

**Linking Real Estate Development and Employment:**  
Land Use and Labor Market Choices in the South Boston Seaport District

by  
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B.A., Sociology  
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Submitted to the Department of Urban Studies and Planning  
in Partial Fulfillment of the Requirements for the Degrees of

Master in City Planning  
and  
Master of Science in Real Estate Development

at the  
Massachusetts Institute of Technology  
June 1999

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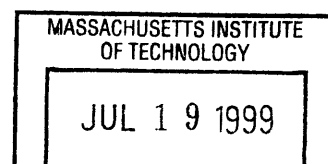
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### **ABSTRACT**

Boston's waterfront has been called the most attractive development opportunity in the United States. The South Boston Seaport District, a 1,000-acre, largely industrial section adjacent to Boston's financial district, is slated for massive redevelopment over the next twenty years. An MIT study done this year for the Boston Harbor Conference estimated that the redevelopment of the district will bring the construction of five thousand new hotel rooms and fourteen million square feet of commercial and residential space. The study predicts that this development will create sixty thousand new jobs in the hotel, retail, office, and entertainment industries over the next twenty years. This development is coming to an area of Boston that has historically been a center of manufacturing and port industries. The employment impacts of this new real estate development will be dramatic and may well represent the final chapter in a story of deindustrialization and a shift to services. While the vast majority of the new jobs in the Seaport will be in offices, the hospitality industry is expected to experience the highest growth rate in the next twenty years. Many of the higher-paying jobs in both sectors may be beyond the education and training of many disadvantaged workers. At the same time, most of the jobs accessible to these workers will be low-paying, insecure service jobs.

During the redevelopment, community groups and policy makers will make choices affecting the prospects of less-educated inner-city job seekers in the Seaport District. Linkage, the payment of an exaction or the provision of other community benefits in exchange for zoning approval, could be a powerful way to improve access, work conditions, wages, and career ladders in the District. To date, linkage implementation has been disorganized and without significant community input. This thesis seeks to answer the question of how linkage and other tools available during the real estate development process can be used to maximize the number of good living-wage jobs in the Seaport District. To answer this question, this thesis will consider the types of jobs to be created in the district, followed by a discussion of linkage programs in other cities, a presentation some technical and legal aspects of linkage in Boston, and an evaluation the application of linkage in Boston in the past. In this evaluation of linkage in Boston, the linkage agreement made in conjunction with the new Boston Convention and Exhibition Center will be discussed, and the Seaport Hotel Community Outreach and Job Readiness Program, the first jobs program funded by linkage in the District, will be presented. The thesis will conclude with some recommendations for improving linkage.

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## Table of Contents

<b>INTRODUCTION .....</b>	<b>5</b>
<i>Overview and Structure of the Thesis .....</i>	<i>6</i>
<b>THEORETICAL BACKGROUND .....</b>	<b>6</b>
<i>Demographic Change in the Inner City .....</i>	<i>6</i>
<i>Industrial Shifts, Declining Real Wages, and Rising Income Inequality .....</i>	<i>7</i>
<i>The “New Economy”: Changes in the Nature of Work and the Service Sector.....</i>	<i>9</i>
<i>What These Changes Mean for Less-Educated Workers.....</i>	<i>10</i>
<i>What Is a Good Job?.....</i>	<i>11</i>
<b>POLICY RESPONSES .....</b>	<b>13</b>
<i>Focus on the Supply Side—Job Placement and Training .....</i>	<i>13</i>
<i>Ways to Improve the Condition of Work .....</i>	<i>14</i>
<i>Change the Employer Mix Through Land-Use Decisions.....</i>	<i>15</i>
<b>CHAPTER 2: EMPLOYMENT IN SOUTH BOSTON .....</b>	<b>17</b>
<b>SOUTH BOSTON’S PAST .....</b>	<b>17</b>
<i>Historical and Political Background .....</i>	<i>17</i>
<i>History of Industry in South Boston.....</i>	<i>19</i>
<b>THE PRESENT: EMPLOYER AND LABOR MARKET CHARACTERISTICS .....</b>	<b>23</b>
<i>Employers in South Boston Since 1990.....</i>	<i>23</i>
<i>The South Boston Labor Supply.....</i>	<i>24</i>
<b>PLANNING FOR THE FUTURE .....</b>	<b>27</b>
<i>The Seaport Public Realm Plan, February 1999.....</i>	<i>28</i>
<i>The Boston Convention Center .....</i>	<i>29</i>
<i>Projections for Job Creation in the Seaport District .....</i>	<i>31</i>
<i>The Hospitality Industry and Hotel Jobs .....</i>	<i>33</i>
<b>CHAPTER 3: LINKAGE.....</b>	<b>35</b>
<b>LINKAGE PROGRAMS IN OTHER CITIES .....</b>	<b>35</b>
<b>LINKAGE IN BOSTON.....</b>	<b>39</b>
<i>Legal and Technical Background on Boston Linkage .....</i>	<i>39</i>
<i>Development Impact Agreement: Negotiations and Decision-Making Process .....</i>	<i>40</i>
<i>DIP Implementation and Administration.....</i>	<i>40</i>
<i>Linkage in South Boston—Projections and Potential Allocation Schemes.....</i>	<i>41</i>
<b>THE SEAPORT HOTEL COMMUNITY OUTREACH AND JOB READINESS PROGRAM.....</b>	<b>44</b>
<i>The Seaport Hotel Linkage Agreement .....</i>	<i>44</i>
<i>Program Design of the Seaport Hotel COJR Program.....</i>	<i>46</i>
<i>The COJR Program in Operation.....</i>	<i>49</i>
<i>Program Evaluation and Strategies for Improvement .....</i>	<i>52</i>
<b>IMPROVING LINKAGE IN THE SOUTH BOSTON SEAPORT DISTRICT .....</b>	<b>55</b>
<i>Streamlining Responsibilities and Administration.....</i>	<i>55</i>
<i>Using Linkage to Improve Access, Working Conditions, and Wages .....</i>	<i>56</i>
<i>Improving Community Input.....</i>	<i>57</i>
<b>CHAPTER 4: CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>58</b>
<b>LESSONS LEARNED.....</b>	<b>58</b>
<b>POLICY RECOMMENDATIONS .....</b>	<b>59</b>
<i>Administration and Systematization.....</i>	<i>60</i>
<i>Program Design.....</i>	<i>60</i>
<b>OPPORTUNITIES FOR COMMUNITY INVOLVEMENT .....</b>	<b>61</b>
<b>BIBLIOGRAPHY.....</b>	<b>64</b>

## List of Tables

TABLE 1: PERCENT DISTRIBUTION OF EARNED INCOME BY SECTOR, BOSTON, 1929 AND 1980.....	8
TABLE 2: POVERTY WAGE LEVELS, FEDERAL AND LOCAL.....	12
TABLE 4: TYPES OF BUSINESS AND NUMBER OF EMPLOYEES IN SOUTH BOSTON AND SUFFOLK COUNTY, 1981.....	23
TABLE 5: ESTIMATED ESTABLISHMENT AND EMPLOYEES BY SECTOR, SOUTH BOSTON 1995. ....	23
TABLE 6: SOUTH BOSTON EMPLOYMENT BY INDUSTRY, 1985 AND 1995 .....	25
TABLE 7: EDUCATIONAL, AGE, AND OCCUPATIONAL CHARACTERISTICS OF EMPLOYED PERSONS IN SOUTH BOSTON BY YEAR MOVED TO BOSTON .....	26
TABLE 8: CONVENTION CENTER FULL-TIME EQUIVALENT EMPLOYEES .....	30
TABLE 9: BOSTON’S GROWTH INDUSTRIES, 1992–2006.....	31
TABLE 10: POSSIBLE SEAPORT DISTRICT BUILD OUT SQUARE FEET AND JOBS .....	32
TABLE 11: PROJECTED LINKAGE REVENUES .....	42
TABLE 12: WORLD TRADE CENTER EXPANSION SQUARE FOOTAGES AND LINKAGE CONTRIBUTIONS.....	44
TABLE 13: PROJECTED JOBS CREATED BY THE WTC EXPANSION .....	45

## List of Figures

FIGURE 1: MAP OF SOUTH BOSTON, THEN DORCHESTER NECK, 1775.....	17
FIGURE 2: MAP OF PROPOSED USES, PRELIMINARY MASTER PLAN.....	29

*In our view, the problem is not that more people have chosen not to work, but rather that demand by employers for less-skilled workers, even those who are willing to work at low wages, has declined. We find it paradoxical that so much attention has been focused on changing the labor-supply behavior of welfare recipients and so little has been given to changing the demand side of a labor market that has been increasingly unable to employ less-skilled and less-experienced workers.*

Danziger, Sheldon H. and Peter Gottschalk, eds.

*Uneven Tides: Rising Inequality in America.* New York: Russell Sage Foundation, 1993.

## Introduction

When I began working in South Boston in the fall of 1997, the community was in shock. In less than a year, there had been seven suicides and twelve drug-related deaths among young people, mostly young men ages 17 to 25. In a tightly knit, mostly Irish Catholic community of about 28,000, almost every long-term resident knew someone effected by these tragedies. Social-service agencies opened crisis centers and served more than three hundred youths in crisis in six months.

At South Boston Neighborhood Development Corporation, I began work on an economic development and job-training program for youths in the construction industry. The deep feeling in the community was that these youths needed the dignity and discipline that solid blue-collar work could provide them. In a traditionally blue-collar community, this sentiment was largely nostalgia, for most of these jobs had left the town almost two generations before.

Clearly, the explanations for the desperation and self-destruction among South Boston youths in 1997 were much more complex than the decline of blue-collar work there. As I near the end of my second year of working with less-educated South Boston job seekers, I have seen a variety of people, each with a unique situation, having difficulty finding work. Many of the people I have worked with have been newcomers both to South Boston and to the United States. The Irish Catholic face of South Boston is changing, bringing a complicated set of identity, race, and political issues. But regardless of ethnic background and community affiliation, the people coming into my office have had two things in common: They live in the central city and they lack higher education. My sense is that structural changes in our economy have left many of these inner-city, less-educated workers behind.

In South Boston, the Seaport District, historically an industrial and port center, is slated for massive redevelopment. In some ways, the redevelopment of the Seaport District will be the final chapter in the deindustrialization and shift to services in South Boston. The nature and types of work available to inner-city workers with a high school education or less is changing drastically. How prepared less-educated Boston job seekers are for this shift is uncertain at best. During the redevelopment phase, policy makers and community groups have some choices and opportunities to affect the future of these workers and their jobs. One tool that could be particularly effective in helping to provide access and training and create better jobs is linkage—zoning regulations that require developers to provide a set of community benefits in exchange for

zoning approval. This thesis explores how linkage could be used to maximize the number of good living-wage jobs available to less-educated Boston workers.

## **Overview and Structure of the Thesis**

The thesis begins with a description of the changes and challenges facing less-educated urban workers in Boston. In the introduction, I propose three policy responses to address these conditions in the South Boston Seaport District: improving the labor supply through job training and placement programs, changing work conditions and wage levels, and altering the demand for labor through land-use decisions. Chapter 2 is background on South Boston, including a brief political and economic history of the town, a look at the demographics and labor supply characteristics, and the current plans for redeveloping the area. In this chapter, I will outline jobs that will result from current redevelopment proposals. Chapter 3 looks in detail at job linkage as a tool for improving the prospects for less-educated workers. I will present some examples of linkage programs around the country and then discuss linkage in Boston. The Seaport Hotel Community Outreach and Job Readiness Program will be presented as an example of how linkage can be used as a tool to leverage improved employment conditions, wages, and job training. The concluding chapter will examine lessons learned from the case studies, some policy recommendations for the South Boston Seaport District during the redevelopment phase, and some ideas about how community groups could get involved in linkage decisions.

## ***Theoretical Background***

The story of industrial South Boston and the people who work there mirrors the story of inner-city employment around the country. In the 1950s, large numbers of middle-income whites left older cities for the suburbs as private cars and single-family homes became widely affordable. Growth in transportation infrastructure and cheaper land in the suburbs and the South led to the migration of factories from older central cities. With the recession of the late 1970s, concentration of poverty, unemployment, and crime in central cities rose. In the early 1980s, real wages for high school graduates began to drop sharply. In the last thirty years, jobs available to workers with a high school education have become fewer and different in nature and industry. In the next few pages, I will elaborate on these trends and then present some explanations for them.

## **Demographic Change in the Inner City**

In 1950, most people working in cities lived there. Nearly 70 percent of the population in 168 metropolitan areas lived in the central city. Then the population of cities, mostly middle class, emptied out into the suburbs. In 1990, more than 60 percent of the population in 360 urban areas lived in suburbs.<sup>1</sup> Affordable mortgages, private cars, and a federally financed highway system made the single-family suburban home the American ideal.

Within central cities, population density has declined more than 50 percent in this period.<sup>2</sup> Many inner city neighborhoods became increasingly poor in the late seventies and early

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<sup>1</sup> Rusk, 1993. *Cities Without Suburbs*, p 5.

<sup>2</sup> Rusk, 1993: 7.

eighties. William Julius Wilson notes that nearly 1 in 7 central-city census tracts in 1990 were ghetto or poverty tracts, twice the rate in 1970.<sup>3</sup> (Poverty tracts are those in which at least 20 percent of residents have incomes below the poverty level, and ghetto tracts are defined as those with 40 percent of the population below the poverty line<sup>4</sup>.) The rate at which cities became increasingly poor between 1970 and 1990 is indeed alarming. Between 1970 and 1980, 579 new tracts slid into the ghetto category. Six hundred twenty-four more did the same in 1980 through 1990.<sup>5</sup>

Boston's demographic makeup followed these trends. Between 1930 and 1980, Boston's population declined by 330,000. During this same period, nonwhites grew from 3 percent to 26 percent of the city's population.<sup>6</sup> According to the 1990 census, South Boston had three of the ten poorest white census tracts in the country.

Wilson is concerned about these poverty tracts populated by people he refers to as "the new urban poor." These people live in racially and economically segregated neighborhoods where a "substantial majority of adults are either unemployed or have dropped out of the labor force altogether."<sup>7</sup> This economic segregation breaks down the social bonds and human capital that facilitate mobility. Without informal employment networks and access to education, the new urban poor are at an extreme disadvantage in modern labor markets. For men in the lowest wage quintile, real wages have dropped more than 30 percent between 1970 and 1989. On average, in 1987–1989, low-skilled men were jobless eight and a half weeks longer than they were in 1967–1969.<sup>8</sup> While the work prospects of less-skilled women are slightly improved in the last forty years, their advances relative to men are largely due to a decline in wages and employment for men.

### **Industrial Shifts, Declining Real Wages, and Rising Income Inequality**

What has created these ghettos, where generations remain jobless? Wilson concludes that the answer is complex. Without employed role models and contacts, it's very difficult for young people growing up in these socially and economically isolated neighborhoods to obtain steady employment. Middle-income flight to the suburbs and housing discrimination may also be partly to blame. However, Wilson argues that fundamental changes in our economy have resulted in a nationwide decline in fortunes of less-skilled workers, particularly African-American men. Where once our cities had plenty of blue-collar jobs available to less-educated workers, many of those jobs have disappeared.

Likewise, in the 1980s, Boston experienced substantial decline in industries employing workers with a high school degree or less, while industries employing more educated workers

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3 Wilson, *When Work Disappears*. 1996. P 14

4 Wilson, 1996: 6

5 Wilson, 1996: 14

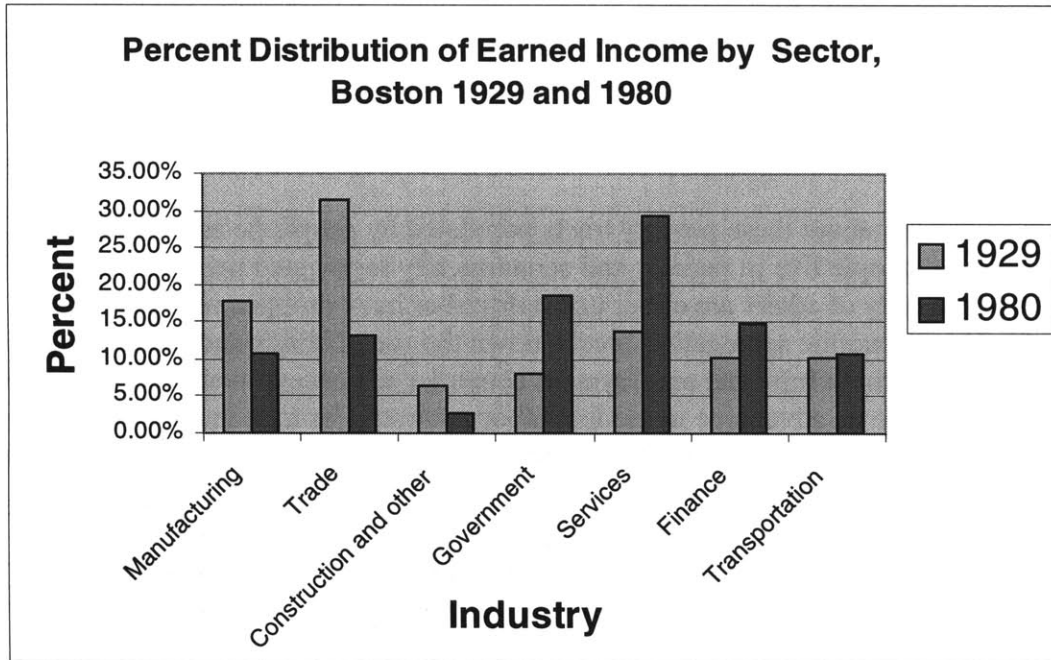
6 Brown, 1992: 7

7 Wilson, 1996:19

8 Wilson, 1996: 25.

grew dramatically.<sup>9</sup> In 1929, nearly half of earned income in the city came from the trade and manufacturing sectors, while these two sectors contributed only one-fourth of the total in 1980. At the same time, income in service grew from 14 percent to 29 percent of the city's earned income.<sup>10</sup>

**Table 1: Percent Distribution of Earned Income by Sector, Boston, 1929 and 1980**



Source: *Regional Economic Information System, Bureau of Economic Analysis*

In *New Dollars and Dreams*, Frank Levy also describes declining real wages for high school graduates and adds to the story rising income inequality. Levy also suggests that blaming for wage stagnation and inequality on the shift to services is an oversimplification. As Levy sees it, three factors are important to understand the changes in the post-World War II economy: the growth of labor productivity, the level of skill bias, and the quality of the nation's equalizing institutions, such as education, unions, and trade regulations.<sup>11</sup> The shift to services is connected to these factors, but perhaps not causally.

Many economists have blamed the shift to services for declining worker productivity, which has resulted in declining real wages. Levy finds, however, that productivity declined across all sectors, including manufacturing and services, in the 1970s and 1980s.<sup>12</sup> If we confine our discussion to males with a high school diploma or less, the story becomes somewhat clearer. Until the 1970s, nearly one-third of men with a high school education or less found middle-

9 Wilson, 1996: 32.

10 Brown, 1992: 12

11 Levy, *New Dollars and Dreams*. 1998: 3.

12 Levy, 1998: 59.



income jobs in manufacturing.<sup>13</sup> When these jobs disappeared, we see the effects that Wilson described. While manufacturing jobs were disappearing, well-paying service-sector jobs were increasing in number, but they require substantially more education. This is what Levy is referring to as skill bias.

Globalization is a major factor in these economic changes. Globalization of labor markets, trade, and capital mobility have contributed to the skill bias and the decrease in the demand for low-skilled workers. According to the Heckscher-Ohlin-Samuelson factor endowments model, if one country has an abundance of low-skilled labor and another country has a relative abundance of highly skilled labor, both countries will be better off if they develop industries that utilize their relative labor surpluses. This will result in a larger skill premium in the high-skill country and a lower skill premium in the low-skilled country. According to Dani Rodrik, actual measures of this premium as a result of trade are small, but if you add labor mobility (immigration) to the mix, “about 40 percent of the increased wage differential between high school dropouts and other workers can be attributed to these two forces at work.”<sup>14</sup> Add to this the use of labor-saving technology to stay competitive with cheaper labor abroad, and trade certainly has a sizable impact on the demand, and consequently wages, for low-skilled workers.

This skill premium leads to growing wage inequality in developed countries. Greater demand elasticity results in greater wage inequality both between and within skill groups. While skilled workers’ incomes have risen in the United States in the last five years, low-skilled workers’ incomes have been falling. Rodrik asserts that some of this inequality is due to greater short-term volatility in wages.<sup>15</sup> This volatility may come from more frequent job loss, longer spells between jobs, and lower pay once a new job is found. These are fundamental changes in how we think about work and employment. Gone is the postwar picture of stable, lifetime employment with increasing wages and a good retirement. As Levy says, it’s becoming difficult to create “good jobs” for less-skilled workers in a global economy.

### **The “New Economy”: Changes in the Nature of Work and the Service Sector**

These labor market trends are fundamentally transforming employment relationships. The fault lines between workers who are mobile and skilled enough to prosper in a global economy and those who are not are widening. While all workers may be subject to global pricing and demand shocks and are forced to bear a larger share of training costs<sup>16</sup>, less -skilled workers are disadvantaged in dealing with these challenges. Job insecurity is increasing, and companies are more frequently relying on contingent, contract, and temporary workers.<sup>17</sup>

The service sector now employs three-quarters of the workforce. But the service sector is very diverse: There are lots of good service jobs and a lot of bad ones. High-skill service jobs in

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13 Levy, 1998: 61

14 Rodrick, *Has Globalization Gone Too Far?* 1997: 14

15 Rodrik, 1997: 21.

16 Rodrick, 1997: 4-5

17 Capelli, ed., *Changes at Work*. 1997: 89.

the information and knowledge-intensive sectors have experienced high growth and rising wages. On the other hand, low-skill, low-wage service jobs have also grown. A large share of service jobs pay minimum wage and have poor benefits and little job security. In their study of employment shifts in the 1970s and '80s, Applebaum and Albin find that information and knowledge-based service jobs added 9 million jobs to the economy between 1973 and 1986. Other service jobs added 11.2 million, 7.7 million of them in sectors with median wages one-third or less below median wages in industrial sectors. The proportion of part-time jobs in these other service sectors ranged from 25 percent to 40 percent.<sup>18</sup> This has led economists to characterize service sectors as producing dual labor markets—one high-wage and high skill, the other low-wage and low-skill, with very little in between. Levy sums it up well when he says “in politically incorrect language, the service sector contained two kinds of work: jobs for people with a good education and women’s jobs.”<sup>19</sup> For example, of single mothers in the workforce in 1993, 44 percent worked in clerical occupations and 27 percent in services for a total of 71 percent low-level service jobs.<sup>20</sup>

While even the nature of employment in “good” jobs is changing, the broken social compact between workers and employers is particularly hard on less-educated workers. The strong internal labor markets that were idealized in the early part of the century have given way under vertical disintegration. Increased competition and new technology has brought competitive pressures inside the firm, resulting in layoffs and downsizing even when times are good.<sup>21</sup> To stay competitive and adjust to globalization, firms have placed a great deal of emphasis in flexible production. But, as Bennet Harrison says, contingent work, job insecurity, and growth in wage inequality is the dark side of flexible production.<sup>22</sup> Career ladders within firms once helped workers prepare for other work, improve their skills, and raise their wages over their working life. With these institutions and supports gone, some workers, particularly less-educated workers, will have difficulty navigating the rapidly changing work world. The low-wage service sector job that might have once led to a better job is now very often a dead-end job no matter how well the worker performs.

### **What These Changes Mean for Less-Educated Workers**

In his book, *What Employers Want: Job Prospects for Less-Educated Workers*, Harry Holzer presents the results of telephone surveys of more than three thousand employers in four major cities—Atlanta, Boston, Detroit, and Los Angeles. His findings reinforce the trends discussed above. Holzer found that the vast majority of jobs available to less educated workers are in the retail trade and service industries. Most of these jobs, particularly in central cities, were white-collar jobs requiring “the daily performance of one or more cognitive/social tasks, such as dealing with customers, reading and writing, arithmetic calculations, and the use of computers.” Employers determined if workers could perform these tasks either through word

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18 Noyelle, ed, *Skills, Wages and Productivity in the Service Sector*. 1990: 33.

19 Levy, 1999: 61

20 Albelda, *Glass Ceilings and Bottomless Pits*. 1997: 66.

21 Capelli, et al, 1997: 4.

22 Harrison, *Lean and Mean*. 1994.

from informal referrals or by examining credentials. Only 5 percent of non-college jobs in central cities required no credentials such as high school diplomas, previous experience, or specific training.<sup>23</sup> This results in both a severe shortage of available jobs for less-educated inner-city workers and a shortage of qualified workers to fill most jobs in the inner city.

A 1998 survey of Boston employers performed by The Center for Community Economic Development had similar findings and also highlighted the importance of soft skills. The study chose fifteen high-growth occupations for people with a high school education or less and interviewed 298 employers in these occupations. Formal education, personal references, work histories, and soft skills were very important criteria for hiring in all of these occupations. While 21 percent of employers surveyed stated that a high school education was not a requirement for the job, only 8 percent of the workers in these jobs lacked a diploma.<sup>24</sup> When asked to rate the most important qualifications these jobs, 82 percent of employers responded that references were absolutely necessary or strongly preferred. Sixty-eight percent of employers said that recent work experience was necessary or strongly preferred.<sup>25</sup> Politeness, English proficiency, and soft skills were very important to employers, as 75 percent of these jobs required workers to talk face-to-face with clients, and 54 percent required workers to talk with clients over the phone. Only cooks and janitorial workers did not require strong English skills.

### **What Is a Good Job?**

A living wage allows a working person to support herself and her family. A common way to measure a living wage is to use federal poverty guidelines divided by the number of hours a full-time employee works in a year to get an hourly rate. However, federal poverty guidelines are standardized for the United States, and in high-cost cities like Boston, a cost-of-living multiplier is more appropriate. MassInc, in its December 1998 study of the Massachusetts economy, suggests that Boston's cost of living is 17 percent higher than the national average. The chart below gives the minimum hourly wage according to this methodology.

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23 Holzer, *What Employers Want*. 1996: 127.

24 Hertz, *Whom Do They Hire?* 1998: 1.

25 Hertz, 1998: 8.

**Table 2: Poverty Wage Levels, Federal and Local**

Living Wage Standard for Boston

Family Size	Federal Poverty Guideline (annual)	With Mass. multiplier	Hourly wage for full-time worker
1	\$8,240	\$9,640.80	\$4.82
2	\$11,060	\$12,940.20	\$6.47
3	\$13,880	\$16,239.60	\$8.12
4	\$16,700	\$19,539	\$9.77
5	\$19,520	\$22,838.40	\$11.42
6	\$ 22,340	\$26,137.80	\$13.07
7	\$25,160	\$29,437.20	\$ 14.72
8	\$27,980	\$ 32,736.60	\$16.37

Source: Author's calculations from numbers on the U.S. Department of Health and Human Services Web site

Even this hourly rate, which is above the national minimum wage for any family unit besides a single person, is conservative. According to the National Low-Income Housing Commission, \$15 per hour is the minimum wage for a family to afford a two-bedroom apartment in Boston. For a single mother with two children, Chris Tilly and Randy Albelda estimate that minimum expenses, including child care, health care, and transportation to work, come to \$2,125 monthly, or about \$12.75 per hour for a full-time job.<sup>26</sup> Harvard's recent living-wage campaign suggested the modest amount of \$10 per hour as a step in the right direction.<sup>27</sup>

Several cities, including Boston, have been successful in instituting a living-wage requirement for all firms receiving contracts, grants, loans, tax breaks, or other financial benefits. Boston's ordinance covers projects where these contracts and benefits are worth at least \$100,000. The living wage was set at \$7.49 for Boston in 1998, but we can see that federal poverty guidelines for a family of three have already surpassed this level.

Good jobs have career ladders: They provide opportunity for advancement and higher wages over time. Since career ladders within firms, particularly for less skilled occupations, have broken down, multi-employer institutions may hold some hope. Industry-specific training, labor rules for internal promotions, and stronger employment networks can also be elements of career ladders.

Employment security and regularity are important qualities of good jobs. At a time when contingent work is on the rise, layoffs are common, and many part-time workers would like to work full time, this is very difficult to achieve. Seasonal employment is also a problem, especially in industries like construction and hospitality. Finally, good jobs are jobs that people can get and hold—in this case, jobs that less educated inner-city workers have access to and are qualified for. This may mean that jobs have special support systems required by the population of job seekers. For example, hours of work and child care might be important for people coming

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<sup>26</sup> Albelda, 1997:58.

<sup>27</sup>"The Harvard Living Wage Fact Sheet" on the Harvard Web site.

off welfare or single mothers. In the case of South Boston, there is a shortage of jobs available to young people with criminal records—hotels and offices generally will not consider them. However, skills and qualification mismatch between jobs and job seekers is not the primary focus of this thesis. I will discuss briefly some of the characteristics of the labor supply in the next chapter, but only to provide a context for discussing linkage, and not as a research project, which it is in and of itself. The primary focus of this thesis is how we can alter the demand side of the equation in the real estate development process using linkage.

## ***Policy Responses***

In response to these changes in our economy and job prospects for less-educated workers, three general types of policy responses come to mind: focusing on the labor supply through job-placement and training programs; trying to change work conditions through unions, wage campaigns, and sectoral strategies; and changing demand by changing the mix of employers through industrial policy and land-use decisions.

### **Focus on the Supply Side—Job Placement and Training**

One of the most common policy responses to the changes discussed in the previous section is to presume that there is a skills gap and that better education and job training could fill this gap. Indeed, most current practice and the bulk of resources are directed at this strategy, with good reason.<sup>28</sup> Globalization and restructuring have pushed skills and responsibilities down to lower levels of employment in both the service and goods-producing sectors. Bureau of Labor Statistics projections suggest that skill requirements will continue to increase. As middle and lower management is scaled back, its responsibilities are falling more and more on workers themselves. The number of jobs requiring a college degree is projected to rise 39 percent between 1990 and 2005.<sup>29</sup> The flip side is that the number of jobs for workers without higher education is declining, causing crowding and falling wages among the lower-skilled workforce.

Job training, especially in conjunction with specific employers or industries, is essential to improving opportunities for less educated inner-city workers, particularly minorities. Unfortunately, training programs in isolation have had limited success as antipoverty strategies. Mueller and Schwartz, in their article “Why Economic Development and Employment Training Fail for Low-Income Communities” suggest this lack of success is partially due to an inability of the strategy to address structural issues. Job training and placement strategies rely on the premise that cyclical demand or frictional factors cause unemployment. However, they fail to address structural barriers, such as discrimination or a shortage of good jobs for less skilled workers.<sup>30</sup>

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28 Giloth, *Jobs and Economic Development*. 1998: 42.

29 Capelli, 1997: 15

30 Giloth, ed., 1998: 51

## Ways to Improve the Condition of Work

Education in itself cannot make low-wage jobs disappear. Herzenberg, et al, argue in the book *New Rules for a New Economy* that the rise of low-wage service sector jobs is not inherent in these sectors, but rather “exist[s] because some work systems are not organized to raise performance in ways that might lead to higher wages.”<sup>31</sup> Herzenberg suggests a set of policy responses to attack low wages, rising job insecurity, and lackluster economic performance.<sup>32</sup> These policy responses change work conditions and would be good for both employees and employers, according to Herzenberg.

First, he and his colleagues suggest raising the minimum wage. While some business leaders will object because this will cause some businesses to fail and dampen job growth, Herzenberg argues that over time, productivity may actually increase because firms will be required to compete on the basis of efficiency rather than cost. Second, in response to downsizing and declines in mobility of skills and job security, Herzenberg says that we must construct career ladders that cut across firms. He calls these “career staircases” and suggests that policies such as skills standards, training institutions, and multi-firm job-referral systems encourage these staircases. Finally, Herzenberg suggests a renewal and reinvention of craft-like unions. Not only would these unions reinforce the other two suggested policy responses, they would also help raise productivity through better-prepared workers. But, Herzenberg argues, U.S. labor laws and unions are largely outdated and not equipped to deal with the modern reality of small companies and multi-firm careers.

There are a number of strategies that community and labor organizations have used to raise minimum wages, create career ladders and more job security, and address the special needs of job-seekers such as single mothers or welfare recipients. As mentioned earlier, living-wage campaigns have achieved some success in several cities in raising the minimum wage.

Sectoral strategies show hope in reorganizing work as Herzenberg envisions it. According to an Aspen Institute study, sectoral initiatives “target an occupation within an industry, and then intervene by becoming a valued actor within that industry—primarily of the purpose of assisting low-income people to obtain decent employment—eventually creating systemic change within that occupation’s labor market.”<sup>33</sup> Sectoral initiatives define the problems faced by disadvantaged workers as an absence of marketplace relationships. They focus on the demand side of the equation by changing work schedules, conditions, pay, and organization. They do this by offering valuable services in an industry, perhaps in the form of well-prepared motivated workers or in new and efficient forms of organizing work. Some sectoral initiatives are businesses in themselves, such as Cooperative Home Care Associates in the South Bronx, while others are more like trade associations, like the Chicago Manufacturing Institute.

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31 Herzenberg, et al, *New Rules for a New Economy*. 1998: 16.

32 Herzenberg, 1998: 14.

33 Clark, *Privately Initiated Sectoral Strategies*. 1995: vi.

Similar to sectoral strategies, multi-employer institutions can help create career ladders across firms. For example, skills standards and certifications developed by a trade association might help people move up a career staircase in a particular industry. In the Seaport District, a culinary trade association or training institution might help train and place workers in jobs throughout the District and help entry-level workers move up to higher-paying semiskilled positions.

As I will discuss in Chapter 3, linkage and other mechanisms available during the development process could encourage and support these strategies. City living wage regulations currently only apply to city contracts and other publicly funded projects. With linkage, they could be a condition of any zoning exceptions (which would be almost all of the new development). Sectoral strategies and multi-employer institutions could be funded through linkage. Linkage agreements with employers could ensure initial interest and participation in these institutions until a critical mass is reached and the institutions become valuable to employers in themselves. Unionization, through the use of neutrality card agreements, could be a condition of new development. Trade unions could be strengthened by making linkage or other public funds available to them for training and programming in the district.

### **Change the Employer Mix Through Land-Use Decisions**

Clearly, the types of uses in the new Seaport District development will influence the types of jobs available in the district. In the past, the Seaport District has been largely industrial, and the vast majority of jobs created by the new development will be office jobs. The type of use will also influence the density of jobs. Hotels require about 1,150 square feet per worker, while offices average about 250 square feet per worker and industrial about 585 square feet per worker.<sup>34</sup> Likewise, average wages, job security, working conditions, and degree of unionization will also depend on land-use decisions made at this stage in the development of the district. Manufacturing jobs, for example, have higher average wages, better job security, and a higher degree of unionization than service-sector jobs such as hotels. However, it is quite likely that as land values rise, industrial and port uses will be priced out of South Boston unless some public intervention occurs.

This intervention could come in the form of an industrial policy. In a collection of articles on the subject, Harry Goldstein defines industrial policy as “a coherent mix of specific policies whose principal targets are industrial or producing sectors of the economy.”<sup>35</sup> There is a strong and vocal contingent, including South Boston leaders and the Boston Harbor Association, advocating the preservation of some industrial and port uses.<sup>36</sup> While I will not attempt to make

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34 Office and hotel square feet based on the Seaport Public Realm Plan. Industrial square feet numbers are based on 1989 data in Industry in South Boston. See Chapter 2.

35 Goldstein, 1986: 2.

36 The Boston Marine Industrial Park is one example of an industrial policy to preserve manufacturing. The Economic Development and Industrial Corporation (a quasipublic entity and now division of the Boston Redevelopment Authority) bought the park, which was formerly a military base, in 1974. EDIC renovated the deteriorating base and has drawn a large number of private industrial firms. The park has been very successful, both financially and in terms of accomplishing its public goals of preserving manufacturing and port jobs in the City of Boston.<sup>37</sup> O'Connor, 1995: 47

comprehensive projections based on the outcome of this debate, in Chapter 2 I will discuss briefly some of the labor market implications of the current proposals. The industrial policy question will not be dealt with directly in this thesis except to point out a few differences in the lost industrial jobs in the Seaport District and their replacements in the service sector.

In Chapter 3, I will propose ways that linkage can be effective in implementing the first two of these strategies. Job training and placement programs funded through linkage could provide better access to jobs and help a larger number of disadvantaged worker qualify for good jobs in the Seaport District. Linkage agreements could set a higher minimum wage. Career ladders and “staircases” could be encouraged through the creation of better training infrastructure and multi-employer institutions. Better career ladders will bring better job security. These are just a few benefits for less educated workers that could be leveraged using linkage. I will return to some of these possibilities in the conclusion, after I take a closer look at the conditions facing workers in the Seaport District, the use of linkage in Boston and elsewhere, and an example linkage program. Now let us turn to some background on South Boston and the redevelopment proposals to set the stage for a discussion of linkage.



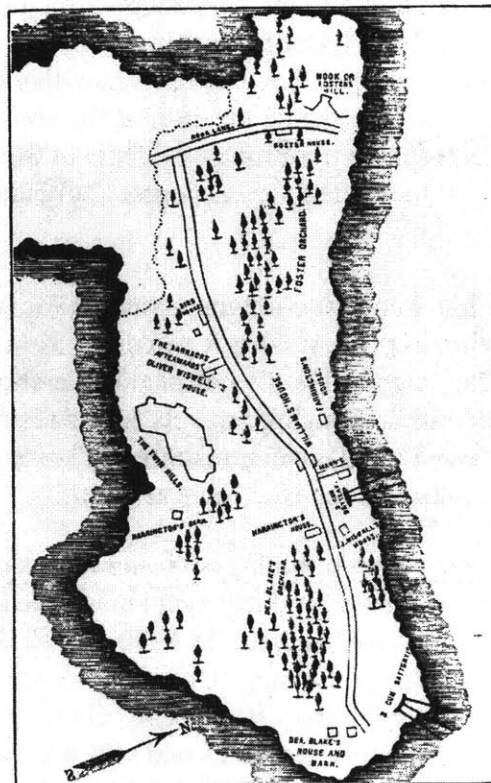
# Chapter 2: Employment in South Boston

## South Boston's Past

### Historical and Political Background

South Boston sits on a peninsula that juts out from the mainland to the east and just south of Boston's downtown financial district. The peninsula has a long history of European settlement dating back to 1630, when some of John Winthrop's colonists with the Massachusetts Bay Company settled there. The peninsula remained mostly rural for more than 150 years, serving as naturally contained pasturing land, surrounded by water on all sides but one. During the Revolutionary War, it was from South Boston that General George Washington launched the attack that forced the British evacuation of Boston. As the Boston economy and population expanded after the war, real estate developers began to look toward bucolic South Boston, then called Dorchester Neck, as a possible site of new residential development. In 1804, the City of Boston annexed Dorchester Neck, much to the chagrin of many local residents, and in 1805 a toll bridge to the peninsula was constructed. In the mid-1900s, South Boston became the site of many hospitals, schools, and public institutions.

Figure 1: Map of South Boston, then Dorchester Neck, 1775



Henry Pelham's plan of Dorchester Neck, drawn for the British Army's use in 1775.

In the 1820s and '30s, large numbers of Irish immigrants began to settle in Boston. At first they found homes in other parts of the city, in congested quarters near the waterfront, close to the docks and wharves. But as South Boston grew into a center for heavy industry, shipping, and manufacturing, the Irish moved to the peninsula in larger numbers. Anglo-Saxons still made up the majority of South Boston residents, until the potato famines and massive Irish exodus of the mid-nineteenth century brought extremely poor and largely unskilled Irish immigrants to South Boston's "lower end."

From the outset, the Irish in Boston were outside the dominant Anglo-Saxon Protestant New England society. As a flood of desperately poor, uneducated immigrants entered the city, discrimination and resentment of the Irish mounted. At the time, Boston's economy was based on finance, commerce, and trade rather than crafts and manufacturing, so the city had little economic opportunity for these immigrants. Working-class Anglo-Saxons began to consider the Irish a threat to their jobs and lashed out. Irish Catholics were also separate culturally from the dominant Boston society in their religious and educational systems. Hateful press and shocking "exposés" on Irish culture, religion, and intemperance were common, and violence finally erupted in 1934, when a group set fire to a convent in Charlestown.<sup>37</sup>

By the late 1850s, South Boston was becoming a cohesive, overwhelmingly Irish Catholic community. Expecting continued bad treatment, the South Boston community needed to develop political power to protect themselves and became very adept at the political game. In 1884, Hugh O'Brien became the first Irish-born Catholic mayor of Boston. Personal loyalty and favors became the cornerstone of "ethnic" ward politics. An us-versus-them mentality has marked South Boston's political history. The geographic location of the area has contributed to its sense of separation. For more than a century, the traditional residents of South Boston have lived and worked together in the face of what they often saw as neglect or disdain from other parts of the city.<sup>38</sup>

Southie has used this political power to obtain amenities for the community in some cases, while at the same time trying to prevent what it perceives as interventions by outside experts. After the Depression, the neighborhood's political leadership in Washington obtained one of the first and much-coveted public-housing projects for its district. In 1974, South Bostonians came together to oppose forced busing, resulting in some of the most visible and violent episodes of racial confrontation in the Northeast at the time.

The history of South Boston is one of both power and poverty. On the one hand, income segregation and unemployment levels have for thirty years made the lower end look much like many of the ghettos William Julius Wilson studied. In 1990, South Boston had three of the ten poorest majority-white census tracts in the country. Unemployment rates in the neighborhood's three public housing developments is more than 40 percent. On the other hand, South Boston has produced a steady stream of powerful political figures and still wields considerable influence in

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38 O'Connor, 1988: 124.

local, state, and federal government. To confuse the picture further, South Boston has the perhaps-justified reputation for being one of the most violently racist communities in New England. Therefore, the usual conflation of race and poverty break down in South Boston—until fairly recently, the area has been majority white, poor, and urban.

As someone who has working in South Boston, I recognize that apparently “rational” policies can be undone by local political attitudes. In his book *South Boston: My Home Town*, Thomas O’Connor describes an incident that illustrates the difference between the “rational” politics I propose and the more relationship-based “ethnic” politics of South Boston:

*A proper Beacon Hill dowager went ringing door bells in South Boston on behalf of her candidate for the school committee. At one house, an Irish housewife listened politely to the lady’s appeal and then asked, “But doesn’t he have a sister who works for the schools or has something to do with the school system in Boston?” The Boston lady drew herself up and said haughtily, “I assure you, madam, he’s not the sort of man who would ever use his position to advance the interests of his sister!” Whereupon the South Boston lady responded, “Well, if the sonuvabitch won’t help his own sister, then why should I vote for him?” and slammed the door.<sup>39</sup>*

The policy goals I propose in this thesis are designed to serve less-educated, inner-city workers, equitably and across political lines. Those involved in South Boston politics may not see it that way. To some, my proposals may seem naïve and impersonal. South Bostonians may be holding out for something better for their own community. It is unlikely that this closed concept of the South Boston community will survive as new residents move in to the area and the new economic reality of the Seaport District takes hold. It will be a serious challenge for South Bostonians to see these changes as opportunities and not threats. As long as the changes are viewed as threats to a narrow community interest, South Boston runs the risk of being ignored or even ridiculed by more dominant, rational politics.

### **History of Industry in South Boston**

Industry and port uses first drew Irish and other immigrants to South Boston. The industrial area is to the north of the original residential settlement. After Boston annexed the peninsula in 1804, landfill projects began to create new sites for commercial and industrial development. In the early part of the nineteenth century, South Boston became popular for expanding heavy industrial uses. The first flint-glass factory in the United States, Cain’s Phoenix Glass Works, located in South Boston during the War of 1812. Ironworks and printing were also rapidly growing industries on the peninsula during this time. After the construction of the Old Colony rail line, two locomotive works came to the area. By the middle of the century, shipbuilding was of major importance, with many famous producers of both commercial and pleasure crafts located in the neighborhood. Irish immigrants who worked in many of these industries began to move to South Boston in large numbers.

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39 O’Connor, 1988, pp 84-85.

By the 1880s, many of these larger glass and iron plants began to close down or move to other parts of the country. Many of the older factories were outdated and could not keep up with technological progress. Glass manufacturing in South Boston virtually disappeared as production processes mechanized. A decline in government orders for iron after the Civil War forced many of these plants out of business. Blast-furnace production in newly industrialized cities like Pittsburgh brought factories closer to the raw materials from coal and iron mines in Appalachia, and South Boston industries could not compete.<sup>40</sup> Retail establishments along Broadway became major employers as the town reached its peak population of about 72,000 in 1910. In the ashes of the iron- and glassworks, mercantile and wholesale trade firms rose, fueled by major transportation infrastructure advantages in railways, shipping, wharves, and docks.

While many of the heavier industries left South Boston in the latter part of the nineteenth century, the area maintained its manufacturing character both in terms of residents and industries located there. The area became increasingly residential toward City Point, but most lower-end residents were artisans and mechanics, and light manufacturing grew in importance. Major employers included Standard Sugar Refinery, which employed more than a thousand people; two breweries; textile manufacturers; and in 1842, a large, new firm, Walworth Manufacturing Company, producing pipes, valves, and fittings and employing nearly fifteen hundred workers. Smaller leather and wool manufacturers continued to prosper along with shipping and wholesale trade. Gillette Razor Company, a relative latecomer in 1901, began as a small shop over a local hardware store. Fishing and seafood processing were also prominent during this period.

The marine base in South Boston was constructed during World War I at an estimated cost of seventy-five million dollars. Boston became the military and naval headquarters of New England and the principal port of origin for war shipments to Europe.<sup>41</sup> Even as the fighting continued in Europe, Boston workers joined in a wave of strikes that were precursors to the industrial strife of the 1920s and '30s. Five thousand New England fishermen initiated a strike that lasted more than a month and included a range of maritime workers. For years after the war, strikes intensified as railroad workers, electricians, actors, metalworkers, policemen, and telephone operators in Boston all staged walkouts.

The police strike of 1919 was particularly traumatic for South Boston. The strike began in September and resulted in rioting and looting for several days. State troops were summoned, and a violent confrontation left two striking officers dead on West Broadway in South Boston. The town was occupied for two months until an entirely new police force could be assembled, mostly from newly discharged veterans. Many families in South Boston felt the effects of the strike long after it ended, as former policemen were never allowed to return to work and remained unemployed.

The strike also reinforced class tensions. The rioting and violence took place mostly in the working-class lower end of South Boston. Upper-income residents of the City Point area,

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40 O'Connor, 1988: 65-66.

41 O'Connor, 1988: 162.

where many community leaders lived, failed to aid the striking policemen and wanted to distance themselves from the violence of the riots.

During the Great Depression, employment at many local factories declined or disappeared. From July 1931 to December 1932, unemployment in Boston averaged almost 30 percent.<sup>42</sup> Most textile and leather producers shut down completely over the next ten years as these industries headed south. Simultaneously, Boston was in decline as a shipping area. The value of goods and cargo passing through the port dropped markedly between 1925 and 1930, and passenger traffic did not make up the difference.<sup>43</sup>

Manufacturing in Boston did not return to 1929 levels until the late 1940s.<sup>44</sup> Factories like Walworth Manufacturing, Commercial Filters, Linde Air Products, United Car Fasteners, and others geared up for wartime production by adding a nighttime Victory Shift. During the war, the demand for armaments and related goods exploded, boosting real earned income in manufacturing in Boston by 52 percent during the 1940s.<sup>45</sup> Between 1940 and 1950, manufacturing earned income grew 52 percent and construction grew 70 percent.<sup>46</sup> At the same time, migration to the suburbs was starting to effect the city, as Boston's share of metro-area earned income fell from 46 percent to 42 percent.<sup>47</sup>

However, even World War II could not save some industries late in their product life cycles, as textile plants continued to abandon New England for the South. The leather and footwear industries went into decline as well. The shipping industry, once a mainstay of the South Boston economy, was a thing of the past. And the huge army base in South Boston was scaling back its operations.<sup>48</sup>

The 1950s brought growth to the Boston metro area, as all sectors with the exception of trade grew. Finance, insurance, and real estate (or FIRE industries), services, and government began to contribute larger shares of income to the Boston area economy in the 1950s compared to the 1940s.

Between 1967 and 1975, Boston's earned income in trade and manufacturing declined 21 percent and 23 percent, respectively, dropping below 1929 levels.<sup>49</sup> Manufacturing fared better in the suburbs, where it experienced a decline of only 4 percent. In the recovery of the late 1970s, Boston manufacturing income grew by 8 percent, which was poor compared to the suburbs, but a

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42 O'Connor, 1988:184.

43 O'Connor, 1988: 191

44 Jeffrey Brown, 1982. "Profile of Boston, 1929-1980." Boston Redevelopment Authority Research Department., p 25.

45 Brown, 1982:29.

46 Brown, 1982: 30.

47 Brown, 1982: 30.

48 O'Connor, 1995: 209.

49 Brown, 1982.: 33.

reversal of years of decline.<sup>50</sup> Nonetheless, shrinking defense-industry manufacturing and employment threatened many South Boston industries. As home to the Naval Annex and adjacent Army Terminal, South Boston was particularly vulnerable to defense cutbacks. Thousands of troops and ships passed through the Annex at its peak during World War II, but not even fifteen years later, the military dramatically scaled back its operations at these facilities. By 1970, the bases were nearly empty and in extreme disrepair.

In the early 1980s, large investments in new buildings and rehabilitation of older buildings and infrastructure helped the city stem the industrial decline of the 1970s. Commitments from a number of manufacturing firms, including Teradyne, Wang, H.P. Hood, and Gillette, to remain or expand in greater Boston ensured the survival of a small manufacturing base.<sup>51</sup> EDIC's industrial parks were instrumental in this preservation of manufacturing, particularly in South Boston, where industry was a mainstay of employment.

In 1980, South Boston had 15 percent of the city's manufacturing jobs and 17 percent of wholesale trade employment. The neighborhood had a smaller share of service employment in 1980, 14 percent of the city's total. Thirty-four percent of jobs in South Boston in 1981 were in manufacturing, and 16 percent were in wholesale trade.<sup>52</sup> Between 1981 and 1985, industrial firms consistently provided more jobs than services, and FIRE firms. In 1981 34 percent of all jobs in South Boston were in industrial activities, with 35 percent in manufacturing, 7 percent in transportation, and 12 percent in wholesale trade. Thirty-one percent of South Boston's jobs were in the service or FIRE sectors. However, industrial jobs decreased by 6 percent during this period, while employment in services and FIRE industries grew by 46 percent in South Boston. This growth occurred mostly along Congress and Summer streets in the Fort Point Channel area.<sup>53</sup>

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50 Brown, 1982: 34.

51 Brown, 1982: 35.

52 Brown, 1982: 38.

53 EDIC, 1989: 3-4.

**Table 4: Types of Business and Number of Employees in South Boston and Suffolk County, 1981.**

Type of Business	S. Boston Employees	Suffolk County Employees	S. Boston % of Total	Suffolk County % of Total
Agriculture & Mining	98	1,037	0.40%	0.23%
Construction	1,400	14,428	5.76%	3.19%
Manufacturing	8,271	58,043	34.01%	12.84%
Transportation & Public Utilities	2,515	38,062	10.34%	8.42%
Wholesale Trade	4,020	26,429	16.53%	5.85%
Retail Trade	3,107	64,578	12.78%	14.28%
FIRE	1,428	69,981	5.87%	15.48%
Services	3,397	172,084	13.97%	38.06%
Non-classifiable Establishments	80	7,516	0.33%	1.66%
<b>TOTAL</b>	<b>24,316</b>	<b>452,158</b>	<b>100.00%</b>	<b>100.00%</b>
<b>PERCENT OF SUFFOLK COUNTY</b>	<b>5.38%</b>	<b>100.00%</b>		

Source: BRA Tabulations from U.S. Bureau of the Census, County Business Patterns, 1981

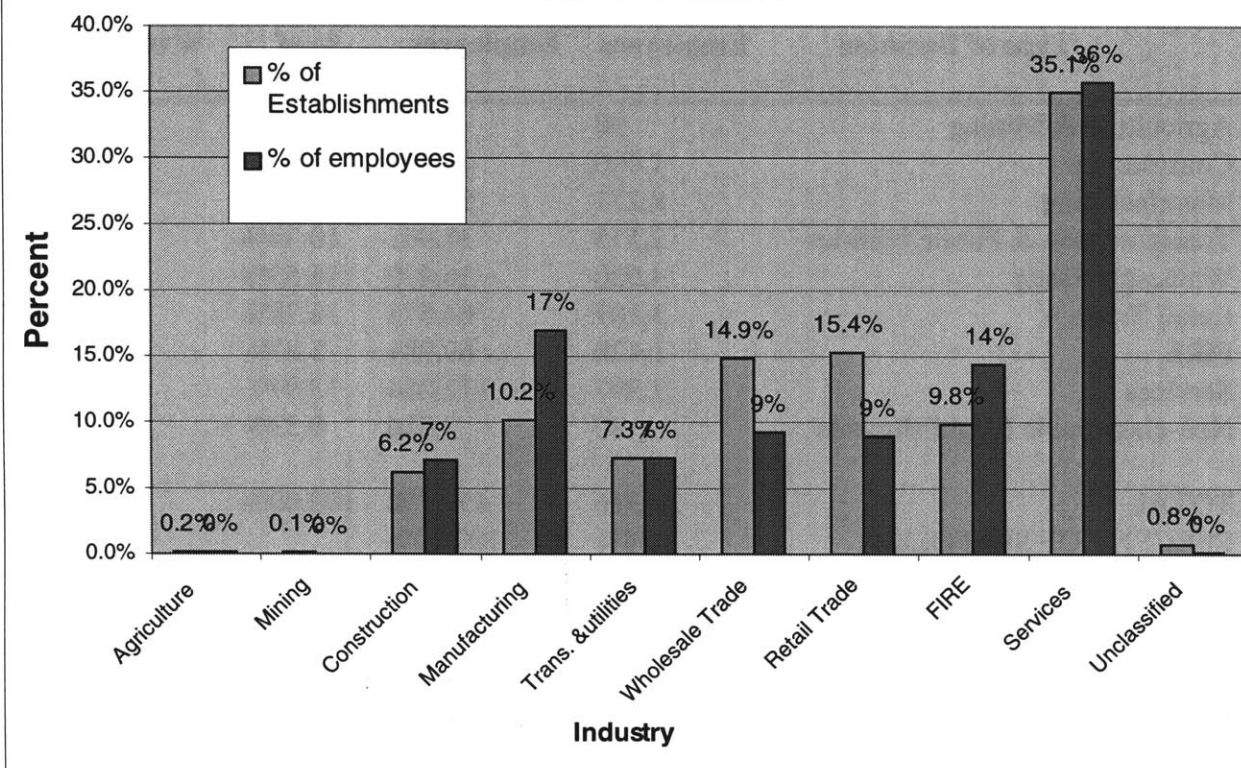
## **The Present: Employer and Labor Market Characteristics**

### **Employers in South Boston Since 1990**

In 1990, the percent of manufacturing employers in South Boston still remained high for the city, garnering about 17% of all employment in the area. However, services rose sharply, and South Boston's proportion of employment in services began to look more like the rest of the city.

**Table 5: Estimated Establishment and Employees by Sector, South Boston 1995.**

## Estimated Establishments and Employees, 1995, South Boston



Source: Author's tabulations from Zip Code Business Patterns

In 1998, 16 percent of Boston's manufacturing establishments were in South Boston. Only Central Boston had a larger share, with 22 percent. The largest manufacturing industries in Boston were printing, with 34 percent of all manufacturing; food products, with 8.7 percent; apparel, with 7.3 percent; and metal fabrication, with 5.3 percent.<sup>54</sup>

### The South Boston Labor Supply

While South Boston residents will certainly not be the majority of workers employed in the South Boston Seaport District, taking a quick look at the South Boston labor force can be instructive. First, longtime South Boston residents have made themselves the political constituency for the Seaport District. In spite of the fact that the Seaport District is as close to Chinatown as it is to parts of South Boston, the Southie neighborhood has been very effective at laying claim to the district and will probably continue to have the largest say in any development projects and their mitigation programs. Southie is also fairly typical of many inner-city neighborhoods in Boston. As we shall see, high poverty and unemployment rates and low education levels are juxtaposed against pockets of young, highly educated, well-paid urban professionals. Nonetheless, it is important to keep in perspective the fact that, if the Seaport is

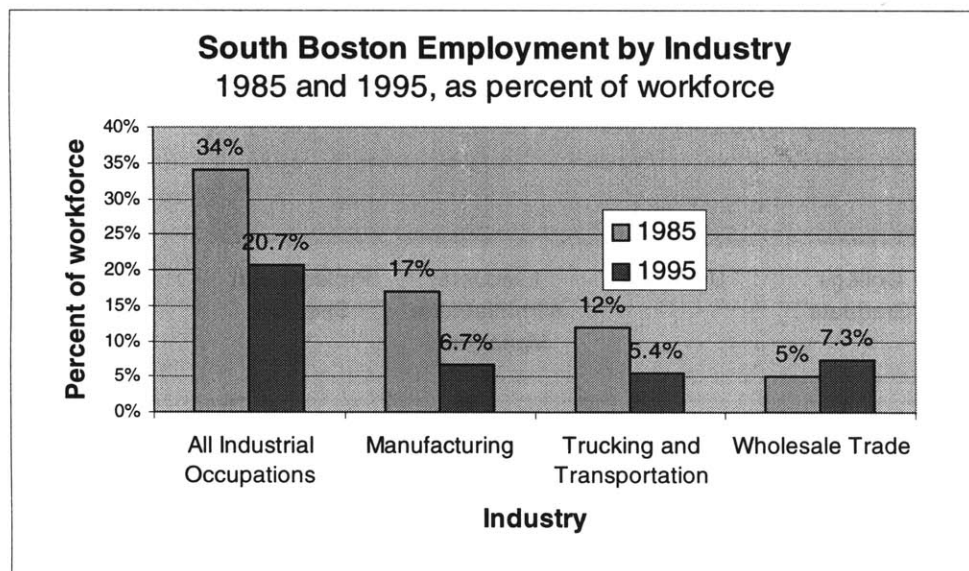
<sup>54</sup> 54 BRA, December 1998: 2-4.



typical of Boston, only about 39 percent of the people who work there will live in the city. Likewise, only about 28 percent of South Boston residents will work in the Seaport District, and with a population total of only 29,000, this means only about 9,000 Southie residents will work in the district. Considering that employment predictions have been as high as 66,000, South Boston residents are clearly not the only constituent labor market for the district.

South Boston's workforce has been and continues to be more blue-collar than the city average. In 1985, 34 percent of South Boston's labor force was employed in industrial activities: 17 percent in manufacturing, 12 percent in trucking and transportation, and 5 percent in wholesale trade. Twenty-seven percent of South Boston's working residents were employed in services, and 8 percent in FIRE industries. In Boston as a whole, 26 percent of residents were employed in industry and 41 percent in services.<sup>55</sup> In 1995, according to estimates based on the 1990 census, about 21 percent of the South Boston workforce were employed in industrial activities, with about 6.7 percent employed in manufacturing, 5.4 percent in trucking and transportation, and 7.5 percent in wholesale trade. In 1995, another 5.4 percent of the workforce was in construction, and 3.4 percent was in communications and public utilities.<sup>56</sup>

**Table 6: South Boston Employment by Industry, 1985 and 1995**



Sources: 1985 BRA household survey; Urban Decision Systems Estimates based on 1990 census

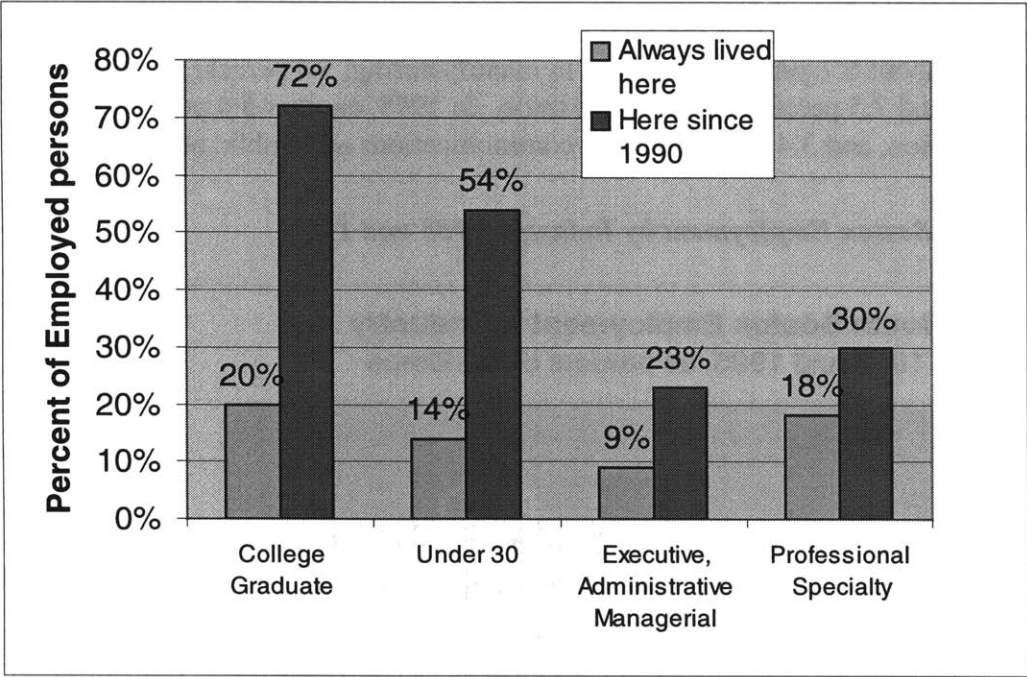
Between 1985 and 1995, the percent of the workforce in industrial activities declined from 34 percent to 21 percent. Manufacturing declined by more than half, while wholesale trade experienced a slight increase. At the same time, employment in the FIRE sector grew from 8 percent to more than 10 percent. Clearly, the South Boston workforce is changing, along with the industrial mix in the area.

55 EDIC, 1989: 6.

56 Urban Decisions Systems Inc. projections based on 1990 census

A recent study by the Center for Labor Market Studies at the request of the Neighborhood Jobs Trust suggests employment in the growing knowledge-based service industries is not distributed evenly across the South Boston workforce. There is a sharp division in employment and education patterns between longtime residents and newcomers. The center surveyed 600 households and found that 42 percent of them had always lived in Boston, while 37 percent had moved there since 1990. Newcomers are by and large younger, more educated, and more often employed in services at higher occupational levels.

**Table 7: Educational, Age, and Occupational Characteristics of Employed Persons in South Boston by Year Moved to Boston**



Source: "A Profile of South Boston: Selected Findings from the South Boston Neighborhood Survey"

Industry of employment is also related to tenure in South Boston, although somewhat less strongly. New residents were more likely to be employed in professional services and FIRE industries, while longtime residents were more likely to be employed in industrial activities such as manufacturing, transportation, utilities, and construction.

These employment and tenure characteristics confirm that South Boston is experiencing gentrification. Longtime residents, with less education, are more likely to be employed in declining industries. At the same time, rising real estate values are making it very difficult for these residents to find affordable housing. The neighborhood sentiment that development in South Boston Seaport District is a threat—both in terms of employment and housing—is very real. Many traditional industries and occupations where local residents found work required little education or customer-service skills. As we shall in the next section on employment projections, the new growth industries require one or both of these things. Future housing, job training, and placement programs must be targeted to this population if they are not to be displaced.

## ***Planning for the Future***

### ***The Master Plan and Seaport Real Estate Development Proposals***

*Planning is a symptom of disorder....When the future seems reasonably predictable...planning goes by another name: "management". When times are changing, there are planners everywhere.*

AT&T Chairman Charles L. Brown

1982, at the bottom of the 1981–1982 recession.<sup>57</sup>

Boston's waterfront has been called the most attractive development opportunity in the United States.<sup>58</sup> The South Boston Seaport District, a thousand--acre largely low-density industrial section adjacent to Boston's financial district and Logan Airport, is one of the largest parcels of "underdeveloped" land in Boston Harbor. More than twenty billion dollars of public improvements, many of them originally aimed at industrial and port redevelopment, have made the Seaport very attractive for commercial developers and tourist uses. At the center of major rail, highway, and water transportation hubs, the Seaport District is ripe for massive redevelopment over the next twenty years. An MIT study done for the Boston Harbor Conference estimated that the redevelopment of the district will bring the construction of five thousand new hotel rooms (in addition to the three thousand required for the convention center) and fourteen million square feet of commercial and residential space. The study predicts that this

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<sup>57</sup> Goldstein, 1986: 14.

<sup>58</sup> Stephen Coyle, former Boston Redevelopment Authority Director, in the *Boston Globe*.

development will create sixty thousand new jobs in the hotel, retail, office, and entertainment industries over the next twenty years.<sup>59</sup>

And yet the Seaport has never had a public realm plan, and comprehensive zoning changes have not been enacted since the 1960s. Most of the land outside the residential section is zoned industrial and manufacturing. An interim planning overlay district (IPOD) has been enacted until “permanent” zoning can be created, and development proposals have been granted zoning exceptions project by project. In the absence of a master plan, private developers have largely driven redevelopment. Developers’ success or failure to push plans through the Boston Redevelopment Authority has largely depended on their ability to woo the South Boston neighborhood and elected officials, leaving many other stakeholders out of the game. Perhaps the BRA has been avoiding master planning because of the complex web of stakeholders and issues in the Seaport District.

### **The Seaport Public Realm Plan, February 1999**

Finally, in February 1999, the BRA issued the Seaport Public Realm Plan, a set of guidelines that will later be codified in zoning regulations and in the master plan.<sup>60</sup> This plan was the culmination of several years of public community and committee meetings and a protracted political process. Five basic objectives guided the plan, shaped in hundreds of community meetings and smaller working groups. These objectives include goals for preserving industry and developing projected high-growth sectors—office and entertainment uses. In brief, the five objectives are:

*To connect the Seaport with Boston Harbor and encourage people to experience the water as well as the land.*

*To preserve and enhance the industrial port, which has provided jobs and economic opportunity for Boston for more than two hundred years.*

*To create a vibrant, mixed-use neighborhood in the Seaport, with substantial residential and civic uses that will attract people to the area even after the end of the workday.*

*To develop the Seaport within the economic context of the rest of Boston, adding to our city’s commercial office, hotel, retail, and tourist industries and enhancing our position as the economic engine of the region.*

*To ensure that the residential neighborhood of South Boston, immediately adjacent to this area, remains a vibrant community and receives significant amounts of affordable-housing and job-training opportunities.*

We can hear in these objectives the voices of several stakeholders—the neighborhood, environmental groups, urban designers, advocates for the industrial port, and real estate developers. However, like these objectives, the public realm plan is rather vague. It proposes a street grid and transportation routes, and maps new and existing transportation infrastructure. It

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<sup>59</sup> Timothy Leland and Thomas Piper. Sunday, October 25, 1998. “Plotting the Course,” *The Boston Globe*.

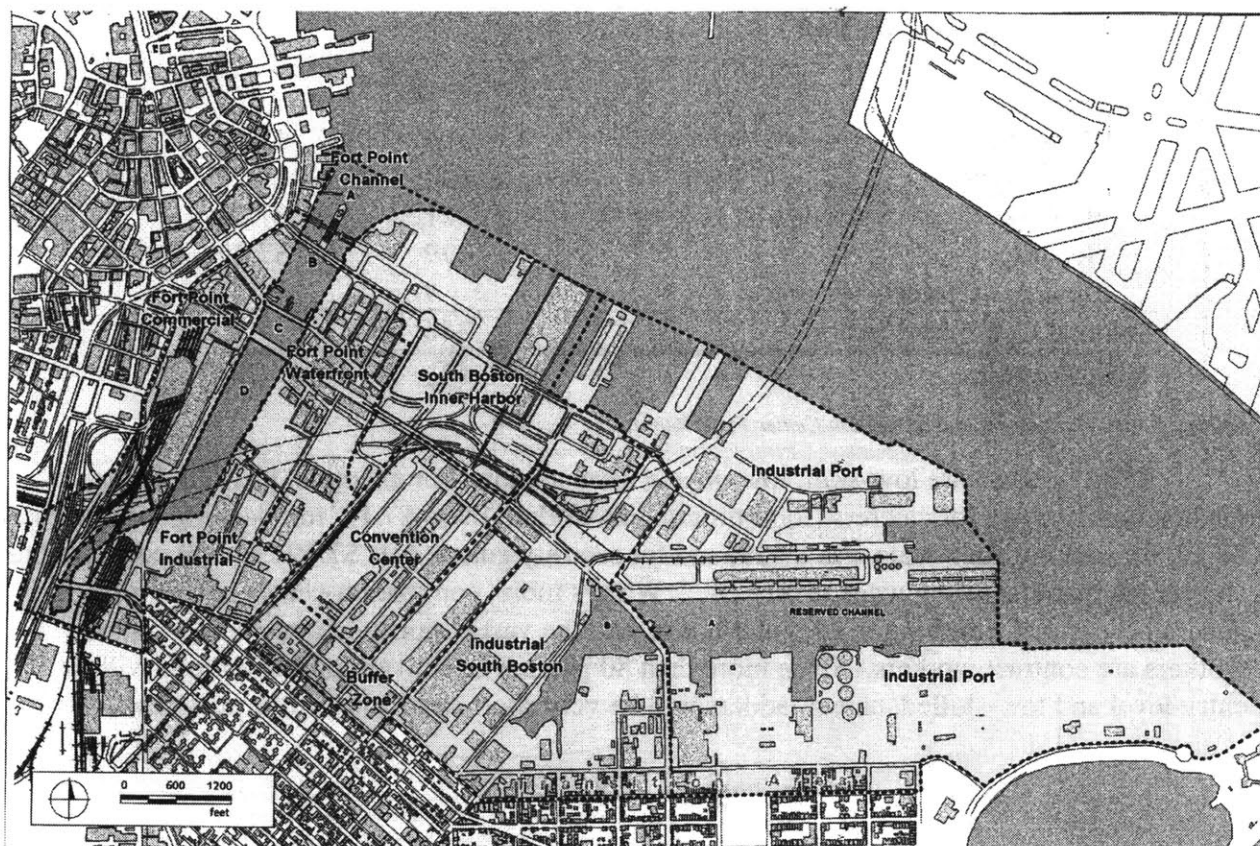
<sup>60</sup>The Seaport Public Realm Plan, 1999.

issues design guidelines for the IPOD, but the only quantifiable restriction is on height, at 150 feet maximum (although even this can be overridden with community approval). Public spaces and parks are presented in concept but without regard for existing uses and private-land ownership boundaries. Consequently, any employment projections are very broad and still malleable through public policy or economic change.

### The Boston Convention Center

One development proposal we do know will become a reality is the new Boston Convention and Exhibition Center. Construction of the 880,000-square-foot facility is set to begin this year and is scheduled for completion in 2003.<sup>61</sup> The Convention center will be constructed on a six-acre piece of land along D Street south of Summer Street currently used by forty-four industrial, trucking, and transportation and wholesale trade firms, and for parking.

*Figure 2: Map of proposed uses, Preliminary Master Plan.*



61 BRA., 1998.

The labor market consequences of the convention center do not bode well for tourist uses in the Seaport District. In 1989, when EDIC last completed a survey of industrial firms in the area, “subarea E” was home to industrial firms that employed 2,335 people in 1.2 million square feet of building space.<sup>62</sup> The new convention center will take up about half of this space. As a rough estimate, then, more than a thousand industrial jobs will be lost with the construction of the convention center.<sup>63</sup> In their place, the convention center will employ 78 full-time equivalent workers and 344 contract workers in the following occupations:

**Table 8: Convention Center Full-Time Equivalent Employees**

Type of Position	# employees	Median hourly wage (1996)
<b>Employees on Staff</b>		
Sales and Marketing	5	
Finance and Administration	13	
Operations	43	
Trades	17	
<b>Subtotal employees on staff</b>	<b>78</b>	
<b>Contract Services</b>		
Catering	96	\$7.19
Cleaning	144	\$8.17
Parking	21	\$7.29
Security	79	\$7.39
Business Center	4	
<b>Subtotal Contracted Labor</b>	<b>344</b>	
<b>Total Positions</b>	<b>422</b>	

Source: *Boston Convention and Exhibition Center Final Report*

Most of these are low-skill, low-paying service jobs. For example, in 1996, Boston’s median hourly wage for caterers (food-production workers) was \$7.19, for cleaning workers was \$8.17, for parking attendants was \$7.29, and for security guards was \$7.39. This is compared to an average manufacturing wage of \$14.51.<sup>64</sup> What’s more, convention-center business is generally seasonal, resulting in irregular hours, and the vast majority of convention-center workers are contract workers. Since more than 80 percent of convention-center jobs will be entry-level and low-skilled, career ladders will be very short and for very few positions.

62 EDIC, 1989: Table 5

63 Theoretically, the Convention Center Authority will relocate these firms. However, Larry Mamoli of EDIC says that there is simply not enough good industrial space left in the city and many of the firms are leaving Boston.

64 From Massachusetts Department of Employment and Training Web site, payroll data, 1996 and 1997 for Boston PMSA.

## Projections for Job Creation in the Seaport District

Five industries are projected to contribute 74 percent of the employment growth in Boston between 1996 and 2006. These industries are professional and business services, health care, financial services, education, and hotels. The table below shows projections based on Bureau of Labor Statistics estimates combined with Boston's share of selected industries.

**Table 9: Boston's Growth Industries, 1992–2006**

Industry	Number of Jobs			Job Growth 1996–2006	Growth Rate 1996–2007	% of Job Growth
	1992	1996	2006			
Professional and Business Services	86,080	104,870	124,205	19,335	1.7%	30.9%
Health	87,012	92,707	102,204	9,497	1.0%	15.2%
Financial Services	87,027	96,174	104,252	8,078	0.8%	12.9%
Hotel	12,193	11,496	17,244	5,748	4.1%	9.2%
Education	28,818	32,622	36,214	3,592	1.1%	5.7%
Total Growth Industries	301,130	337,869	384,119	46,250	1.3%	74.0%
Other Industries	286,497	298,715	314,973	16,258	0.5%	26.0%
Total Boston Industries	587,527	636,584	699,092	62,508	0.9%	100.0%

Source: "Boston's Growth Economy Looks to the Future," Boston Redevelopment Authority, 1998

Of these five industries, three will be major growth industries in the South Boston Seaport District: professional and business services, financial services, and hotels. Hotels have the highest growth rate, but business and professional services and financial services will contribute the largest number of new jobs to the Boston economy.

While all of the growth sectors are in services, a closer look reveals a great deal of diversity in wage and skill levels and occupational distribution within the sectors, especially in financial services and business and professional services. In general, these two sectors require a high school degree plus additional training in customer- service skills, computers, or both. While they offer stronger career ladders, more job security, and better wages, they may be beyond the qualifications of many South Boston and other inner-city residents.

Another way to project employment growth in the Seaport District is to look at projected square feet per use, and then divide those projections by the average number of square feet per worker in use in the Boston area. Following are some examples of Seaport build-out scenarios from the Boston Redevelopment Authority.

**Table 10: Possible Seaport District Build Out Square Feet and Jobs**

Use	Square Feet	Permanent Jobs		Construction Jobs		Total Jobs
		Sq Ft Per Job	Permanent Jobs	Square Feet Per Job	Construction Jobs	
Office	9,100,000	250	36,400	1,190	7,644	44,044
Retail	900,000	396	2,273	1,190	756	3,029
Hotel	6,000,000	1,149	5,220	1,348	4,452	9,672
Industrial	-880,000	585	-1,503	1,190	0	-1,503
Residential	4,000,000			1,190	3,360	3,360
Totals	19,500,000		42,390		16,212	58,602

Source: "Effects of Seaport Development on Neighborhood Housing Demand," Boston Redevelopment Authority

The square feet per job were taken from several different sources and deserve some comment. Square feet of build-out projections were taken from a BRA publication, "Effects of Seaport Development on Neighborhood Housing Demand." Nationally, office jobs require about 270 square feet per worker, but DiPasquale and Wheaton found that Boston space consumption is lower—about 250 square feet per worker. Retail numbers were taken from the Seaport Public Realm Plan, but these numbers are somewhat dubious, since retail can vary so widely. It's also unclear whether restaurants associated with hotels are classified as hotels or retailers. Hotel numbers were taken from the Seaport Public Realm Plan as well, but projections could also be made on the basis of jobs per room, depending on the service level of the hotel. Industrial projections were based on a 1989 survey of industrial firms in South Boston performed by EDIC. Construction-square-feet-per-worker numbers were taken from the Seaport Public Realm Plan.

Office uses are by far the majority of new jobs projected in the district and also maximize the number of jobs created because square feet required per job is low. Hotels are very inefficient space consumers in terms of jobs created. Industrial uses are surprisingly efficient in terms of space consumption, although my projections conflict with BRA projections. In the Seaport Public Realm Plan, the BRA estimates about 896 square feet per worker, while DiPasquale and Wheaton estimate about 619 square feet per worker in manufacturing and 539 square feet per worker in wholesale trade. One explanation for these discrepancies is that South Boston industrial uses consume less space than average because their production processes differ from the national average—perhaps more labor intensive and value-added. I use the actual numbers from the 1989 survey because I believe they are most representative of actual industrial space consumption in South Boston. The BRA does not make projections for future square feet for industrial uses. Given that the Marine Industrial Park is the only reserved industrial area in the Public Realm Plan, it is quite likely that industrial uses will experience a substantial loss in terms of square footage and employment in the district. My net loss projections of only 880,000 square feet are based solely on losses due to the convention center, but this is probably overly conservative and actual losses of industrial jobs will be much higher.<sup>65</sup>

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<sup>65</sup> Larry Mamoli of EDIC estimates that one to two million square feet have already been lost since the last survey in 1989.



## The Hospitality Industry and Hotel Jobs

While office jobs will be the majority of new jobs in the Seaport District, the hotel industry is predicted to have the highest employment growth rate of any industry in Boston and in South Boston in the next ten years. By 2006, the number of hotel rooms in Boston is predicted to increase by 50 percent<sup>66</sup> from 12,070 to more than 18,105. As of October 1998, 2,063 new hotel rooms were under construction. The new Boston Convention and Exhibition Center alone is predicted to generate demand for thirty-eight hundred hotel rooms.<sup>67</sup> In Chapter 3, my research on linkage includes an evaluation of a program funded through linkage, with the first major hotel to locate in the South Boston Seaport District. My purpose in discussing the hotel industry in this chapter is to provide some background for this evaluation and also to highlight some of the conditions that workers will face in hotels.

The Boston Redevelopment Authority estimates that each full-service hotel room generates 0.87 jobs. Other estimates put this figure lower, at 0.6 or 0.75 jobs per room.<sup>68</sup> Over the next twenty years, the BRA estimates that six million square feet of hotel space will be built in the Seaport District, generating approximately ninety-six hundred new jobs. These jobs are both full and part-time. One-quarter of the jobs in these hotels are projected to be in “cleaning and building services,” and one-third in food preparation and service occupations. About one-fifth of new hotel jobs are expected to be in administrative support, administrative, managerial, and executive positions.<sup>69</sup>

Randy Wilson, in a study of career ladders done for the Boston Workforce Development Coalition, divided hotel occupations into three levels based on state employment data and interviews with industry experts. Level 1 occupations are entry-level, requiring no prior education or formal training. Level 2 jobs do not require a college degree, but are a trainable skill increase over level 1. Level 3 jobs require an associate’s degree and are a trainable skill increase over level 2. Nearly 70 percent of jobs in hotel were level 1, 22 percent were level 2, and about 8 percent were level 3. This indicates that hotels have very limited career ladders and offer few opportunities for advancement. Wages in level-1 occupations averaged between \$10 and \$10.50 (based on 1997 Department of Employment and Training tape files). Level 2 wages varied, but nontipping positions averaged \$10.60 to \$11 per hour.

Even though level 1 occupations are entry-level, Wilson found human-resource directors had informal qualifications for these jobs, especially front-of-the-house positions. Back of the house jobs include housekeepers, room attendants, banquet porters, stewards, and dishwashers. Front-of-the-house jobs include desk agents, bellhops, concierges, receptionists, room-service servers, bartenders, and wait staff. These positions usually pay slightly higher than back-of-the-

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66 Avault, 1998: 6.

67 Boston Convention and Exhibition Center Final Report, 1997: 22.

68 Local 26 estimates 0.57 jobs per room for the region, while the Convention Center Final Report suggests that 0.75 jobs will be generated per room. Most likely, these numbers vary because of the variance in level of service. Regionally, there are more budget hotels, but Boston hotels tend to be more full-service. Convention center hotels will probably be a mix, with some budget and some full-service hotels.

69 Avault, 1998: 6.70 Molina, 1998: 20.

house positions, but they require strong English proficiency and customer-service skills. Wilson found that career paths often looked like “career lattices,” where a worker would move laterally, say from housekeeping to room service to restaurant server, before moving up. One of the biggest obstacles to moving up, according the human-resources staff interviewed, was family/work schedule conflicts caused by irregular hours and labor demands in the industry.

In this chapter, I have traced the industrial history of South Boston, presented some characteristics of the South Boston labor force, and projected some of the employment changes that will come to the Seaport District as a result of the planned real estate development. The long trend of industrial change in South Boston from industrial activities to services will accelerate with the redevelopment of the Seaport District. Longtime South Boston residents are not prepared to take advantage of the new opportunities for good jobs and will likely be crowded into low-skill service jobs if they can afford to stay in South Boston at all. In the next chapter, I will look at linkage as a tool to improve the chances of South Boston and other less educated inner-city workers to meet the challenges of the new employment realities in the Seaport District.

## **Chapter 3: Linkage**

Job linkage in the South Boston Seaport District has the potential to enhance the ability of less educated, inner-city workers to find good jobs in the South Boston Seaport District. Linkage could also impose unreasonable restrictions and exaction on new development, inhibiting the Seaport's full growth potential. Alternatively, linkage funds and influence could be used to create strong programs that serve disadvantaged workers equitably and efficiently while enhancing employer productivity in the district. Or linkage could simply become a patronage vehicle used to buy favor with local politicians. This chapter addresses how linkage can be used to maximize the number of jobs available to less educated Boston workers. Underlying my analysis and proposals are some guiding principles: that only through the provision of valuable services to employers will linkage be effective and long-standing, and that a complicated, prohibitive linkage system should be avoided because it would inhibit job growth.

Broadly speaking, linkage is the use of incentives, such as tax abatements or zoning variances, to solicit agreements with developers for community benefits. The appeal of linkage is that, in theory, it gives low-income communities leverage to obtain benefits from employers that might otherwise be out of reach. At a time when training incidence is increasingly borne by employees, when workers' power to change conditions, hours, wages and career ladders is limited, agreements negotiated with developers about employment and training prior to construction have strong appeal. It may be one of the few legislative mechanisms at our disposal to alter the nature of demand for less-educated workers through agreements with employers.

In this chapter, I will begin by discussing linkage programs in other cities. I will then explain linkage in Boston, both in legal and administrative terms and in practice. As an illustration of how linkage in Boston has been used for job placement and training, I will present the Seaport Hotel Outreach and Job Readiness Program. The evaluation of this program will lead me to some general conclusions about if and how linkage could be used to raise the number and quality of living-wage jobs in the South Boston Seaport District.

### ***Linkage Programs in Other Cities***

A study of linkage programs by the Center for Community Change evaluated three linkage programs in three cities: JobNet in Portland, Oregon; First Source in Berkeley, California; and Neighborhood Employment Network (NET) in Minneapolis, Minnesota. These linkage agreements resulted in formal relationships between employers and community or public organizations, referral systems, and first source agreements. The idea behind these agreements is that many job seekers in poor, inner-city neighborhoods lack the networks, both formal and informal, that most employers use to find employees and linkage programs serve to create alternative networks. These three linkage agreements use some kind of incentive or requirement during the real estate development phase to bring employers to the table. However, their longevity and successes come from being a valuable resource for employers by being a source of qualified job applicants.

JobNet in Portland is the oldest linkage program studied by the Center for Community Change. The began in 1978 through the mayor's office and has most recently been

administered through the Portland Development Commission, a quasi-governmental organization responsible for redevelopment and economic and workforce development. Firms using city funding such as tax abatements, relocation assistance, or debt instruments (small-business loans or bond financing) are required to sign a first source agreement.<sup>70</sup> A first source agreement requires the firm to post openings with JobNet first, agree to hire some candidates from the pool of JobNet referrals, and report hiring activities quarterly. The specifics of the contract, such as positions covered under the agreement and target numbers of JobNet hires, are negotiated during the development phase. Agreements usually last for the duration of the economic support, about three to five years, and most usually cover entry-level positions that become available from job creation or turnover. Between 1989 and 1996, JobNet placed a total of 5,123 people in jobs. The average wage for placements was \$8.75 (in 1995 dollars) which is above the poverty level for full-time work. More than 48 percent of these placements were in high-quality manufacturing jobs, all of them were full time, and 90 percent included benefits.

JobNet has been housed in a city agency under the mayor's office and primarily performs screening and referral functions. The agency uses a network of more than two hundred agencies and organizations for referrals. These organizations include the state employment department, community organizations, education and training providers, social service organizations, and churches. About six to ten organizations are very active participants. These organizations primarily target two low-income minority neighborhoods of the city, although JobNet services are not exclusively available to these residents. Organizations in the network get information about upcoming openings well before hiring begins, giving them time to identify and prepare residents of these neighborhoods for positions.

Participating firms are required to report their hiring activities every quarter. If JobNet staff determines that a firm has not made a good-faith effort to fulfill its linkage agreement, its city financing assistance may be revoked or it may be fined. Sanctions have never been used, however.<sup>71</sup> The large number of placements JobNet has achieved is more likely a result of quality referrals than the threat of sanctions. Employer interviews performed by the Center for Community Change found that while some employers initially considered the program a burden, they came to rely on it as a source of employees. One reason that Portland may have been particularly successful in this area is that it didn't exclusively serve participants with barriers to employment. While the program placed more minority and low-income people in jobs than represented in the workforce in general, only 52.2 percent of the placements were classified as low-income people before the program.<sup>72</sup> Mixing highly qualified referrals and people with barriers to employment is one strategy for gaining broad employer and political support for the program while serving the target population. A former JobNet director dubbed this approach "a little bait-and-switch."<sup>73</sup>

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71 Josh Sevin, 1999. Unpublished case study for Karl Seidman entitled "Employment Linkage Programs: Harnessing Economic Development for Jobs in Portland, Oregon.

72 Molina, 1998: 20.

73 Josh Sevin, 1999. P 5

Some of JobNet's success can also be attributed to the nature of employers and the tight labor market in Portland. A number of large manufacturers have recently located or expanded in Portland. Many of these manufactures, such as Polartek or software manufacturers, produce goods that do not compete in the global economy on a cost-competitive basis. Rather, they make unique or value-added products that may rely on agglomeration economies and innovation networks or have values that keep them in the Portland area. These large employers allow JobNet's staff of 5.75 people to be efficient by working with a smaller number of large employers. Some of the other linkage programs probably spent more time and energy per placement because they serve a large number of small employers.

When the economy turns down in the next cycle or when manufactures cease to expand or relocate, JobNet's role may change. Currently, JobNet and its member organizations do little industry or job-specific training for employers (given that the cost per placement is only three hundred thirty dollars).<sup>74</sup> When labor markets become more slack, JobNet may need to offer more than screening and referral services in order to place low-income minority residents in high-quality jobs. In 1997, the city began a planning process to better connect employer training needs to JobNet and community organizations. Recently, JobNet has acutely realized the need for industry-specific training and the inability of any one employer to do it. JobNet has been trying to form employer consortia in high-growth industries to create training programs, but the process has been slow and arduous.<sup>75</sup>

A more immediate and significant threat to JobNet is the reorganization of the city's training and placement system. In early 1998, the JobNet program moved out from the umbrella of the Portland Development Commission to the newly created Workforce Development Board , and the staff of the organization began to shrink. Eventually, Portland leaders anticipate dismantling JobNet in favor of five One-Stop Career Centers, after the national model initially piloted here in Boston. JobNet has also lost "market share," as many community organizations have begun to integrate job-training and employment programs into their menu of services.<sup>76</sup> These programs are less likely to refer participants to JobNet or other programs, which begs the question of how well the One-Stop centers will work.

Like JobNet in Portland, Berkeley's linkage program, First Source, primarily serves to disseminate information about jobs and screen and refer candidates recruited through a network of about twenty community organizations. First Source was created in 1986 in the city's Office of Economic Development. The program recently moved to the city's Health and Human Services Department. First Source's leverage with employers comes as part of the zoning-approval process and somewhat through the city's four business-lending programs. Since its inception, First Source has placed 2,344 in jobs with an average wage of \$8.75. Seventy-three percent of these jobs were full-time, and most of the higher-paying jobs were in manufacturing and construction.

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74 Molina, 1998, p. 38.

75 Josh Sevin, 1999. P 6

76 Josh Sevin, 1999, p 6.

First Source differs from JobNet in a couple of ways. First, the nature of employers in Berkeley and with First Source is different—by and large, they are smaller. First Source also makes a large number of referrals for construction jobs. Since these jobs are generally short-term, clients are likely to return to First Source several times. The level of effort to maintain relationships and enforce agreements with a large number of small employers may explain First Source's higher cost of \$1,470 per participant. First Source is also connected to a network of training and social-service providers, many of whom administer comprehensive job-readiness and training programs. One final difference between First Source and JobNet is that many more First Source participants have less education and come from the target neighborhoods and ethnic groups than JobNet. It is unclear why this is the case, as First Source is open to all Berkeley residents. Perhaps the more comprehensive nature of programs in the partner organizations increases the success and quality of applicants from target communities.

Like JobNet, First Source is working on developing more industry and job-specific training in conjunction with employers. They have been doing this by partnering with local or neighborhood-based training providers. These are often the same partner agencies First Source has been working with in the past that have developed training capacity in response to employer demand. In Portland and Berkeley, this arrangement raises questions about the role of the linkage intermediary and makes program targeting somewhat controversial. In the past, the linkage programs have stood between community-based organizations and the employer, and the intermediary drew job applicants from all over the city. However, as community organizations begin to develop employer-specific training, they need to work directly with employers. This curtails the role of the citywide intermediary as the primary contact with the employer. Since these community agencies are typically neighborhood-based and employers draw from the regional labor market, there may be a tradeoff between the benefits of these training programs and the narrower pool of job applicants. On a broader policy level, this trend in program design also raises concerns about the ability of neighborhood-based programs to serve job seekers citywide equitably, efficiently, and comprehensively.

The third linkage program in the study was Minneapolis Neighborhood Employment Program, or NET. More than anything, this program focuses on a computerized system of job postings and referrals. The central NET office, with one staff person, opened in 1984. Eleven community organizations use the computer system to refer job seekers to employers. In the last few years, the collaborative has relied less on linkage agreements, as they were tied to a city redevelopment financing stream that is no longer heavily used. Instead, the program has continued because the relationships and services provided are valuable to employers in the current tight labor market. Fund-raising for the community organizations' programs is done by the central NET office. The median wage for placements was seven dollars per hour and 88 percent of the jobs were full-time, most of them in service occupations. Since the program started, NET affiliates have made 15,247 placements. The program has been very successful at placing African-American men in jobs. While they comprise only 9.3 percent of the Minneapolis labor force, 36.4 percent of NET placements have been African-American men.

In all three programs, a balance of regulatory leverage and valuable services to employers were important to the linkage programs' success. JobNet and First Source were strategic about targeting high-quality jobs for their programs, while First Source and NET were most successful

in placing a high proportion of low-income, less educated and minority residents in jobs. The three programs are also beginning to strengthen links between training programs and employers. These are lessons I will revisit in my suggestions for improving linkage in Boston.

## ***Linkage in Boston***

Linkage in Boston historically has meant something different from any of the three programs studied by the Center for Community Change. In Boston, “linkage is a legislatively authorized program initiated by the city that requires large-scale developers in Boston in need of zoning approval to make an exaction to the city.”<sup>77</sup> In other words, Boston linkage is almost exclusively a source of funds for job training, with an option for negotiated referral and training programs, at the discretion of the employer.

### **Legal and Technical Background on Boston Linkage**

Linkage began strictly as a housing program in 1983 and has undergone many changes since. Job-training extractions became a part of linkage in 1986, during the Flynn administration, under zoning code 26B. The new, expanded legislation changed the payment schedule and specified that a percentage of housing and job training money collected should be used in the impacted neighborhood.

Any development project of more than 100,000 square feet that requires zoning approval for new construction or rehabilitation of existing structure is subject to a Development Impact Project, or DIP. This DIP, according to the legislation, is between the Boston Redevelopment Authority and the developer. According to the 1986 legislation, the required payment under a DIP is one dollar per square foot over 100,000 square feet for jobs linkage and five dollars per square foot for housing. This payment can be recalculated every three years, based on analysis of economic and employment trends and the Consumer Price Index. The BRA is responsible for making a recommendation for recalculation to the zoning board, but this has not happened to date.

In lieu of the extraction, an employer may elect to use its Jobs Contribution Grant to create its own job training program, subject to the approval of the Mayor’s Office of Jobs and Community Services (JCS). Twenty percent of job linkage payments are reserved for “the neighborhood or neighborhoods where or adjacent to where the project is located,” as defined in the approved development impact project plan. Job-linkage payments are made in two equal installments, with the first installment due upon the issue of building permits (which coincides with the beginning of construction) and the second installment a year later.<sup>78</sup> How these regulations are applied in the DIP negotiation, collection of funds, and administration and enforcement of benefits in actuality is much more complex and disjointed than the regulations suggest.

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<sup>77</sup> Boston Municipal Research Bureau, Inc. 1998, p3

<sup>78</sup> City of Boston Zoning Code, Article 26B, p. 2.

## **Development Impact Agreement: Negotiations and Decision-Making Process**

The DIP is part of the zoning-approval process and is a contract between the BRA and the developer. The first step in the process is to hold a zoning board hearing on the entire project. The zoning board then authorizes a BRA representative, usually a senior staff member, to enter a DIP with the developer. Once a DIP has been negotiated and signed, it goes before the zoning board again, and zoning relief and permits are granted.

If the developer wishes to create a job-training program in lieu of payment, approval from the Mayor's Office of Jobs and Community Service is required. Typically, JCS is involved in the negotiations anyway under the aegis of the Neighborhood Jobs Trust.<sup>79</sup> The approved DIP is sent to the Treasury Department, which collects the payments on the specified dates. Clearly, there is very little opportunity for public input. Conceivably, community groups could go before the zoning board with alternatives or requests in addition to the BRA-negotiated DIP. Local elected officials are often consulted by the BRA or sometimes intervene in the process on their own.

## **DIP Implementation and Administration**

Once the DIP is signed, the question becomes: Who administers the agreements, hands out the money, and enforces the DIP? Currently, the Neighborhood Jobs Trust holds this responsibility. The NJT was created out the existing office of Jobs and Community Service to administer linkage. Under the 1986 zoning code article 26B legislation, the Neighborhood Jobs Trust is:

*A Massachusetts public charitable trust created under the laws of the Commonwealth on November 19, 1985, and administered by the Collector-Treasurer of the City as managing trustee or another trust, if passed by the Council and approved by the Mayor.<sup>80</sup>*

In addition to approving any deviation on the DIP from the dollar-per-square-foot extraction, the Neighborhood Jobs Trust receives the jobs linkage payments and then administers the funds. The trust's operating procedures are outlined in the Declaration of Trust. The trust is made up of the collector-treasurer, a city council member, and one trustee. The council member and the trustee are appointed by the mayor. Currently, the three trustees are Connie Doty, director of the Mayor's Office of Jobs and Community Service, Ed Collins, the mayor's appointee, and City Councilor Coneley. Doty is probably the most active of the trustees in the day-to-day administration of linkage, as she is also director of the Mayor's Office of Jobs and Community Service. Coneley has been inactive in the past, but as linkage has come to play a bigger role in city politics, he has become more active.

As stated in the zoning code 26B, the purpose of the Jobs Trust is to:

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<sup>79</sup> Interview with Connie Doty, Neighborhood Jobs Trust Trustee and JCS Director. Not to confuse things further, but in many ways, JCS and NJT are one. They share staff, and funding.

<sup>80</sup> City of Boston Zoning Code, Article 26B, p. 3.



*Promote the public health, safety, convenience, and welfare and to mitigate the adverse impacts of new large-scale real estate development projects on existing development by providing for job training for low- and moderate-income people. In particular, the owners of new commercial uses, which are more capital-intensive and less land-intensive than industrial uses, can pay more for land than owners of manufacturing uses; therefore these uses directly result in higher land costs.... Workers will therefore need to be trained so that they will have the job skills necessary to compete for these new jobs.<sup>81</sup>*

Operations are managed by JCS and the EDIC under the guidance of NJT Trustees. Awards are made in alignment with NJT's goals of:

- Creating model programs, such as school-to-work, family literacy, and workplace-based education.
- Fostering community and private-sector partnerships.
- Supporting neighborhood-based programs that have the capacity to deliver services.

Job-linkage awards are based on concept papers or full proposals submitted to the NJT. There is no official RFP process, and potential applicants tend to find that funding is available through word of mouth, as was the case with the Seaport Hotel program. This tends to cultivate an insider approach and discourage broad participation. As discussed above, the developer also has the option to create its own programs. From any source, the NJT evaluates proposals based on the applicant's capacity to carry out the proposal through links to training providers, for effective outreach, recruitment, assessment, training, and placement services. Priority is given to programs that compliment existing training programs, and that have proven track records in the community.

Between 1986 and fall 1998, 5.4 million dollars in job training for fifty-nine programs were funded through linkage, 4.7 million dollars of which was awarded to programs, and 313,891 dollars of which was spent on administration. Recently, linkage funded the Center for Labor Market Studies study on the employment and training needs of South Boston (see chapter 2 section on labor supply).

### **Linkage in South Boston—Projections and Potential Allocation Schemes**

Given the large amounts of linkage to be coming in the next few years, it is very important that the city figure out a coherent and effective method of collecting, implementing, and monitoring linkage agreements. The city is projected to reap 123 million dollars in linkage over the next thirty years, 66 million dollars of it in South Boston's Seaport District.<sup>82</sup>

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<sup>81</sup> City of Boston Zoning Code, Article 26B, p. 1.

<sup>82</sup> "No Telling if city got all its linkage pay." November 6, 1998. Boston Globe.

**Table 11: Projected Linkage Revenues**

<b>Projected Linkage Revenue</b>		
	<b>Amount (in millions)</b>	<b>Years Collected</b>
<b>Existing DIP Agreements</b>		
Housing	\$13.0	1999–2014
Jobs	\$1.2	1999–2002
<b>Pipeline Projects</b>		
Likely	\$12.6	1999–2007
Potential	\$30.0	1999–2007
<b>Seaport District</b>	<b>\$66.0</b>	<b>Over 30 years</b>
<b>Projected Total</b>	<b>\$122.8</b>	<b>Over 30 years</b>

Source: Boston Municipal Research Bureau. 1998. *Boston's Linkage Program*.

Recently, the approval process for the new convention center in South Boston highlighted the debate over who should receive the benefits of linkage from the Seaport District development. As part of the zoning enabling legislation, South Boston's elected officials were able to insert a separate agreement on the distribution of linkage funds. The BRA, state Sen. Steven Lynch, state Rep. Jack Hart, and City Councilor James Kelley signed a Memorandum of Understanding that at least a majority of all convention center–related linkage (from hotels, restaurants, and other commercial development—in effect, all commercial Seaport development) would go to South Boston. Linkage payments above the normal extraction would be required for buildings over 150 feet tall, and all of this money would go to South Boston. The mayor did not sign the memorandum.

The Betterment Trust has three appointees each from the mayor, the council president (Jimmy Kelley) and the state senator (Lynch).<sup>83</sup> It is likely that the Betterment Trust has been in the minds of South Boston elected officials since Mayor Flynn signed the legislation by. Recall that the legislation states that the funds are to be administered by the Housing and Jobs Trusts “or another trust, if passed by the council and approved by the mayor”.<sup>84</sup> Note that a majority of Betterment Trust appointees are from South Boston, while most Neighborhood Jobs trustees were appointed by the mayor.

Many low-income minority community groups and their advocates have attacked this proposal, because while the impacts of development in the Seaport District will be felt all over Boston, most of the linkage benefits will be limited to South Boston.<sup>85</sup> Leaders from Boston's other inner-city neighborhoods expressed dismay at the perceived ownership of the process by Southie. As one inner-city activist said at the Boston Harbor Conference, “the cleanup [of Boston Harbor] was not paid for by developers. Nor was it paid for by one neighborhood.

<sup>83</sup> Interview with Michael Kineavy, Menino's office of Employee Assistance.

<sup>84</sup> City of Boston Zoning Code, Article 26B, p. 3.

<sup>85</sup> Foley, Hoag, and Eliot, the law firm that involved in the South Boston busing case as civil rights attorneys, recently issued an RFP to plan how to more equitably distribute the community benefits from development in the Seaport District.

Benefits should not go to only one neighborhood, but to all neighborhoods.”<sup>86</sup> Indeed, the development of the Seaport District is due largely to the ongoing investment of more than 20 billion dollars in public infrastructure in the area, including the Boston Harbor cleanup, depression of the Central Artery, construction of the Third Harbor Tunnel, development of the new silver line transitway, and the buildout of the Boston Convention Center and related uses. The improvements were paid for by the city as a whole, not just South Boston, and in all fairness the whole city should benefit from the new Seaport development.

The Betterment Trust agreement could have particularly controversial implications for housing. Since linkage is classified as private money and not federal or state funds, it comes with none of the usual fair-housing requirements. South Boston political leaders have long been troubled by the city, state, and federal government attempts to bring “outsiders” into South Boston as demonstrated by the busing conflicts of the 1970s. Councilor Kelley has gone on public record saying that he wants to create housing “for traditionally South Boston residents” who are currently being pushed out due to rising property values.<sup>87</sup> While gentrification is certainly a legitimate concern, the subtext, both for Kelley and minority leaders in Boston, is that the Betterment Trust will create housing that largely excludes people of color. The fear is that the jobs programs coming out of the trust are likely to do the same.

Several groups, including the Boston Municipal Research Bureau and the *Boston Herald*, allege that in addition to being inequitable, the Convention Center Agreement isn’t legal, or at least not executable—only the Neighborhood Jobs Trust can decide how to spend linkage funds.<sup>88</sup> While the City Council and the mayor must approve linkage funds, similar to the way they must approve grants, this does not give them the authority to change the DIP agreement or earmark how the funds should be distributed (page 10). In a recent report on linkage, the Municipal Research Bureau concludes that one of three things would have to occur in order for the agreement to be legal:

1. As linkage funds go to the NHT and NJT, the BRA would need to ask both trusts to vote for those funds to go to the Betterment Trust.
2. The individual developers choosing the housing or job development option in their DIP would have to agree to target South Boston.
3. Zoning regulations would need to be amended to give the BRA authority to designate where linkage benefits go.

I would add a third possibility to this, which is for the mayor and the city council to approve the Memorandum of Understanding or one giving a certain percentage of linkage benefits to the Betterment Trust. The Betterment Trust suffers many of the same problems as the current process through the Neighborhoods Jobs Trust: little central oversight and no opportunity for public input.

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<sup>86</sup> Silberberg, 1998: 128.

<sup>87</sup> *Boston Globe*, June 1998.

<sup>88</sup> “Linkage Problems Revealed.” *Boston Herald*, November 6, 1998.

## ***The Seaport Hotel Community Outreach and Job Readiness Program***

We can make these points more concrete by looking at a specific example—the Seaport Hotel Community Outreach and Job Readiness Program. This program also highlights some of the barriers to employment central Boston residents face in the new industries on the waterfront. The program was the first job training and referral program with a hotel in the Seaport District. It was funded by linkage money through the Neighborhood Jobs Trust. While the program had many shortcomings, it has set the tone for future programs in the district. Therefore I will use the program as a case study and to launch a discussion of the future of work in the South Boston Seaport District and how linkage could be used to help maximize the number of good living-wage jobs in the district.

### **The Seaport Hotel Linkage Agreement**

The Seaport Hotel Community Outreach and Job Readiness Program grew out of the linkage agreement between the Boston Redevelopment Authority and the John Drew Company, a division of Fidelity Investments. The linkage agreement was a DIP agreement signed on January 8, 1991, for three buildings that Drew was planning to construct on Planned Development Area No. 40: the World Trade Center East and the Seaport Hotel, and an the World Trade Center West. The three buildings were to be located across from Northern Avenue from the existing World Trade Center, on an eight-acre parcel of land leased from MassPort. The development program and linkage calculations were as follows:

***Table 12: World Trade Center Expansion Square Footages and Linkage Contributions***

	WTC East	WTC Hotel	WTC West	Project Total
Office	470,000	0	495,000	965,000
Retail	15,000	15,000	20,000	50,000
Hotel	0	Up to 290,000	0	Up to 290,000
Aggregate Square Feet	485,000	305,000	515,000	1,305,000
Exempt Square Feet				100,000
Net gross sq ft for linkage calculation				1,205,000
Housing Linkage Contribution				\$6,025,000
Jobs Linkage Contribution				\$1,205,000
Anticipated Construction Start Date	1998	1996	2001	
Anticipated Completion Date	2001	May 1998	2004	

*Source: Amended and Restated Development Plan and Development Impact Plan, World Trade Center Boston, 1995*

The linkage agreement stipulates payments of five dollars per square foot to the Neighborhood Housing Trust and one dollar per square foot to the Neighborhood Jobs Trust. These payments were calculated under the standard formula for linkage according to zoning regulation 26 A and B. As discussed earlier, the housing payment was to be made when a certificate of occupancy was issued for all three buildings (that is, when the buildings were completed) or twenty-four months after the granting of the first building permit, whichever came

first.<sup>89</sup> The jobs payment was due in two equal annual installments: the first payment when the building permits for construction were issued. In the event that all three buildings were not built at the same time, the payment for each building would be due separately.

The most interesting parts of the agreement were the additional stipulations and public benefits. These benefits were not required by law but were negotiated in exchange for zoning exceptions. They were negotiated by John Drew, City Councilors James Kelly and Jack Hart, state Sen. Steven Lynch, and “community leaders.” The negotiations were not open to the public, and the public was only made aware that negotiations would be held at a public hearing on November 29, 1990. The public had very little involvement or knowledge of this linkage deal until it was already made.

In addition to linkage payments under the standard formula, the negotiated agreement called for the developer to provide four thousand square feet of day-care facilities by the date that either office building is complete and \$120,000 to a neighborhood day-care trust. This part of the agreement was made at the request of the Fort Point Citizens Advisory Committee. One of the office buildings is now under construction, with an expected completion in late 1999, but to date, no action has been taken on the day-care center.

The agreement predicted that the following jobs would be created by the development project:

**Table 13: Projected jobs created by the WTC expansion**

Type of Job	Number of Jobs
Construction	1,300
Existing Jobs at the WTC	2,200
Permanent Jobs Created	5,500

*Source: Amended and Restated Development Plan and Development Impact Plan, World Trade Center Boston, 1995*

The DIP called for an “aggressive program to be funded from the Jobs Contribution Grant for recruiting Boston residents, minorities, women, and residents of the South Boston neighborhood for both construction and permanent jobs [to] ensure that benefits flow to those most in need of employment opportunities.<sup>90</sup>” This is standard language for all city contracts and city-funded projects.

The DIP recommended that the linkage funds be spent in a particular way. Fifty percent of the job linkage money was to be used to support job-training programs through the City of Boston Economic Development and Industry Corporation and the Boston Technical Center.<sup>91</sup> EDIC is a division of the Boston Redevelopment Authority. It is the city agency that dispenses

<sup>89</sup> “Development Impact Agreement, Including provisions for the Jobs Contribution Grant for Planned Development Area No. 40. World Trade Center Boston.” January 1991, p. 8

<sup>90</sup> Amended and Restated Development Plan and Development Impact Plan, World Trade Center Boston, 1995

<sup>91</sup> Amended and Restated Development Plan and Development Impact Plan, World Trade Center Boston, 1995, Exhibit F, Schedule of Public Benefits.

city and some federal funds (JTPA, for example) and has developed a reputation for encouraging and funding some innovative job-training programs. The EDIC manages the Neighborhood Jobs Trust and they share staff, a building, and similar political affiliations with the mayor's office. The Boston Technical Center is a private, nonprofit job-training facility chartered by the city, located in an EDIC-owned building in the Marine Industrial Park in the Seaport District. The BTC has historically run industry-specific technical training programs such as for machinists, cable installers, medical secretaries, and phlebotomists. The BTC had not been developing enough programs and finding enough program participants to support itself in recent years, and its inclusion in the linkage deal was an attempt on the part of EDIC to keep it afloat.

The other 50 percent of the linkage funds were to be used to provide programs for placing Boston residents in permanent jobs at the World Trade Center and Fort Point Channel area.<sup>92</sup> In other words, these funds were available for use by the employer—the World Trade Center or its subcontractors—for the creation of programs to give local residents access and skills for jobs at the World Trade Center development. The agreement suggests that a referral system or local vendor list may be a way to use these funds. The language in this amended DIP document implies that a referral and access programs are the preferred use of funds, while the original 1991 DIP allowed the developer to create or contribute to a job-training program for workers it would employ. The World Trade Center was required to submit a proposal to the Jobs Trust should it elect the job-creation option on or before the payment date.

After the negotiations were concluded but before the first building (the Seaport Hotel) was complete, the World Trade Center's human-resources staff asked the BRA for the job-creation option. The human-resources staff envisioned that the new Seaport Hotel would create and run its own jobs program. However, the BRA found this option dubious. The Seaport Hotel was being opened and run by a company—Fidelity and the John Drew Company—new to the hotel business. The BRA staff, including Tony Marinello of the city treasurer's office and BTC board member, felt that the Seaport Hotel staff would not be able to open a new hotel and run a quality community outreach and job-training program.<sup>93</sup> The BRA suggested that the Seaport Hotel find a community partner to run the program.

### **Program Design of the Seaport Hotel COJR Program**

In the spring of 1997, Marty Nee, executive director of South Boston Neighborhood Development Corporation, and Beverly Gallo, director of development at the same organization, began asking about this linkage agreement. Apparently, the hotel had not yet found a community partner. Nee and Gallo asked members of the Neighborhood Jobs Trust how to apply for the funds. Trust staff said that there was no formal request for proposals or application process, but that they should submit something in writing if they had some ideas.

South Boston Neighborhood Development Corporation staff began a dialogue with the hotel and other community organizations to create a program to help local residents obtain

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<sup>92</sup> Amended and Restated Development Plan and Development Impact Plan, World Trade Center Boston, 1995, Exhibit F, Schedule of Public Benefits.

<sup>93</sup> Interview with Tony Marinello, February 9, 1999.

living-wage jobs at the Seaport Hotel. Originally, the hotel asked to take back a flat thirty-thousand-dollar fee from its linkage contribution, based on 100 hires, to administer the program. The hotel wanted this administration fee no matter how many hires were actually made, but the Neighborhood Jobs Trust revised the payment to be based on the number of actual hires. Likewise, the South Boston NDC and other community organizations would receive payments based on the number of participants enrolled and hired up to a maximum of 120 enrollees and 100 hires.

These inquiries resulted in a proposal to the Neighborhood Jobs Trust for the Community Outreach and Jobs Readiness Program with the Seaport Hotel. Gallo authored the proposal. Originally, the proposal was a collaboration of three South Boston community organizations and the Boston Technical Center, as seemed reasonable according to the language in the linkage agreement, which proscribed jobs benefits for “South Boston residents.” However, at the request of EDIC and community groups in other neighborhoods, the collaboration was enlarged to include community groups from other neighborhoods. The collaborative included:

- South Boston Neighborhood Development Corporation as the lead agency. This group had been building and purchasing affordable housing since 1985 and had been doing some economic and small business development for a few years. This was the agency’s first workforce development and job training program.
- South Boston Neighborhood House—One of the original settlement houses, founded in 1901. It is a United Way organization providing child care, youth programs, and adult education. The case manager for the program, Mary O’Brien, had been involved in preparing and referring people to job opportunities for several years as part of the adult-education programs.
- Julie’s Family Learning Program—A South Boston organization run by Catholic Charities that works primarily with welfare recipients and other low-income mothers and their families. This program provided a wide range of social services and adult education to their participants in the community-outreach program. Perhaps as a result, it had the highest placement rate of any participating organization.
- Dorchester Bay Economic Development Corporation—This CDC, like SBNDNC, began in the 1980s as a housing and economic development organization. The Seaport Hotel was first workforce development and job training program run by the organization. The organization now has one full-time staff person devoted to working with job seekers, although it seems to lack strong connections to employers.
- South End Neighborhood Action Program—An early settlement house, this was its first foray into job training and direct employee placement.
- Asian Community Development Corporation—Also a housing CDC started in the 1980s, this organization is understaffed and lacks strong community support. ACDC was the least active organization in the collaborative.

- Viet Aid Community Development Corporation—A CDC in Dorchester, this organization was relatively successful in placing participants in spite of language barriers. The case manager worked very intensively with participants, going with them to interviews and translating when necessary. The case manager also had a very strong relationship with the hotel’s human-resources staff.

In the fall of 1997, SBNDC and its partners were awarded an \$82,000 linkage grant to run the Seaport Hotel Community Outreach and Job Readiness Program. The Seaport Hotel also received a \$300 reduction in their linkage contribution for every candidate hired and retained through the program. Under the terms of the Memorandum of Understanding between the Hotel and the Neighborhood Jobs Trust (NJT), the hotel committed to hiring 80 to 100 candidates through the program into entry-level positions and retain them for at least three months. According to the initial agreements, these entry-level positions paid at least nine dollars per hour. The hotel also talked about providing English classes and childcare in the future.

According to the grant proposal, the mission of the program was:

1. To identify and refer local low-income residents to new job opportunities at the Seaport Hotel.
2. To provide job readiness training services as necessary to prepare local low-income residents for work at the Seaport Hotel.
3. To develop a broad network of existing job placement, referral, and training programs and link them to new job opportunities at the Seaport Hotel.

The role of the community agencies was to identify candidates, help them prepare, schedule them for interviews at the hotel, and provide follow-up case management once they were hired. The job readiness component of the program was fairly superficial and quick, as demanded by the time and monetary constraints of the grant. Case managers at each of the CBOs were to assess participants’ job readiness, refer them to appropriate social service providers in the community, and provide some career coaching to participants. If need be, participants could be referred to a two-week job readiness course at the Boston Technical Center. The hotel had committed to helping develop the curriculum for this course.

Given the limited and short-term nature of the job-readiness program, the program was set up primarily as a first source referral system to give local residents first priority in the emerging Seaport District job market and to form community ties with businesses on the waterfront. Community agencies began identifying candidates in December, and the hotel was slated to open, fully staffed, in late March. However, the responsibilities in the program and requirements of the hotel jobs became blurred very early in the program.



## **The COJR Program in Operation**

In the early part of the program, the role of the community organizations in screening candidates was unclear. On the one hand, the Neighborhood Jobs Trust made it very clear that the CBOs were not to select the “cream of the crop” for the hotel.<sup>94</sup> In other words, the community organizations were mandated to select participants for the program who had substantial barriers to employment, not simply to act as a recruiting or patronage vehicle for employees who could get hired at the hotel on their own. On the other hand, the hotel was asking the community agencies to screen candidates according to a set of written job descriptions from the hotel and some verbally communicated criteria. Under the grant, case managers had few resources and at their disposal and little time to prepare candidates with serious barriers to meet these requirements. To add to the contradictions, community agencies were paid per enrollment and hire, with a very high ratio of hires to enrollees. The community agencies would only be paid for six enrollees for every five hires under the terms of the contract. To be paid the full grant amount, CBOs had to achieve eighty hires who were retained for at least three months.

The level of frustration among the case managers had risen to a peak by late April, just before the hotel opened, behind schedule, in the first week in May. Opening issues were overwhelming the human-resources staff, and case managers’ phone calls were not returned. Many of their participants had been in the interview process for four months and had not heard from the hotel, and many of the strongest candidates had taken other positions.

Case managers came to realize that they had failed to obtain a full understanding of job requirements. For example, the hotel had stated that they would accept people with limited English for back-of-the-house positions, and Spanish, Vietnamese, and Chinese translators were to be provided at the interviews. However, except for Spanish, these translators were not present, and as the program wore on, even Spanish interviews were difficult to get. In some cases, CBO staff came to interviews to serve as translators. While several CBOs recruited heavily among non-English speakers, only 17 percent of those interviewed in this group were hired, compared to 34 percent overall. Some applicants that CBOs felt spoke English proficiently, albeit with heavy accents, were not hired because of “language barriers.” CBOs requested that the hotel institute more formal language testing. When the hotel failed to do so, CBOs began to feel that applicants were being screened for cultural acceptability and image, not language skills.

Early on, the hotel had committed to having mothers’ hours and regular shifts for women with children, but among program participants, the most commonly cited reason for quitting was irregular and long shifts, especially in housekeeping. Housekeeping, laundry, reservations, and front desk were all on rotating schedules from week to week, making child care nearly impossible. Case managers worked to try to help participants arrange child care, but in most neighborhoods, day-care slots for non-standard hours was simply not available, so only participants with strong family support networks were able to keep their jobs. Some mothers in laundry were reportedly not allowed to talk with their children when they called with emergencies. During the first three months of opening, it was common to be asked in the middle

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94 Neighborhood Jobs Trust Meeting, November 1998

of the shift to stay another half shift because the hotel was short-staffed. While the CBOs worked to coach participants that it was legal to refuse if they had other obligations, many participants would rather quit than say no to their supervisors. By the time the hotel opened, human resources virtually stopped interviewing people for housekeeping and reservations positions if they indicated that they were not available twenty-four hours a day, seven days a week.

Surprisingly, welfare recipients fared well in terms of the percentage interviewed who were hired. Of the thirty-six welfare and former welfare recipients interviewed at the hotel, fifteen, or 42 percent, were hired, compared to an average of 34 percent for all participants. This can probably be attributed to the fact that a large number of welfare recipients came through Julie's Family Learning Program and the South Boston Neighborhood House. These two agencies had the most experience in workforce development and the most extensive menu of social services and child care available to their participants.

It became apparent that youth and good physical condition were requirements of housekeeping, sales, and front-of-the-house positions, although this was never directly stated to the CBOs. Seventy-one percent of all program applicants under age twenty-seven were hired, while several older, heavy-set applicants were rejected for "not being energetic enough." Housekeepers, as per regulations for four-star hotels, were not allowed to use carts, but rather carried buckets of cleaning supplies and linens back and forth from housekeeping stations, often making several trips to clean one room. In an eight-hour shift, housekeepers were required to clean sixteen rooms. No doubt the work was physically demanding, and many participants were not prepared or eager for this kind of work. Turnover in the housekeeping department was more than 80 percent in the first three months among all employees. Program participants had slightly better rates of retention than other employees.

Young people were also selected at much higher rates for front-of-the-house positions. While some of this may have been because younger people tend to have fewer schedule restrictions, some case managers began to feel that it was because the hotel wanted to put forward a youthful image. Several older, more experienced workers from South Boston were turned away and felt they were treated disrespectfully. Many of these people had years of work experience in office settings, such as the post office, NYNEX, and government offices. Often, they had been laid off when political administrations changed or when computers became a major part of these jobs. This class of workers didn't have the computer and technical skills to remain at their old jobs, and many of them had been looking for work for several years. I interviewed several of these people and found that they had unrealistic expectations about being hired at any new employer that came to South Boston. They were operating under the old culture of patronage, and did not relate well with the young, largely suburban human resources staff at the hotel. Nonetheless, these folks tended to be pillars of the community, highly visible and vocal at local meetings and in the press. Editorials in the local paper, the *South Boston Tribune*, lashed out at the hotel in the spring of 1998, claiming that the hotel had a bias against hiring South Boston residents and that applicants were not being treated with respect. Reports circulated that phone operators were fired for dropping their "rs".

The dissatisfied were very politically connected, and when they felt they were mistreated at the hotel, they often put in a fiery call to their elected officials. The elected officials, in turn, made less-than-pleasant calls to the hotel human resources staff. Human resources staff felt betrayed. The COJR program had been designed and committed to without their input, and yet they had done their best to run it well. Now they faced negative press, hostile calls from politicians about how to do their jobs, and unhappy case managers, in addition to growing pressure to open the hotel, already a month late and not fully staffed. Needless to say, calls from elected officials to human-resources staff did not result in hires. Instead, the pressure to honor the old patronage rules seemed to make relationships worse with the CBOs, even though the CBOs were not engaging in these tactics.

Reaction to the program and the hotel was similar among Dorchester constituents, who felt they were victims of systematic discrimination, albeit for different reasons. After four to five interviews in different departments in the hotel, two well-respected community leaders whom constituents felt were qualified were not hired. The hotel reported that these individuals were not hired because they lacked English skills. However, their case manager was not bilingual and felt that these participants had good English skills. By the time the hotel opened, case managers from the two organizations in Dorchester, Dorchester Bay Economic Development Corporation and Viet Aid Community Development Corporation, were having a hard time recruiting. The word on the street was that you could go through the lengthy hiring and job-readiness process, be treated poorly by the hotel staff, and still not get a job.

In many cases, the hotel's concern that many of the participants were not job-ready was legitimate. In spite of the lack of job readiness of many participants, the two-week course at the Boston Technical Center was underused by case managers and participants, particularly those outside of South Boston. The program got off to a bad start when the hotel did not help develop the curriculum as promised. The classes were offered for four hours a day, in the morning or afternoon. Case managers referred a number of people to the program, but for one reason or another, people did not attend but were allowed to interview at the hotel anyway. Many people said that the day hours prevented them from going to their part-time jobs. Childcare was not provided, and transportation to the center, especially from Dorchester, was not convenient. Forty-four people, or about 20 percent of the enrollees, went to the BTC. Only twenty-one people completed the program, so the classes were very small. Participants were generally happy with the level of individual attention they received.

The case managers did their best to serve their constituency and preserve their image in the community. More than two hundred people had come through the intake and referral process, and about one-third were offered jobs. The Jobs Collaborative began to develop a network of other employers for people not hired by the hotel. These included fish-processing plants on the South Boston waterfront, some suburban offices seeking entry-level clerical support, local retailers, and others. While the number of participants hired by other employers was not well-documented, anecdotal evidence suggests that about half were employed in other jobs found through the collaborative.

In the end, seventy people were offered jobs through the program, about fifty accepted positions, and thirty-five stayed on for the three-month retention period. In the end, case

managers felt that some people they worked with found jobs at the Seaport Hotel who wouldn't have without the program. All seven community organizations learned a lot about working with employers and preparing hard-to-employ people for jobs. However, CBOs did receive the full contract amount because of the hiring shortfalls, and most case managers spent much more time on the program than the full grant amount would have supported anyway. Most of the CBOs have started new initiatives with local employers, and the Jobs Collaborative continues to meet regularly. Three of the seven agencies have new, full-time positions for some kind of workforce development. In spite of all the difficulties with the Seaport Hotel, and falling short of the target hires, the program has been hailed as a success by the funders and most local elected officials.

### **Program Evaluation and Strategies for Improvement**

The COJR program highlights a number of issues about placing low-skilled workers in jobs and the role of community-based organizations in this process. The successes and failures of the program suggest some ways linkage might be used more effectively. And finally, an evaluation of the program raises the question of whether hospitality jobs can be “good” jobs for less-educated inner-city job seekers.

The simplest explanation for why more hires did not occur through the COJR program is that the Seaport Hotel had a much larger pool of applicants than jobs. Consequently, the hotel was able to raise the hiring standards for entry-level positions above the qualifications of many of the COJR participants. In other words, as Holzer found in his study of Boston and other employers<sup>95</sup>, there are many more low-skilled, entry-level applicants than demand can support. This trend was probably even stronger because the Seaport was offering pay rates slightly higher than many other Boston hotels, some say in an attempt to avoid unionization.<sup>96</sup> While the Seaport technically abided by a first source agreement in interviewing COJR participants before holding job fairs, it did not make a significant number of hires until after job fairs and interviews with applicants from other sources.

At the same time, the hotel continues to have difficulty filling its semiskilled positions, such as low-level culinary staff and low-level management.<sup>97</sup> This suggests that there may be a role for a program like COJR, creating a lengthier and more job-specific training program and targeting semiskilled positions the hotel is having difficulty filling. As a broad strategy, this might move some people formerly in the low-skill category into semiskilled positions and reduce crowding in entry-level positions. It would also move low-income Boston residents into higher-paying jobs. The most significant barriers to this approach are funding and time. The program would have to last longer and screen participants more carefully to assure that the greater investment would pay off, resulting in a much higher price tag. A program like this would also require good foresight and careful timing to see that participants graduate as new demand arises.

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95 Holzer, 1996: 127.

96 Interview, Janice Loux, President of Hotel and Restaurant Workers Union Local 26, January 1999.

97 Interview with Joy Coleman and Leah Prescott, Human Resources Staff at the Seaport Hotel, December 1998, and Pat Murphy, World Trade Center Human Resources Vice President, January 1999. The Seaport Hotel has been recruiting out of town for these positions because they have not been able to find qualified employees in Boston.

Experience has shown that people are much more willing to enroll in a longer-term training program if a job is promised at the end.<sup>98</sup>

One way to do this would be to have a co-op or internship program, where half the time is spent in the classroom and the other half on the job with subsidies at the beginning of the internship.<sup>99</sup> Upon successful completion of the program, the intern would be hired at regular, unsubsidized wages in a semiskilled position. Currently, there are few such programs available for low-income people without significant fees. One program, the Log School in Dorchester, focuses on training culinary specialists for work in high-quality restaurants and has a 90 percent success rate in placing graduates with some of Boston's best restaurants. However, the program is small, with about fifteen graduates this year, and twenty expected next year. The Boston Technical Center, located in the Marine Industrial Park, might be an ideal location for expanding this program.

South Boston and Dorchester are served by some community colleges, including Bunker Hill Community College and Roxbury Community College. Stronger partnerships, and perhaps co-op and subsidy programs, could be formed with these schools. However, major changes would need to be made in the community college system for such a program to succeed. First, Boston community college culinary programs don't seem to enjoy the esteem of many upper-tier restaurants.<sup>100</sup> Perhaps developing and improving curriculum in close cooperation with Boston restaurants could improve this perception. More importantly, many workers who come to community colleges must first go through remedial programs before they are ready for technical or job-specific training. Typically, a gulf has existed between these remedial adult-education programs and technical programs or for-credit classes.<sup>101</sup> The few students who go from remedial education to technical programs still face poor job placement rates.

However, focusing only on improving the labor supply the hospitality industry may fail to effect substantial change in the average incomes and career prospects of less educated workers. The fact remains that 60 percent to 70 percent of jobs in hospitality are entry-level.<sup>102</sup> Creating career ladders and changing work organization in hospitality is of major importance. Conceivably, there is a career path from dishwasher to prep cook to sous chef, but human-resources staff admit that is rare for someone to progress this way. Training programs and time off for classes for workers might facilitate this process. For reasons that are unclear, the Seaport

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98 This is one of the distinguishing characteristics of Project QUEST, a very successful job training and placement program initiated by the San Antonio Industrial Areas Foundation organization.

99 The Fenway Community Development Corporation recently won a linkage grant to run an internship program like this with some hospitals and hotels in the Longwood Medical Area.

100 Interview with Pat Murphy, January 1999.

101 Fitzgerald, Joan and Davis Jenkins. 1997. Making Connections: Community College Best Practice in Connecting the Urban Poor to Education and Employment.

102 Randy Wilson, unpublished manuscripts.

Hotel has been reluctant to pursue this option, even with the possibility of a considerable public subsidy.<sup>103</sup>

Unions may have a role to play in creating stronger career ladders, because they have the ability to create industry-wide training programs and institute internal promotion and job description rules. However, in general, unions have done neither of these things, particularly the latter, in a way to increase job skill levels and productivity. There is a trend in many nonunion full-service hotels to cross-train in many customer-service positions, such as concierge and bellhop jobs. These new job classifications are modeled after European hotels, where one employee takes the customer from the front door to her room. Many unions, including Local 26, see this as a way to exploit workers and make the work harder.<sup>104</sup>

However, negotiations with San Francisco Culinary Local 2 provide an alternative model of union negotiations. As nonunion hotels opened in the San Francisco market and hotels experienced general financial distress, Culinary Local 2 (equivalent to Boston's Local 26) was having trouble maintaining good contract with hotels. At the same time, restrictive and unproductive work rules were making union hotel even less competitive, and several were on the verge of bankruptcy. A third-party negotiating team was able to build the trust of both the hotels and the unions and negotiated a new contract with new work rules under a model of cooperative negotiations. Together, hotel labor and management were able to address some of the productivity issues that plague service industries.

In Boston, perhaps the more serious issue is the weakness of the Hotel and Restaurant Workers Local 26 (HERE). The union has not organized a hotel in more than ten years. More than twenty new hotels have been constructed in the Boston area in the last ten years and not one of them has been unionized. In fact, other unions, such as Local 3 Firemen and Oilers, have been trying to unionize hotels, resulting in unproductive conflict between unions. In 1998, Local 3 organized the Westin Hotel and negotiated a contract far superior to HERE's contracts.<sup>105</sup> HERE's contract barely competes with nonunion wages at full-service hotels, although benefits tend to be marginally better.<sup>106</sup> Recently, Local 26 was able to convince Mayor Thomas Menino to institute a "neutrality card agreement" with all new hotels as a condition of permitting. This agreement would allow a hotel to become unionized without going through the National Labor Relations Board if a majority of employees sign cards expressing interest in unionization. However, it is questionable if Local 26 can do even this. Boston unions have a long way to go before they can be effective in creating career ladders and improving work conditions for less-educated workers in the hospitality industry. In the absence of unions, it might be possible to create strong nonunion trade organizations in the district. However, this would be a delicate decision because it might inhibit union organizing later should Local 26 or another union gain strength and interest in the district.

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<sup>103</sup> I approached Pat Murphy with free grant writing services to develop a culinary training program using a match from the Workforce Training Fund. The Seaport Hotel said they were interested but didn't pursue the option.

<sup>104</sup> Interview with Brian Lang, organizer for Boston Local 26, February 1999.

<sup>105</sup> January 1999 letter from Thomas Brassil, President of Firemen and Oilers Local 3 to SEIU President Andrew Stern.

<sup>106</sup> Peter Sui, 1999.

Sectoral strategies also show some promise in creating career ladders and skill accretion some positions. An Aspen Institute study of sectoral strategies defines a sectoral employment program as one that “targets an occupation within an industry and intervenes by becoming a valued actor within that industry...eventually creating systematic change within that occupation’s labor market.”<sup>107</sup> Many of these initiatives cross over into economic development. For example, Cooperative Home Care Associates in South Boston is actually a nonprofit worker cooperative and viable business that has changed the structure and work conditions in the home health-care business through its action as a corporation.

The Aspen Institute also defines Project QUEST as a sectoral initiative because it trains formerly unskilled people for semiskilled jobs at better pay, although I think it has been less effective in creating occupational change. What QUEST does have that the COJR program lacked is political power to enforce employer commitments. When the hotel failed to live up to its linkage agreement, there was little workers or the community organizations could do. It was important to the Jobs Trust, and to a certain extent local elected officials, that the program look like a success. While the program was eventually able to get some concessions for mothers’ hours and scheduling, when cashiers were paid at a rate lower than promised, the Jobs Trust took no action. Part of the reason for this could be that community organizations and the Jobs Trust did not want to push too hard on the employer for fear of driving away future employer partners.

### ***Improving Linkage in the South Boston Seaport District***

I would like to suggest some ways to improve linkage in Boston, particularly in the context of the development in the South Boston Seaport District. These proposals center around three ideas: streamlining responsibilities and administration, increasing the benefits of linkage for less educated workers in Boston, and providing more opportunity for community input.

#### **Streamlining Responsibilities and Administration**

The Boston Municipal Research Bureau’s recent study of linkage raised questions about the collection, administration, and distribution of linkage funds, particularly housing linkage. The bureau found linkage was plagued by problematic management and inadequate record-keeping. In the late 1980s and early 1990s, development was slow and very little linkage actually collected.<sup>108</sup> No less than five departments are involved with administration and implementation, with no written guidelines for who does what. For example, linkage payments are connected to building-permit dates, but it is not clear how the Treasury Department knows when permits or certificates of occupancy have been issued.

The report recommended putting a single agency in charge of collecting, monitoring, and enforcing linkage agreements. Policies and guidelines need to be written and approved. Formal decision-making processes for approving the use of linkage funds should be followed and not overridden by special agreements.<sup>109</sup> The report suggests a comprehensive housing policy and I believe there is a need for a comprehensive jobs policy to guide the distribution of funds and

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<sup>107</sup> Clark, Peggy, and Steven L. Dawson, 1995.

DIPs as well. In spite of collection problems, the Municipal Research Bureau found that the jobs portion of linkage was administered effectively and maintained good records on the allocation of funds.<sup>110</sup>

### **Using Linkage to Improve Access, Working Conditions, and Wages**

The DIP could be an opportunity to gain more than just a funding stream for housing and job training. It could be an opportunity to intervene in future labor markets on behalf of urban, less-educated workers through the creation of linkage programs similar to the ones discussed in the Center for Community Change's study. It could also be a pressure point for community and labor groups to require certain labor and pay standards as a condition of developing in Boston.

To accomplish these goals, linkage could use the zoning permitting process as an opportunity to extract first source agreements from employers similar to those in Portland and to set minimum working conditions and wages. First source agreements might help minority and less-educated residents obtain jobs in the district at higher wages than they would otherwise. However, as we have seen with the Seaport Hotel program, case management and referral are not enough to prepare many inner-city workers for jobs, especially jobs that require strong English and customer-service skills. Linkage could provide less-educated workers a real advantage in competing for jobs if training programs were tailor-made for employers or industries expected to locate on the waterfront. With good training programs funded through linkage and first source agreements signed in the DIP, linkage could be a powerful tool for moving less-educated workers into jobs on the waterfront.

A recurring question is whether or not the new jobs in the South Boston Seaport District will be good jobs, and a linkage zoning rule might allow us to influence this as well. Especially with a good number of large employers moving into the Seaport District, this might be an excellent opportunity to set a standard for labor-market practices all over Boston. For example, if a certain number of mothers' hours positions or day-care spaces were required of new employers on the waterfront, former welfare recipients might be more successful in these jobs. If all new hotels were unionized (with good contracts), upward pressure would be exerted on hospitality wages across the city. A living wage requirement in the Seaport District might accomplish the same end across industries.

A problem with layering all of these requirements into the DIP is the quick turnaround required in the zoning and permitting process. There is a need to balance labor market concerns against the need to put a building up quickly in order to be profitable. If this process is too long and laborious, it may discourage employers from locating in Boston. On the other hand, if a first-source agreement could provide employers with skilled workers in Boston's currently tight labor markets, linkage could actually be an attraction. Standardizing the options and

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108 Interview with Beverly Gallo, March 1999

109 Boston's Linkage Program: A New Approach to managing linkage funds for housing and job training. October, 1998. Boston Municipal Research Bureau, Inc.

110 Municipal Research Bureau 1998: 13.



requirements to developers might help expedite the process and make the benefits to employers more apparent.

### **Improving Community Input**

To date, it seems Development Impact Agreement negotiations have been back room, last-minute deals with little public input. Part of this is because no community input is required or really even allowed in the process discussed above. Developers have many other more pressing hoops to jump through in the complicated Boston zoning process. Connie Doty, Neighborhood Jobs Trust Trustee, suggests that most developers would rather pay the full extraction amount than design a program or fulfill other requirements such as first-source agreements at this stage. In addition, it seems that most community and labor groups don't really know what to ask for at this time.

Doty suggests that communities expecting development impact and linkage funding go through a community-planning process and form a set of priorities for linkage funds. Linkage funds could be used to create a set of comprehensible, accessible programs to serve target groups rather than those based on last-minute deals between the developer and a single community agency. Often, these type of linkage arrangements end up serving the development more than the community.<sup>111</sup> Developers, elected officials, and community agencies alike would not be able to make side deals or create their own programs in lieu of payment under their community linkage plans.

In the process of formulating a comprehensive plan, community leaders and job seekers might gain a more realistic picture of their strengths and weaknesses and start to break down traditional patronage ideas about job placement. Once the plan is formulated, when funds are to be used in a particular neighborhood, local representatives could help develop a request for proposals and help choose the proposals once they arrive. In effect, community input would be formally included in the NJT linkage disbursement process through a rotating seat on the trust. However, as we saw in the conflict over the convention-center linkage benefits, it's not always clear which is the impacted neighborhood and who should receive linkage benefits.

As we saw in the study of linkage programs around the country, linkage "sticks" requiring employer participation will only be as effective as the "carrot" of valuable services provided to employers. In order for these proposals to work, effective staff and cohesive policy must create a menu of services that are truly valuable to employers. If employers find linkage programs to be of real value, more opportunities to provide less-educated inner-city workers with living-wage, career-path jobs may be created.

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<sup>111</sup> Connie Doty, interview. <sup>112</sup> Herzenberg, 1998: 127.

## Chapter 4: Conclusions and Recommendations

*My aim...is to galvanize and rally concerned Americans to fight back with the same degree of force and dedication displayed by those who have moved us backward rather than forward in combating social inequality. I therefore do not advance proposals that seem acceptable or “realistic” given the current political climate. Rather, I have chosen to talk about **what ought to be done to address the problems of social inequality**, including record levels of joblessness in the inner-city ghetto, that threaten the very fabric of our society.*

William Julius Wilson *When Work Disappears*, 1996, p. 209

The history of job linkage in Boston is a history of missed opportunities. The actual administration of linkage by the Neighborhood Jobs Trust has been relatively good, but the vision, breadth, and systematic creation and application of programs has been lacking. A large part of this failure has been due to the political climate and flaws in the master plan. These two problems are beyond the scope of the thesis, but in this concluding chapter, I would like to present some proposals for what ought to be done to improve linkage in order to maximize the number of good living-wage jobs in the South Boston Seaport District. I will begin by discussing some lessons learned. These lessons will range from broad to specific. Next, I will present a series of policy proposals. I will conclude with some ways that community groups and advocates can be involved in formulating linkage in the future.

### ***Lessons Learned***

In the first two chapters, we learned that there will be a net loss of higher-paying, relatively good industrial jobs. As we saw with the convention center, many of these jobs will be replaced with lower-paying, insecure service-sector jobs in the visitor economy. Longtime South Boston residents may have difficulty adjusting to the new economy in the Seaport District. Higher-paying knowledge-based service-sector jobs may be beyond their level of education, and many of the other service-sector jobs are low-paying, seasonal, with irregular hours and few career ladders. Broadly speaking, public policy should address these losses of good jobs and the unprepared workforce through improving work conditions and preparing workers for better-paying jobs. Linkage could be an effective tool for accomplishing these public-policy goals.

And yet the loss of good paying-industrial jobs is not absolutely imminent—their preservation or loss is a choice. Just as policy makers decided to locate the convention center in an area containing some of the only prime industrial space left in Boston, they can chose to assure that adequate space for industrial relocation in the city is available. Other land-use allocations are still flexible. Therefore, policy makers still have some choices about industry composition in the district. If industrial retention and expansion is a priority, the master plan

should reflect this, not only in spirit but also in terms of permanent zoning and industrial infrastructure.

The vagueness of the master plan has led to ambiguities in linkage negotiations and programs. Any new development in the Seaport requires multiple zoning exceptions (for height, square feet, nonconforming use, etc.) and linkage can be a key bargaining point in the approval of projects. These negotiations must take place quickly, often at the last minute, allowing no time for community input or coherent policy. Such last-minute, back-room deals encourage fragmented linkage policy and benefits. They also provide incentives for elected officials and other community leaders to grab all the benefits they can and not adhere to broader, longer-term policy objectives. The uncertainty of zoning approvals and linkage requirements is also problematic for developers—the many false starts on the Fan Pier parcel is but one example of this.

Both as a result of negotiations and allocation after collection of payments, linkage has suffered from an unsystematic distribution of funds, such as with the Convention Center Memorandum of Understanding. There is currently no formal request for proposals process, and priorities for linkage, both within neighborhoods and at the city level, are vague.

Turning to program design, as shown by programs in other cities, linkage can be more than a funding stream. It can be a way to improve access to jobs, wages, and working conditions for disadvantaged workers. Linkage programs in other cities show that enforceable linkage agreements are important to gaining employer attention and participation, but valuable services sustain linkage programs over the long term. In Boston as well, there is a balance to be struck between community benefits from linkage and the need to expedite the real estate development process. Both the community and the developer/employer must benefit from linkage or the program will not be effective or long-lived. Linkage agreements that are too expensive and too restrictive will discourage development and job creation, which is contradictory to the goals of linkage presented here.

We saw with the Seaport Hotel program that targeting only entry-level jobs doesn't work. This segment of the labor market is already too crowded, especially when promised wages slightly above the city average. These jobs are too few and applicants are too many. As we saw with in both the survey of Boston employers and the Seaport Hotel program, even entry-level jobs in customer-service occupations are not without required qualifications and aptitudes. To be effective, jobs programs funded by linkage must be more than career counseling and referral systems. They must involve some longer-term industry-specific training in order to meet job requirements.

## ***Policy Recommendations***

I began this thesis with the assertion that linkage could be a powerful tool for improving the prospects of less educated, inner-city workers in Boston. Policy recommendations in this section focus on ways to use linkage to increase the number of good living-wage jobs in the district. To formulate a cohesive linkage strategy and fully take advantage of the leverage offered by linkage, I propose that all linkage agreements have four components: payment of the exaction, first source

agreements, living wage requirements, and participation in multi-employer institutions in the Seaport District. After I discuss some ways to improve linkage negotiations and administration, I will discuss these four points in more detail below.

### **Administration and Systematization**

- Designate one agency to be responsible for the collection, record-keeping, monitoring, and enforcement of linkage agreements. This agency would need to form strong ties with the Neighborhood Housing Trust, the Neighborhood Jobs Trust, and building permitting agency (Inspectional Services Department). This agency should have the power to impose sanctions against developers who do not abide by their linkage agreements, either through fines, revocation of linkage refunds, or repeal of building permits. However, the agency should have to use these penalties rarely, if ever, if the rest of the linkage apparatus is working properly.
- A systematic method of distributing linkage should be created. Communities in need should have first priority. Need should be defined as a balance of two criteria: impacts from the proposed development and levels of poverty and joblessness in the community. The process of allocating linkage will be inherently political, but by opening up DIP negotiations to community participation and city-wide input, it may become more equitable.
- Make linkage requirements more fixed and less open to negotiation by requiring broad community input for any exceptions to linkage requirements. Broad community input will slow down the linkage and zoning approval process, which is something most developers very much want to avoid. If linkage requirements are well-designed to start with, there will be little benefit to be obtained by deviating from the requirements (other than individual political gain, which is something to be eliminated from the process anyway).

### **Program Design**

- Include living-wage requirements in all linkage agreements, both for employers locating on the waterfront and their contractors. This living-wage requirement should be similar to the one for city contracts, with similar wage levels, reporting requirements, and monitoring. The current minimum wage on city contracts and with linkage should be raised periodically to reflect cost-of-living increases.
- Include first-source agreements in all Development Impact Plans. It seems now that the One-Stop Career Centers might be the most appropriate vehicle for first-source agreements, and One-Stops would in turn be responsible for seeing that job postings and programs were publicized in appropriate community organizations. This will require some changes in current One-Stop practices, as they currently have very little contact with community organizations.
- Set aside some linkage money for industry-specific training in particular growth industries, with the goal of preparing less educated workers for semiskilled jobs. This might allow new employers to reap some of the benefits of linkage payments and help garner broader political support for the program. Less educated workers will benefit both directly through preparation for higher-wage career-track jobs and indirectly, perhaps, through less crowding

at the very bottom of the skill distribution. This will also encourage career ladders, as workers will be able to build their skills in or across industries and move up job ladders.

- Training programs should be funded through linkage only if they are connected to a particular employer or group of employers. Linkage allows for rare opportunities to require employer participation in training programs, and we should take full advantage of this leverage.
- In occupations and industries where internal career ladders are lacking, multi-employer institutions may be able to create “career staircases.” For example, in Western Michigan, Burger King owner Stuart Ray has linked his outlets with better-paying manufacturing jobs. Ray has sought to reduce turnover and attract better workers with the promise of better-paying, semiskilled jobs in manufacturing.<sup>112</sup> A similar arrangement could be made in the Seaport District between low-paying hospitality jobs and higher-paying, higher-skill office jobs. The linkage intermediary, perhaps the One-Stop Career Centers, could manage this relationship.
- Linkage programs and services should be means-targeted but not means-tested. Some middle-income and mid-career people should be served. Not only is this the kind of “bait-and-switch” practice that was so successful in Portland, it will also help the garner political support for linkage and other job training programs.
- Encourage unionization through neutrality-card agreements, and by strengthening the local union’s power to organize workers. Given the current dismal state of the local hotel union, this recommendation may be beyond the scope of public policy.

### ***Opportunities for Community Involvement***

- Start a community process to determine priorities for linkage, especially in neighborhoods expecting substantial development impacts and linkage funding in the coming years. This planning process should include an assessment of which groups of job seekers should be targeted through linkage programs (welfare recipients, immigrants, older workers, or youths, for example). It should also include a discussion of other benefits the community would like to see from linkage—first-source agreements or higher minimum-wage requirements, for example. Finally, the community should start to develop plans for the type of programs linkage should support—basic education, child-care facilities, or industry-specific training, for example. A process like this could be a condition of receiving linkage funds.
- When a particular neighborhood or neighborhoods are impacted by a development making linkage payments, develop mechanisms for including representatives from those communities in the negotiation of the Development Impact Plan and distribution of linkage funds. Any developer program proposing housing or jobs programs in lieu of linkage payments should be approved by these community representatives. The longer lead time involved in deviations from linkage extractions and standard forms of agreement may discourage employers from trying to make these agreements. Discouraging side deals not approved by the community as a whole is a positive policy.
- Use existing community resources and institutions to the greatest extent possible. One of the real successes of the Seaport Hotel Community Outreach and Job Readiness Program was

that it greatly enhanced the capacity of all community organizations involved. They all now have job-training and placement programs, where none existed before. Linkage had a multiplier effect in these communities.

The redevelopment of the South Boston Seaport District brings both opportunities and threats for less educated inner-city workers in Boston. Linkage could be an effective tool for mitigating the negative effects and increasing the opportunities of the new development. By improving the administration and systematizing linkage requirements, both developers and community groups would be able to better understand and benefit from linkage. Through training programs paid for with linkage funds, living-wage requirements, first-source agreements, and the creation of multi-employer institutions to facilitate career ladders, linkage can greatly improve the job prospects for disadvantaged workers in the Seaport District.

## Abbreviations

BRA	The Boston Redevelopment Authority—Boston’s city planning agency
CBOs:	Community-based Organizations
CDC	Community Development Corporation
COJR	Community Outreach and Job Readiness Program—the job training and placement program for the Seaport Hotel
EDIC	Economic and Industrial Development Corporation—a quasi-public organization created in the 1970s to address the decline of industry in Boston. In 1990, merged with the BRA.
JCS	Jobs and Community Service—Office under the jurisdiction of the mayor largely responsible for the administration of JTPA funds. Share staff and resources with the Neighborhood Jobs Trust
JTPA	Job Training and Partnership Act—Federal funding program for job training
NJT	Neighborhood Jobs Trust—responsible for administering linkage in Boston
MOU	Memorandum of Understanding
SBNDC	South Boston Neighborhood Development Corporation

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