno de los siguientes: déselo a un miembro del comité de vivienda o a un representante sindical; envíelo por correo a la dirección del Sindicato (lea las instrucciones en el otro lado del formulario); o entregáelo al Sindicato o traigálo a la próxima reunión del programa de vivienda. La próxima reunión del programa de vivienda es el miércoles 23 de Marzo a las 5:00 de la tarde en el edificio del Sindicato, 58 Berkeley St.

Caro Irmãos e Irmãs:

O Sindicato está a desenvolver um programa habitacional para os seus associados. Este questionário ajudará a determinar as necessidades dos nossos membros em relação a programa habitacional do sindicato. Por favor complete o questionário numa das seguintes línguas qualquer que seja a mais fácil para você: Inglês, Espanhol, Português, Francês, ou Chinês. Este estudo é para ser utilizado sómente pelo sindicato e toda a informação preferente ao mesmo será confidencial. Depois de você ter completado o questionário por favor faça o seguinte: de a qualquer membro do comissão de construção de casas ao vosso delegado Sindical; envie-o pelo correio (siga as instruções no verso); ou traga consigo no próxima reunião que será no dia 23 de Março às 5:00 horas da tarde na sede do Sindicato, 58 Berkeley St., Boston.

Chers Frères et Soeurs,

Le Syndicat (local 26) est en train de créer un programme de logement/maisons pour ces membres. Cette enquête va nous aider à déterminer les besoins de logement des membres et leur intérêt dans le programme de logement/maisons de l’Union. S’il vous plait, complétez cette enquête en une des langues suivantes, n’importe laquelle est la plus facile pour vous: anglais, français, espagnol, portugais, ou chinois. L’enquête est pour l’usage de l’union seulement et elle sera gardée confidentielle. Après vous aurez complété cette enquêt e, faites une des actions suivantes: donnez l’enquête à un membre du comité de logement ou à votre business agent; envoyez l’enquête par la poste à l’union (lisez les instructions au verso); ou apportez l’enquêt e à la prochaine réunion de logement ou à l’Union. La prochaine réunion du comité de logement est le mercredi, le 23 de mars à 5:00 du soir au bureau de l’Union à 58 Berkeley Street, Boston.

亲爱的兄弟姐妹们：

工会现在正发起一个房屋计划来帮助会员们，但是会员们需要在短时间里就将决定它们的需求和计划。请填写下面的问卷并签上名字。只要您填写了，您可以用另一种语言填写也可以。

您完成后交给我们，我们会在下面的做法下处理：把表给房屋委员会或代理处;寄到工会去。提出了它(请填写上面的快速消息)，下次会议是星期三，三月二十三日下午五点在 Union Hall (58 Berkeley Street)。

In Solidarity,

Domenic Bozutto
President/ Business Manager

Paul Vanni
Secretary Treasurer

Janice Loux
Vice President

Bruce Marks
Housing Program Coordinator
ENGLISH:

1. Name _______________________________ 2. Social Security # (optional) __________
9. How long have you lived at this address? _______________________

10. Do you think the union should bargain with employers for a housing fund?
1. Yes 2. No

11. In the contract negotiation, which of the following are most important to you?
   Please rank these items from 1 to 5 (1=most important, 5= least important)
   a. Affordable housing d. Wages
   b. Health benefits e. Retirement benefits
   c. Daycare f. Other (please explain)

12. Do you rent or own your house/apartment? (Please check one)
   1. Rent 2. Own
12a. If you rent, what is your current monthly rent? $ __________ per month

13. How many bedrooms are in your house/apartment? __________

14. How many people live in the apartment? (including yourself) __________

15. Do you have any problems with your current housing situation?
   1. Yes 2. No
15a. If yes, please check any that apply
   1. Rent is too high 4. Apartment in bad condition
   2. Being evicted 5. Building is being converted to condominiums
   3. Apartment too small 6. Other (please explain)

16. Do you have any government housing assistance?
   1. Yes 2. No
16a. If yes, please check which kind:
   1. Live in public housing 3. Other (please explain)
   2. Have Section 8 or Section 707

17. Are you on a waiting list for any kind of public housing assistance?
17a. If yes, which kind: _______________________

18. What is the total annual income of all the members of your household? $ __________ per year

19. In addition to your union job, do you have a second job?
   1. Yes 2. No
19a. If yes, employer name _______________________

20. How many other members of your household work? __________
20a. Where do they work?
   1. ____________________________________________
   2. ____________________________________________
   3. ____________________________________________

21. Do you have any savings that could be used to pay for a downpayment on a home?
   1. Yes 2. No
21a. If yes, how much? $ __________

22. What is your race or ethnic background? (optional)
   1. Black
   2. Hispanic
   3. White
   4. Asian
   5. Other (please specify) ______________________
Appendix B: Survey Instrument

FRANÇAIS

1. Nom_________________________ 2. No. de Social Security (pas obligatoire) ______________________
6. No. de Téléphone (chez vous)____________________ 7. No de telephone (au travail)____________________
8. Lieu de travail__________________________
9. Pour combien de temps êtes-vous à cette adresse?__________________________

10. Pensez-vous que le syndicat devriez négocier avec les hôtels pour créer un fonds de construction des maisons?
    1. Oui  2. Non

11. Pour les négociations du nouveau contrat, quels sont les choses les plus importantes pour vous?
    S.V.P. classez ces choses suivantes de 1 à 5 (1= le plus important, 5= le moins important)
    a. Logement (maisons) a un prix réduit d. Salaires
    b. Assurance et benefices médicales  e. Pension
    c. Soins d'enfants/Ecole Gardienne  f. Autre (expliquez S.V.P.)

12. Est-ce que vous louez ou vous possédez votre appartement/maison?
    1. Louer  2. Posséder

12a. Si vous louez, que payez-vous actuellement par mois? $__________ par mois

13. Combien de chambres à coucher avez-vous dans votre appartement/maison? __________

14. Combien de personnes habitent dans l'appartement/maison? (inclure vous-même) __________

15. Avez-vous des problèmes avec votre appartement?
    1. Oui  2. Non

15a. Si oui, biffez un tiret S.V.P.:
    1. Louer trop cher
    2. Risque d'expulsion
    3. L'appartement actuel est trop petit
    4. Appartement est en mauvaise condition
    5. Le bâtiment va être converti en condominiums
    6. Autre (Expliquez S.V.P.)

16. Avez-vous de l'assistance de logement du gouvernement?
    1. Oui  2. Non

16a. Si oui, biffez un tiret S.V.P.:
    1. Habiter dans un logement public
    2. Avoir Section 8 ou Section 707
    3. Autre (expliquer S.V.P.)

17. Etes-vous sur une liste d'attente pour une assistance de logement du gouvernement?
    1. Oui  2. Non

17a. Si oui, quel type?

18. Quel est le total de tous les salaires de tout le monde ensemble dans votre maison? $__________ par année

19. A part votre travail de l'hôtel, avez-vous un 2ème travail?
    1. Oui  2. Non

19a. Si oui, nom d'employeur__________________________

20. Combien d'autres personnes travaillent, à part vous, dans votre maison? __________

20a. Où travaillent-ils?
    1.__________________________
    2.__________________________
    3.__________________________

21. Avez-vous d'argent épargné que vous pourriez utiliser pour le premier grand acompte (paiement) pour acheter une maison?
    1. Oui  2. Non

21a. Si oui, combien? $__________

22. Quel est votre héritage ethnique ou de race? (pas obligatoire)
    1. Noir
    2. Hispanique
    3. Blanc
    4. Asiatique
    5. Autre (expliquez S.V.P.)
## Appendix B: Survey Instrument

<table>
<thead>
<tr>
<th>ESPAÑOL</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Nombre</td>
<td>2. Seguro Social # (Opcional)</td>
</tr>
<tr>
<td>3. Dirección</td>
<td>4. Ciudad</td>
</tr>
<tr>
<td>5. Zip Code</td>
<td></td>
</tr>
<tr>
<td>6. Teléfono # (casa)</td>
<td>7. Teléfono # (trabajo)</td>
</tr>
<tr>
<td>8. Lugar de trabajo</td>
<td></td>
</tr>
<tr>
<td>9. ¿Por cuánto tiempo ha vivido usted en esta dirección?</td>
<td></td>
</tr>
<tr>
<td>10. ¿Usted cree que el sindicato debe negociar con el patrono con el propósito de crear un fondo para el desarrollo de viviendas? 1. Sí 2. No</td>
<td></td>
</tr>
<tr>
<td>11. ¿En la negociaciones para el contrato sindical, cual de los siguientes es más importante para usted? Indique con números del 1 al 5 el orden de importancia (1 = más importante, 5 = menos importante)</td>
<td></td>
</tr>
<tr>
<td>a. vivienda de precio razonable</td>
<td>d. salarios</td>
</tr>
<tr>
<td>b. beneficios de salud</td>
<td>e. beneficios de retiro</td>
</tr>
<tr>
<td>c. cuidado diurno de niños</td>
<td>f. otros (favor de explicar)</td>
</tr>
<tr>
<td>12. ¿Usted alquila o es dueño de su casa/apartamento</td>
<td></td>
</tr>
<tr>
<td>1. Alquila</td>
<td>2. Dueño</td>
</tr>
<tr>
<td>12a. ¿Si usted alquila, cual es su renta mensual? Renta $---------------</td>
<td></td>
</tr>
<tr>
<td>13. ¿Cuántos cuartos dormitorios tiene su casa/apartamento?</td>
<td></td>
</tr>
<tr>
<td>14. ¿Cuántos personas viven en su casa/apartamento? (usted incluido)</td>
<td></td>
</tr>
<tr>
<td>15. ¿Tiene problemas actualmente con su apartamiento?</td>
<td></td>
</tr>
<tr>
<td>1. Sí</td>
<td>2. No</td>
</tr>
<tr>
<td>15a. Si contesta afirmativamente, favor de indicar cual tipo de problema:</td>
<td></td>
</tr>
<tr>
<td>1. Renta es muy alta</td>
<td>4. Apartamento esta en mala condición</td>
</tr>
<tr>
<td>2. Me están desalojando &quot;eviction&quot;</td>
<td>5. Están convirtiendo el edificio en condominios</td>
</tr>
<tr>
<td>3. Apartamento es demasiado pequeño</td>
<td>6. Otro (favor de explicar)</td>
</tr>
<tr>
<td>16. ¿Usted recibe actualmente alguna ayuda del gobierno para el pago de su vivienda? 1. Sí 2. No</td>
<td></td>
</tr>
<tr>
<td>16a. Si contesta afirmativamente, favor de indicar cual tipo:</td>
<td></td>
</tr>
<tr>
<td>1. Vive en vivienda pública</td>
<td>3. Otra tipo de ayuda (favor de explicar)</td>
</tr>
<tr>
<td>2. Tiene Sección 8 o 707</td>
<td></td>
</tr>
<tr>
<td>17. ¿Está actualmente en una lista de espera para recibir algún tipo de ayuda del gobierno en relación con su vivienda&quot; 1. Sí 2. No</td>
<td></td>
</tr>
<tr>
<td>17a. Si contesta afirmativamente, favor de indicar cual tipo:</td>
<td></td>
</tr>
<tr>
<td>18. ¿Cuál es el ingreso total anual de todos los miembros de su hogar? $--------------------- por año</td>
<td></td>
</tr>
<tr>
<td>19. ¿Además de su trabajo en un sitio sindicalizado, tiene usted un segundo trabajo? 1. Sí 2. No</td>
<td></td>
</tr>
<tr>
<td>19a. Si contesta afirmativamente, nombre del patrono</td>
<td></td>
</tr>
<tr>
<td>20. ¿Cuántos miembros de su hogar tienen trabajo?</td>
<td></td>
</tr>
<tr>
<td>20a. ¿Donde trabajan ellos?</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
</tr>
<tr>
<td>21. ¿Tiene usted ahorros que pueda usar para el pago inicial de una casa? 1. Sí 2. No</td>
<td></td>
</tr>
<tr>
<td>21a. Si contesta afirmativamente, que cantidad? $---------------------</td>
<td></td>
</tr>
<tr>
<td>22. ¿Cuál es su raza o origen étnico? (opcional)</td>
<td></td>
</tr>
<tr>
<td>1. Negro</td>
<td>3. Blanco</td>
</tr>
<tr>
<td>2. Hispano</td>
<td>4. Asiático</td>
</tr>
<tr>
<td>5. Otro (favor de explicar)</td>
<td></td>
</tr>
</tbody>
</table>
Appendix B: Survey Instrument

PORTUGUES

1. Nome ____________________________ 2. Numero do Social Security (Opcional) ___
6. Telefone de casa___________________ 7. Telefone de trabajo___________________
8. Local de trabalho _________________
9. Ha quanto tempo vive vocé na morada acima indicada? __________________________

10. Julga vocé que o sindicato deverá negociar com a entidade patronal a instituição de um fundo habitacional?
   1. Sim 2. Não

11. Nas negociações do proximo contrato de trabalho quais são os pontos mais importantes para vocé?
    Por favor indique na escala 1 a 5 (1= muito importante, 5= omenos importante)
    a. ___ Habitação a preco acessivel
    b. ___ Beneficios médicos
    c. ___ Creche para criancas
    d. ___ Salarios
    e. ___ Melhores beneficios de reforma
    f. ___ Outros (por favor explique) ______________________

12. Paga renda ou possui habitação própria?
   1. Aluguel
   2. Habitação própria

12a. Se vocé paga renda, quanto paga mensalmente? Renda $________ por mês

13. Quantos quartos de dormir tem vocé no seu apartamento ou casa? __________

14. Quantas pessoas vivem consigo? (incluindo vocé) ________

15. Tem vocé problemas com a sua situação habitacional?
   1. Sim 2. Não

15a. Se tem por favor indique:
   1. ___ Renda e muito cara
   2. ___ Tem uma acção de despeio
   3. ___ O apartamento e muito pequeno
   4. ___ Apartamento em mais condições
   5. ___ Conversão em condominio
   6. ___ Outra (explique) ______________________

16. Tem algum subsídio do governo para ajudo da renda?
   1. Sim 2. Não

16a. Se e o caso por favor indique:
   1. ___ Casa do governo
   2. ___ Tem secção 8 ou secção 707
   3. ___ Outras (por favor explique) ______________________

17. Está vocé esperando para ter uma casa do governo ou assistência para pagamento da renda?
   1. Sim 2. Não

17a. Se est. a espera de assistência diga qual? ______________________

18. Qual e o rendimento anual de todos os membros do seu agregado familiar? S__________ por ano

19. Tem vocé dois trabalhos?
   1. Sim 2. Não

19a. Se tem diga os nomes das firmas para quem trabalha ______________________

20. Quantos membros do seu agregado familiar tem trabalho? ______

20a. Onde e que eles trabalham?
   1. ______________________
   2. ______________________
   3. ______________________

21. Tem vocé algum dinheiro que possa dar como uma entrada inicial?
   1. ___ Sim 2. ___ Não

21a. Se tem quanto tem? $__________

22. Qual é a sua etnia (responde se quiser)
   1. ___ Preto
   2. ___ Hispanico
   3. ___ Branco
   4. ___ Asiatico
   5. ___ Outro (especificue por favor) ______________________

70
Appendix B: Survey Instrument

1. 姓名
2. 工卡号码
3. 现住地址
4. 中
5. 地区号码
6. 市/镇
7. 工作单位
8. 工作号码
9. 你住在这个地方多久？
10. 你理想上是否反对公开有房的栋舍？
   1. 是
   2. 否
11. 在这幢建筑，你认为哪一个对你来说是最重要的？
   a. 便宜的房子
   b. 健康帮助
   c. 孩子的帮助
   d. 其他
12. 你的房子是小的还是大的？
   1. 是
   2. 否
13. 你的房子有几间房？
14. 一共有多少人住在你家里？
   (包括你自己在内)
15. 你现在是否在政府的房子里？
   1. 是
   2. 否
16. 你现在对你的房子的情况有问题吗？
   1. 有
   2. 没有
17. 你有没有向政府房管的求助？
   1. 有
   2. 没有
18. 你一年的家庭收入是多少？
19. 除了你的主要工作，你还有没有第二份工作？
   1. 有
   2. 没有
20. 你家中有几个人在工作？
   1. 他们正在做什么工作？
   2. 
   3. 
21. 你有没有任何地休整着可以帮助你付第一期的房子费？
   1. 有
   2. 没有
22. 你是哪种肤色的人？
   1. 白人
   2. 西班牙人
   3. 印度
   4. 非洲人
   5. 其他
### Response Rates by Occupation

<table>
<thead>
<tr>
<th>Occupation</th>
<th>All Hotel Workers</th>
<th>Survey Response</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartender</td>
<td>116</td>
<td>2</td>
<td>1.72</td>
</tr>
<tr>
<td>Bellhop/Houseperson</td>
<td>276</td>
<td>10</td>
<td>3.62</td>
</tr>
<tr>
<td>Bus Person</td>
<td>173</td>
<td>11</td>
<td>6.36</td>
</tr>
<tr>
<td>Cleaner</td>
<td>79</td>
<td>7</td>
<td>8.86</td>
</tr>
<tr>
<td>Cook</td>
<td>234</td>
<td>11</td>
<td>4.70</td>
</tr>
<tr>
<td>Kitchen/Dishwasher</td>
<td>293</td>
<td>21</td>
<td>7.17</td>
</tr>
<tr>
<td>Housekeeper</td>
<td>313</td>
<td>27</td>
<td>8.63</td>
</tr>
<tr>
<td>Linen Room Worker</td>
<td>102</td>
<td>11</td>
<td>10.78</td>
</tr>
<tr>
<td>Room Attendant</td>
<td>435</td>
<td>36</td>
<td>8.28</td>
</tr>
<tr>
<td>Waiter/Waitress</td>
<td>649</td>
<td>11</td>
<td>1.69</td>
</tr>
<tr>
<td>Other</td>
<td>561</td>
<td>34</td>
<td>6.06</td>
</tr>
<tr>
<td>Missing</td>
<td>3</td>
<td>73</td>
<td></td>
</tr>
<tr>
<td><strong>Total Valid Observations</strong></td>
<td><strong>3231</strong></td>
<td><strong>181</strong></td>
<td><strong>5.60</strong></td>
</tr>
</tbody>
</table>

### Response Rates by Area of Residence

<table>
<thead>
<tr>
<th>Area</th>
<th>All Hotel Workers</th>
<th>Survey Response</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chinatown</td>
<td>40</td>
<td>5</td>
<td>12.50</td>
</tr>
<tr>
<td>Fenway/Back Bay/S. End</td>
<td>374</td>
<td>31</td>
<td>8.29</td>
</tr>
<tr>
<td>Roxbury</td>
<td>284</td>
<td>35</td>
<td>12.32</td>
</tr>
<tr>
<td>Dorchester</td>
<td>449</td>
<td>50</td>
<td>11.14</td>
</tr>
<tr>
<td>Mattapan</td>
<td>135</td>
<td>11</td>
<td>8.15</td>
</tr>
<tr>
<td>East Boston</td>
<td>159</td>
<td>12</td>
<td>7.55</td>
</tr>
<tr>
<td>Jamaica Plain/Roslindale</td>
<td>117</td>
<td>9</td>
<td>7.69</td>
</tr>
<tr>
<td>Allston/Brighton</td>
<td>141</td>
<td>13</td>
<td>9.22</td>
</tr>
<tr>
<td>Cambridge</td>
<td>123</td>
<td>12</td>
<td>9.76</td>
</tr>
<tr>
<td>Somerville</td>
<td>128</td>
<td>11</td>
<td>8.59</td>
</tr>
<tr>
<td>Other</td>
<td>1212</td>
<td>56</td>
<td>4.62</td>
</tr>
<tr>
<td>Missing</td>
<td>72</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td><strong>Total Valid Observations</strong></td>
<td><strong>3162</strong></td>
<td><strong>245</strong></td>
<td><strong>7.75</strong></td>
</tr>
</tbody>
</table>

### Response Rates by Tenure in the Union

<table>
<thead>
<tr>
<th>Year Hired</th>
<th>All Hotel Workers</th>
<th>Survey Response</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1983</td>
<td>1024</td>
<td>77</td>
<td>7.52</td>
</tr>
<tr>
<td>1984-86</td>
<td>850</td>
<td>56</td>
<td>6.59</td>
</tr>
<tr>
<td>1987-88</td>
<td>1360</td>
<td>48</td>
<td>3.53</td>
</tr>
<tr>
<td>Missing</td>
<td>0</td>
<td>73</td>
<td></td>
</tr>
<tr>
<td><strong>Total Valid Observations</strong></td>
<td><strong>3234</strong></td>
<td><strong>181</strong></td>
<td><strong>5.60</strong></td>
</tr>
</tbody>
</table>