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# Urban Politics and Progressive Housing Policy: Ray Flynn and Boston's Neighborhood Agenda

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As the United States faces a deepening housing crisis, what can cities do? This may sound like a daunting question. Cities face overwhelming social and economic problems, especially in their poorer neighborhoods. They simply lack the resources to fill the gap between what poor and working-class people earn and what housing costs to build and operate. Only the federal government—with, in better fiscal times, some help from state government—can solve the crisis of affordable housing.

But cities have a role to play, too. They can develop model programs and policies if they are provided the tools and resources. They can pressure (or forge partnerships with) businesses, suburban governments, and other groups to expand housing opportunities. They can help mobilize support for a more activist federal urban policy and housing program.

We cannot expect a substantial shift in federal housing policy unless the problems of cities—and the urban poor and their neighborhoods—move closer to the top of the nation's agenda. Thus the answer to the question "what can cities do?" depends both on economic realities and political commitment. In this chapter I attempt to answer that question primarily by focusing on a case study of what one city with a progressive government—Boston under Mayor Raymond Flynn—accomplished (and did not accomplish) during the 1980s.

The key dilemma for progressive local politicians is in deciding to what extent city government can intervene in the private economy before business either pulls up stakes or mobilizes politically to oppose elected officials. Since most decisions affecting a city's business climate are made by national (even global) corporations and the federal government, there are limits to what a city government can do to improve the business climate or social conditions. Still, all local government officials are concerned about the business climate because the city's tax base and jobs base depend on whether businesses stay and expand. A major difference among conservative, liberal, and progressive city governments is in the degree of their

willingness to test how far government can go before business acts on its threats to leave, cut back, expand elsewhere, or organize political opposition. If progressive elected officials are to challenge business prerogatives, they need to have a strong political constituency that will support them. They also have to know when and how to compromise.

#### PROGRESSIVE MUNICIPAL POLITICS: HOUSING

Since 1980 the United States has experienced a period of bold housing experimentation. Confronted with a deepening housing crisis and a market-oriented federal government, local housing activists have found new ways to preserve and expand affordable housing (Goetz 1993; Nenzo 1986). In 1995 there were thousands of local groups involved in housing activism of some kind. Their success was not primarily a result of discovering new construction methods, new financial techniques, or new planning tools. What is often lacking is the political commitment, particularly from local officials, to restrain or steer housing market forces to benefit poor and working-class people. The recent achievements of America's housing activists are chiefly the result of political activism. They forged new coalitions and partnerships with progressive allies, mobilized voters in electoral campaigns, and made housing an issue in local politics.

In doing so, however, they faced a major dilemma—the dilemma that faces all progressive activists engaged in urban politics: businesses can move, but politicians usually stay in one place. If local public officials tax or regulate the private sector too aggressively, businesses can threaten to pull up stakes and take their jobs and tax base with them. They can also mobilize a sustained political assault (often with the aid of the local media) against an incumbent for being unfair to business. Few politicians want to be labeled with the reputation that because they lost the confidence of the business community, they drove away jobs and undermined the tax base. Thus most public officials accommodate themselves to businesses' priorities.

What about housing policy? The same political forces shape the capacity or willingness of local governments to address the housing conditions of the people not well served by market forces. Housing developers, landlords, and lenders argue that they will not invest in cities that place too many restrictions—rent control, zoning, building-code standards, resale limits, development fees—on housing. The fragmentation of political boundaries gives the housing industry additional muscle. Poor cities compete with more affluent suburbs for middle-class residents and market-rate housing in order to expand their tax base. Landlords threaten to abandon buildings and developers warn that they will not build housing if cities impose rent control or high property tax rates, pointing out that there are always nearby communities that do not have such policies. In both national and local politics, the real estate industry is among the biggest campaign contributors. Because their fate is tied directly to

decisions made at city hall, developers, landlords, and their allies (contractors, lawyers, lenders) have a big stake in the outcome of city government races.

These realities led a number of prominent urban experts to argue that local governments have little room for maneuver in adopting progressive policies—including housing strategies—that redistribute wealth, income, and political power. In the most cogent expression of this view, Paul Peterson, in *City Limits* (1981), argues that municipal government policies emerge largely in response to larger economic forces. The market, he asserts, dictates politics and policy. Cities must promote private economic growth; the alternative is decay and stagnation. Progressive redistributive policies hurt cities because they entail increased taxes, reduced services, or both for those residents and businesses that contribute most to the city's tax base and economic well-being. According to Peterson, only the federal government can promote redistributive social welfare policies.

In *Urban Fortunes* (1987), sociologists Harvey Molotch and John Logan portray urban "growth machines" as coalitions of business, developers, labor, the media, and public officials, united in their quest to improve the business climate by attracting new investment. These growth coalitions influence local development policies to intensify land use, increase rents, and generally enhance the profitability of private enterprise. By emphasizing the clearly limited room for political maneuver, this grim perspective could hardly inspire activists to view local politics as an arena for progressive reform.

Just how much room exists, however, is rarely tested. Most elected officials and political movements are unwilling to see how far they can push (Cummings 1988; Fainstein 1986; B. Jones and Bachelor 1986; Judd and Parkinson 1990; Savitch and Thomas, eds., 1991; Squires 1989; Stone and Saunders, eds., 1987). But some groups are bolder than others, particularly when they are emboldened by strong grassroots movements. Indeed, what is missing from these analyses is the potential for political organizing, political skills, and political entrepreneurship in forging an alternative vision and agenda.<sup>1</sup>

In the 1970s and 1980s progressive grassroots movements did gain a foothold in running local governments. In a few cases, their leaders and allies were catapulted to elective office, including mayor and city council. Among America's major urban centers, however, only in Cleveland, San Francisco, Chicago, St. Paul, and Boston did progressive activists achieve electoral success and seek to use local government to promote an agenda of economic and social reform. In every case, housing and community development issues were a key in mobilizing supporters and in forging a governing regime (Clavel and Wiewel, eds., 1991; Clavel 1986; DeLeon 1992; Mier 1993; Krumholz and Forester 1990; Swanstrom 1985).

Only in Boston did the progressive coalition remain in power long enough to carry out its agenda. The Flynn regime demonstrated that, despite major political and economic obstacles, local government can be progressive and humane. The Flynn coalition showed that it is not imperative for big-city mayors to play to racial fears or to embrace the growth-at-all-costs downtown development

agenda to be successful politically. In contrast to the other short-term experiments, a progressive regime, led by Mayor Raymond L. Flynn, endured in office for over nine years. First elected in 1983, Flynn was reelected to successive four-year terms in 1987 and 1991. He left office in July 1993 to become ambassador to the Vatican.<sup>2</sup>

Flynn was elected mayor with a populist mandate to "share the prosperity" of Boston's downtown economic boom—particularly in terms of jobs and housing—with the city's poor and working-class residents. He took office in the midst of dramatic federal cutbacks in urban-oriented housing, job training, and economic development programs, which Boston had heavily relied on for over twenty-five years, beginning with the public housing and urban renewal programs.

Housing was clearly the biggest problem facing Boston as Flynn campaigned for mayor and the issue that most galvanized support for his election. It was also the area in which federal cutbacks had been most severe under the Reagan administration and thus put the greatest burden on local government to deal with the consequences of a national housing crisis.

With federal funds declining, the Flynn administration developed policies that looked to the booming local private economy in order to carry out these "redistributive" goals. Some of the policies took the form of so-called public/private partnerships; others involved government regulation (i.e., zoning, rent control) of the private sector. The underlying assumption of these policies is that the benefits of the private economy's growth would not automatically trickle down to Boston's nonaffluent residents; benefits had to be steered in that direction by government action.

At the same time, Flynn's experience reveals that there are real limits to progressive political action at the local level, particularly when the federal government is actively hostile to cities and the poor. An examination of this experience can shed light on how far, and under what circumstances, progressive movements can push the limits of progressive municipal housing policy.

## BOSTON: SETTING THE STAGE

The origins of the political coalition that put Flynn into the mayor's office can be traced to Boston's economic and social transformation that began in the 1960s. Boston experienced a steady economic decline from 1950 through the early 1970s. The city's population dropped from a high of 801,000 in 1950 to 563,000 in 1980. As manufacturing and blue-collar employment fell, the city's tax base declined and public services dwindled along with it.

The people concerned with reversing Boston's decline advocated a transformation of the central city and its downtown area into a commercial center to attract business, civic institutions, and middle-class residents. This process, which began in the late 1950s, laid the groundwork for the city's economic revitalization, but it

did not achieve visible success until the late 1970s. Boston's revitalization was driven by three primary forces: the restructuring of the global economy, increased federal social spending on health care and education, and an aggressive, federally financed urban renewal program.

Boston's economic transformation also entailed major changes in the city's built environment, social dynamics, and political life—changes that would not have occurred without the formation of a powerful coalition of downtown business leaders, developers, and politicians capable of mobilizing and coordinating the public and private resources necessary to rebuild the city's central business district and adjacent residential areas. The growth coalition ultimately revolved around two newly created institutions: the Coordinating Committee (also known as the Vault), which consisted of the top business leaders, and the Boston Redevelopment Authority (BRA), a superagency that combined the city's zoning, planning, and development functions.

Initiated by mayors John Hynes (1950–1959) and John Collins (1960–1967), BRA director Edward Logue, and the Vault, the growth coalition embarked on an ambitious renewal plan that encompassed more than one-quarter of the city's land area and helped trigger a sustained era of new private investment in the city (Dreier 1983; Kennedy 1992; Mollenkopf 1983; Boston Urban Study Group, 1984). Between 1960 and 1985, more than 20 million square feet of office space was added to Boston, almost doubling the total supply of space. Employment in finance, insurance, and real estate more than doubled, to 85,100, between 1950 and 1985, and employment in a broad range of other services (mainly health, education, and business services) grew threefold, to 225,900 (Boston Redevelopment Authority 1995; Brown 1987; Ganz 1985).

The other side of Boston's revival involved the displacement of thousands of minority and working-class residents from the downtown and nearby neighborhoods. The most dramatic example was the complete razing of the West End, an ethnic mosaic captured in Herbert Gans's *The Urban Villagers* (1962), and the replacement of the city's honky-tonk district into Government Center, a commercial and public-sector complex. The federal bulldozer of urban renewal in the 1950s and 1960s was supplanted by the economic bulldozer of market speculation and gentrification, symbolized by the restoration of Faneuil Hall and Quincy Market in 1975 as the first of the many successful downtown festival marketplaces in major cities.

In addition to increased housing demand by new professional workers, the entry of tens of thousands of Latin American and Asian immigrants into Boston during the 1970s and 1980s exacerbated the competition for housing. By the early 1980s Boston's housing prices and rents were among the highest in the country.

These new factors greatly accelerated the process of change in Boston's neighborhoods. The downtown economy was booming, symbolized by shiny new skyscrapers, but most Boston residents felt left out. Even many middle-class homeowners (who benefited financially from rising housing values) began to

worry that Boston's hot housing market would prevent their own children from settling in their neighborhoods. In less than two decades, Boston was transformed from a depressed, low-rise city of mostly white ethnic neighborhoods to a more vibrant, high-rise city composed increasingly of young professional workers and new Third World immigrants.

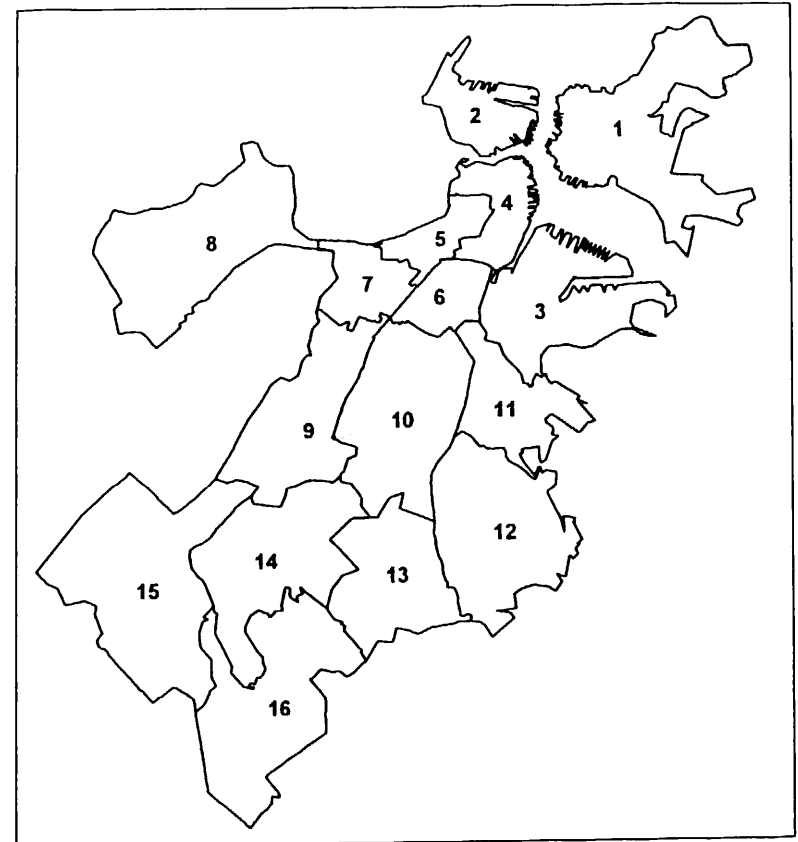
### NEIGHBORHOOD CHANGE AND HOUSING CRISIS

During the 1970s Boston's population continued its postwar downward slide, from 641,071 in 1970 to 562,994 in 1980. Between 1970 and 1975 the city's unemployment rate rose from 4.9 percent to 12.8 percent. By 1980, it fell to 6.1 percent, but by 1983 it had climbed back up to 7.9 percent. Unemployment among minorities was 50 percent above the citywide rate. In 1980 one-fifth of the city's population lived below the poverty line (Boston Redevelopment authority 1985 and 1993).

Boston was a city of distinct neighborhoods and strong neighborhood identities. Boston's residents felt large-scale changes in the regional and city economy as threats to neighborhood stability. Between 1970 and 1980 twelve of Boston's sixteen neighborhoods lost population; only those adjacent to the downtown grew in numbers. Declining population and rising poverty led to considerable housing abandonment, deterioration, and arson, including arson-for-profit, during the decade. In 1980 almost one-tenth of the city's housing stock was vacant. Surpassed only by New York City, Boston had the next lowest level of homeownership (27 percent) of any major U.S. city. During the 1970s rent levels remained constant while the median value of owner-occupied (noncondominium) units declined by 5 percent in constant dollars. However, three neighborhoods close to downtown experienced inflation in both rents and home prices, foreshadowing the gentrification of the 1980s.

Like most older northern and midwestern cities, Boston was highly segregated. Between 1970 and 1980 whites declined as a proportion of the population from 82 percent to 70 percent, and African Americans increased from 16 to 22 percent. In 1970 Boston's black-white "index of dissimilarity"—the percentage of blacks that would have to move to achieve an "even" residential pattern throughout the city—was 81 percent, and by 1980 it had declined only slightly to 78 percent.<sup>3</sup> In 1980 six of Boston's sixteen neighborhoods (East Boston, Charlestown, South Boston, Bay Back-Beacon Hill, Roslindale, and Hyde Park) were more than 90 percent white. The major concentrations of the African-American population were Roxbury (78 percent black) and Mattapan (81 percent black). Several neighborhoods, including Jamaica Plain, Dorchester, and the South End, were undergoing significant racial transition, including a growing number of Hispanic households (Boston Redevelopment Authority 1985 and 1993; Goetze 1992 and 1995). Boston's public schools were racially segregated.

In the mid-1970s court-ordered busing led to severe racial violence as working-class whites sought to "defend" their turf (Formisano 1991; Lukas 1985; Lupo 1977; Levine and Harmon 1992).



Map 5.1. Boston Neighborhoods and BRA Planning Districts (Source: BRA Research Department)

Legend: Planning District 1, East Boston; 2, Charlestown; 3, South Boston; 4, Central; 5, Back Bay-Beacon Hill; 6, South End; 7, Fenway-Kenmore; 8, Allston-Brighton; 9, Jamaica Plain; 10, Roxbury; 11, North Dorchester; 12, South Dorchester; 13, Mattapan-Franklin; 14, Roslindale; 15, West Roxbury; 16, Hyde Park

Boston's economy began to improve in the early 1980s and accelerated in the mid-1980s, spurred by downtown development, federal military and high-tech spending, and growth in the health care and higher education sectors. The unem-

ployment rate fell from 9.1 percent in 1982 to 5.5 percent in 1984. The city's population began to grow for the first time in the postwar era.

Boston's economic and population growth fueled a strong housing market that displaced many of the city's poor and working-class residents. By 1983 Boston already had experienced several years of sustained real estate appreciation and gentrification. The trend began in the late 1970s in the neighborhoods closest to the downtown, but by the early 1980s it had spread to outlying white and minority working-class areas (Clay 1988; Boston Redevelopment Authority 1985; Goetz 1992).

Boston increasingly was attractive to yuppies and empty nesters who competed with poor and working-class residents for scarce housing. Seventy percent of Boston's residents were tenants, who were particularly vulnerable to displacement from rising housing values. Skyrocketing rents and condominium conversions were pushing elderly and poor people out of their apartments. Escalating housing prices made it almost impossible for young working families to purchase a house.

The city's poor and working-class neighborhoods, especially black and Hispanic areas, were scarred by abandoned buildings and vacant lots, although pockets of these areas were being gentrified. Arson was reaching epidemic proportions. A growing number of homeless people slept in the city's downtown streets, parks, and alleyways.

### *Building a Progressive Coalition*

These social forces—a surge of economic growth and downtown development, the severe fiscal crisis, the emerging housing crisis, and a rapidly changing population—strained the social fabric and fueled a sense of political instability and disenchantment with the administration of Mayor Kevin White. White was elected in 1967 as a neighborhood-oriented, liberal reformer, who supported rent control and “little city halls.” By the mid-1970s, however, he had become more conservative, abandoning his neighborhood-oriented policies (Ferman 1985; Lukas 1985). He reversed his support for rent control and endorsed unbridled new downtown development, earning him the backing of the real estate industry. Among voters, he was increasingly viewed as favoring downtown interests over neighborhood interests.

In May 1983 White declared he would not seek reelection. When Ray Flynn announced his candidacy for mayor in front of a public housing project—pledging to be a people's mayor, to share the city's prosperity with the city's have-nots—few people gave the maverick city councillor a chance. In 1970, Flynn had run successfully for the state legislature from South Boston and had generally represented the views of his white working-class constituents. In 1977 Flynn had been elected to a seat on the Boston City Council and had begun a transformation from a parochial neighborhood politician with progressive leanings to a crusader with citywide appeal. He recognized that residents in black, Hispanic, and white poor and working-class neighborhoods faced similar problems.

On the city council, Flynn's tenants' rights bills were usually easily defeated in the face of the city's powerful real estate lobby, the biggest donor to politicians. As councillor, and later as mayor, he often said, “Washington has the oil lobby. We have the greedy Greater Boston Real Estate Board.”

In the hotly contested preliminary election to choose two finalists, Flynn and Mel King, a radical black state legislator, were the top two vote-getters against the other downtown-oriented candidates. The voters had made a clear choice for a neighborhood-oriented agenda. In the run-off, Flynn bested King by a 2-to-1 margin (Jennings and King, eds. 1986).

### *Building a Governing Regime*

After the election, Flynn's challenge was to build a governing populist coalition that included working-class whites, the growing minority populations, and progressive activists—to focus on issues that built bridges to connect these groups. Flynn and his activist cadre developed a new approach to government—the permanent organizing campaign. Actively reaching out to include neighborhood residents in city government, Flynn turned the tables on the idea that “you can't fight city hall.” More often than not, it was city hall working with neighborhood groups fighting the banks (for redlining), the developers (to require linkage and other concessions to neighborhood preservation), the landlords (for promoting gentrification), the elected school committee (for ignoring the needs of the students), the state government's Beacon Hill establishment (for treating Boston, the state capital, like a Third World colony), and even the federal government (particularly Reagan's HUD) (Dreier 1993b).

### HOUSING POLITICS

Like most local governments, Boston had limited powers and resources at its disposal to address the housing crisis—primarily regulatory powers, some discretionary funds, and control of public property. But the ability of the Flynn administration to use even these limited tools was shaped by a number of political and administrative factors. In Boston, as in most cities, the constituencies for housing policies include a number of varied elements with quite different interests. The relative political influence of these groups shapes the room for maneuver within city politics.

Flynn wanted Boston's economic expansion, and the jobs, taxes, and other benefits that went with it, to continue. With the exception of some preservation and environmental groups and some neighborhood organizations in the downtown residential areas, most Boston residents supported the progrowth agenda and could thus be viewed as part of the “growth coalition.”<sup>4</sup> Proponents included the business community, labor unions, neighborhood associations (outside the downtown

core), and minority group organizations. They differed, however, on the type of growth and on methods to distribute the benefits of growth.

Within the broader business community, the real estate industry, in particular, had the most immediate stake in city policy. It had benefited from the city's downtown building boom and the resulting skyrocketing land and housing values. Landlords, developers, contractors, management firms, brokers, and real estate attorneys exercised considerable political influence. Through the Greater Boston Real Estate Board (GBREB), they opposed measures that threatened to reduce real estate development and profits. The board opposed the general thrust of Flynn's housing platform, and its members donated heavily to his opponents.

Housing activists, another political constituency, favored regulatory and development policies that supported the preservation and production of low- and moderate-income housing. Compared with their counterparts in other cities, Boston's housing activists were numerous and sophisticated. They had fought for tenants' rights, subsidized housing, and antiarson programs. Flynn, as candidate and mayor, was able to win the support of their constituency largely on the basis of his housing policy platform, programs, and recruitment of housing activists into his administration.

Neighborhood associations, as varied as Boston's neighborhoods, represented a third housing constituency. Their geographic turf ranged from blocks with a few hundred residents to large neighborhoods of 20,000 people. These voluntary organizations tended to be dominated by middle-income homeowners and focused on basic municipal services. But housing and development issues forced their way onto association agendas.

The real estate and development boom of the early 1980s added opposition to unbridled private development to their concerns. The neighborhood associations sought a greater voice in reviewing housing developments proposed for their neighborhoods. Some groups simply opposed any new developments, particularly those involving low-income or special-needs housing (for example, homeless shelters or group homes for the mentally ill). In low-income neighborhoods, the blight of abandoned buildings and vacant lots became issues. In the past, neighborhood groups tended to voice their concerns on an ad hoc, project-by-project basis, typically by appearing at public hearings of the Zoning Board of Appeals to support or oppose variances for new developments. Their influence was based primarily on their informal ties to local politicians, many of whom had emerged from these voluntary neighborhood groups.

## HOUSING POLICIES

The degree of Flynn's success or failure in overcoming the obstacles posed by the city's housing politics—the various factions of the housing lobby and the city hall bureaucracy as well as the city council, the courts, HUD, the governor and state

legislature, and the media—is best measured by examining his administration's housing policies and their implementation. The key issues included tenants' rights, linkage and inclusionary housing, nurturing the nonprofit sector, bank redlining and community reinvestment, and the integration and modernization of public housing.

### *Tenants' Rights*

Since the mid-1960s Boston's major housing battleground has been the regulation of rents, evictions, and condominium conversions. The issue has become the litmus test for identifying political candidates as conservative or liberal. Boston enacted a strong rent control law in 1969 that covered all private rental housing except owner-occupied two- and three-unit buildings. Subsidized and public housing also were exempted. By the mid-1970s political support for strong rent control had eroded. Rent control had become a convenient scapegoat for housing abandonment and high property taxes on homeowners—problems more accurately linked to the city's overall economic problems, the busing controversy, and its fiscal crisis (Appelbaum 1991). In 1975 Mayor White and the city council adopted vacancy decontrol, which permanently removed an apartment from regulation after a tenant left. As a result, by 1983 the number of apartments covered by rent control fell from over 100,000 units to under 25,000 units. In the late 1970s a wave of condominium conversions fueled another round of tenant protest.

A cornerstone of Flynn's platform was an overhaul of the tenant protection laws, a return to full rent control, and either a ban on evictions for condo conversion or a ban on conversion itself. Shortly after Flynn assumed office, his administration introduced comprehensive tenant protection legislation. From the outset, Flynn and his aides recognized that this policy was an uphill, perhaps impossible, fight. With its huge campaign contributions, the real estate industry had enormous influence on the city council.

During Flynn's first two terms, the city substantially strengthened tenants' rights. Rather than the dramatic sweeping change he sought in his first year in office, however, the improvements came incrementally. In October 1984 the city council rejected Flynn's plan but passed a compromise measure to strengthen the city's control over rent increases. In 1986 Flynn and tenant activists successfully persuaded the council to enact a condo conversion/eviction ban, and in summer 1988 they pressured the slightly more progressive city council to give the rent board the authority to regulate condo conversions and lodging houses. With Flynn's support, the city council passed a law to place HUD-subsidized developments under rent control if owners exercised their option to prepay their federally subsidized mortgage. Without such protections, up to 10,000 subsidized units in Boston would have eventually been at risk if owners had taken advantage of Boston's strong housing market and converted to market-rate housing.<sup>5</sup>

Tenants' rights law involved government regulation of private property. Opposition from landlords and the Greater Boston Real Estate Board and support from tenant groups were expected. Although Flynn was unable to enlist the Vault and major employers to support his tenants' rights agenda, he helped shift the balance of political forces by enlisting the support of labor unions, religious leaders, and some neighborhood association leaders who previously had been neutral on the issue (Dreier and Keating 1990).

### *Linkage and Inclusionary Housing*

Boston's strong real estate market and the severe decline of federal housing funds led housing advocates to seek new revenues and techniques to create affordable housing by extracting additional public benefits from private developers. Linkage (requiring large-scale commercial developers to subsidize affordable housing) and inclusionary housing became two hotly contested mechanisms for achieving this goal (Dreier and Ehrlich 1991).

During the 1983 mayoral contest, all but one of the seven major contenders endorsed some kind of linkage. Flynn and King advocated the strongest versions—in terms of the fee, the scale of projects covered, and the proposed uses of fees. In October 1983 a committee appointed by lame-duck Mayor White recommended a linkage policy requiring downtown office and institutional (e.g., hospital) developers to pay \$5.00 per square foot over a twelve-year period, with the first 100,000 square feet exempted. In terms of its present value, the formula actually amounted to only \$2.40 per square foot. Flynn, Massachusetts Fair Share (an activist community organization), and other housing advocates criticized the recommendations, calling for a full \$5.00-per-square-foot formula instead. Once in office, despite the opposition of the city's real estate industry, Flynn increased the fee to \$6.00 per square foot to be paid over a seven-year (rather than twelve-year) period, which almost doubled the existing linkage formula.

In 1986 housing activists and the Flynn administration began a push for another policy that sought to take advantage of the city's strong real estate market—inclusionary housing. This policy requires developers of market-rate housing projects to set aside units for low- and moderate-income residents. The effort was triggered by the realization that publicly subsidized housing developments were inadequate to meet lower-income housing needs in Boston's expensive housing market. In July 1986 Flynn submitted an inclusionary housing policy to the BRA calling for private developers to set aside 10 percent of all housing units (in projects with ten or more units) for low- and moderate-income residents.

Opposition to inclusionary housing was broader than opposition to linkage. The latter affected a small number of major developers who were building large downtown office towers and institutions (e.g., hospitals, universities) that needed to expand their facilities. Inclusionary housing, however, would affect a much larger number of more diverse housing developers. Moreover, it was not at all clear that

many neighborhood associations, which in the past had opposed many subsidized housing projects, would support a policy that would bring more low-income housing into their neighborhoods.

By the end of 1992 linkage had contributed close to \$70 million and over 10,000 affordable housing units. The inclusionary housing policy had added about 400 affordable units that would not otherwise have been created. Flynn had overcome the opposition of GBREB and the fears of neighborhood groups.

### *Nurturing the Nonprofit Sector*

When Flynn took office in 1984, Boston had a fledgling network of nonprofit housing developers; they were a marginal part of the city's civic landscape. During the next nine years, they became the backbone of Boston's affordable housing program and key players in neighborhood politics. From a handful of organizations, Boston's nonprofit housing-development sector grew to more than thirty organizations.

The Flynn administration inherited a sizable inventory of properties that had come into the city's hands through foreclosure and urban renewal takings during the previous decade—most of it in low-income and minority areas. The White administration's policies toward these city-owned properties reflected its development priorities: it auctioned them off to the highest bidder—typically speculators.

The Flynn government reformed the way the city disposed of its properties. It aggressively foreclosed on tax delinquent owners of abandoned buildings or vacant lots in order to assemble parcels for neighborhood development. It ended auctions of city-owned property to the highest bidder. Instead, the properties were sold for affordable housing through a public competition with the involvement of neighborhood organizations in establishing the ground rules. The city sold public property for a nominal amount—typically one dollar—to reduce development costs, losing substantial revenues in order to encourage affordable housing.

Having put most of its eggs in the nonprofit basket, the city government recognized the weaknesses of the CDC sector. The administration understood that it needed to help expand the capacity of the CDCs to undertake large-scale, financially complex projects, or else the sector would repeat the mistakes of the past. The city drew on Boston's foundations and business groups to help support and expand the CDC network. The major vehicle for the effort was the Boston Housing Partnership (BHP).<sup>6</sup>

The BHP was an outgrowth of the joint efforts of several key businesses, foundation executives, community activists, and government officials. The partnership's initial role was to help the CDCs improve their development capacity by taking advantage of economies of scale and by assembling subsidies from several sources to reduce transaction costs.

The BHP was perhaps the most successful public/private community housing partnership in the country. Through it, the CDCs rehabilitated, owned, and managed the developments. The BHP involved at least twenty sources of financing.

The city contributed CDBG and linkage funds to acquire private properties as well as city-owned properties and tax abatements. The state provided tax-exempt mortgage financing and rental subsidies. The federal government provided tax credits for corporate investors and, in many cases, Section 8 rent subsidies for tenants. The city, state, several local foundations, the United Way, and the Local Initiative Support Corporation provided funds for CDC operations and to hire the core staff.

At the end of Flynn's second term in 1991, CDCs had built or rehabilitated more than 5,000 housing units. The BHP projects accounted for less than one-half of this figure, but its role in expanding CDC capacity helped the nonprofit groups to take on additional projects on their own.

In allocating city resources to housing projects sponsored by nonprofit organizations, city officials sought ways to guarantee that the housing would be affordable for the long term. The city instituted resale restrictions on all housing created for sale in order to stop buyers from selling their subsidized homes for windfall profits. As for rental projects, the city encouraged their transformation into limited equity cooperatives, and it also had a preference for mixed-income developments (Collins and White 1994).

The siting of housing projects sponsored by a wide assortment of nonprofit groups was often controversial and frequently met with neighborhood opposition. This experience led Flynn to object to demands from some neighborhood groups that they be given a final veto over the disposition of city property or funds.

In one unprecedented situation, the city government delegated its urban renewal authority to a community-based organization, the Dudley Street Neighborhood Initiative. This group was a foundation-funded coalition of churches, neighborhood associations, and other groups in a severely troubled black and Hispanic part of the Roxbury area. In 1987 DSNI proposed assembling development parcels from the patchwork of privately owned and city-owned vacant lots that scarred the area. Given the complexities involved in purchasing the privately owned sites, the DSNI asked the BRA to delegate its authority to take properties by eminent domain. Mayor Flynn agreed to the idea, despite opposition from the real estate industry that this approach was not only illegal but also an outrageous intrusion on private property rights. The city government worked closely with DSNI to develop a revitalization plan for the neighborhood. It agreed to donate city-owned land to the redevelopment effort and to target housing and commercial development funds for the effort. The city's antiredlining efforts contributed the lenders' willingness to work with DSNI. The group's own internal problems and the slowdown of the real estate market delayed the start of construction on the first projects, but by 1990 several housing developments were under way (Medoff and Sklar 1994).

#### *Redlining and Community Reinvestment*

By the middle of Flynn's second term, bank redlining dominated the news—due, in no small part, to the city government's aggressive efforts to focus public atten-

tion on the problem. Working with a coalition of community activist groups, including several CDCs, the Flynn regime orchestrated a campaign to expose and reform discriminatory banking practices in Boston.

In 1989 Mayor Flynn asked the BRA to undertake a systematic analysis of lending practices in Boston's neighborhoods. Shortly after his request, the *Boston Globe* published the preliminary results of a study by the Federal Reserve Bank of Boston showing significant disparities on the basis of race and geography in bank mortgage lending in Boston's neighborhoods. The two studies put Boston's banks on the defensive and triggered a year-long series of protests and negotiations involving city hall, community groups, and the banking industry. In the midst of the discussions, and to further prod action, Mayor Flynn enacted a "linked deposit" policy. Under this plan, the city would regularly examine the banks' track records on home mortgages, affordable housing development, hiring practices, neighborhood branches, small business loans, and participation in city-sponsored housing and neighborhood improvement programs. The evaluations would be made public to inform consumers and local organizations about their banks. City funds would be invested only in those banks that had demonstrated their commitment to Boston's neighborhoods. Meanwhile, Congr. Joe Kennedy brought the U.S. House of Representatives Banking Subcommittee to Boston to hold hearings at the Federal Reserve Bank on the redlining issue. Throughout this period, Boston's news media gave thorough coverage to the redlining controversy.

The result of the public controversy was a comprehensive community reinvestment plan, announced in January 1990, to put more than \$400 million in private investment into Boston's low-income and working-class neighborhoods. This agreement culminated over a year of public debate and sometimes heated discussion about the role banks were to play in Boston's neighborhoods.

Despite delays in carrying out some of their promises, the banks changed the ways they did business in Boston's low-income and minority neighborhoods. By 1991 the city's analysis of banks lending patterns showed an almost equal distribution of mortgages in black and white neighborhoods. Most of the major banks in Boston were participating in a new mortgage program (called the "soft second" mortgage) that made it possible for low-income working families to purchase homes. By 1992 five new branch banks had already been opened or had broken ground in inner-city neighborhoods. The state's stronger CRA law, passed during the redlining controversy, had netted millions of new dollars for affordable housing (Dreier 1991).

#### *Integration and Modernization of Public Housing*

The racial integration of the Boston Housing Authority (BHA) was potentially the most explosive issue facing the Flynn administration. It threatened to pit poor whites against poor blacks—a conflict that the populist Flynn had labored to avoid by focusing on the common economic problems of poor and working-class people



regardless of race. But the integration of public housing and all-white neighborhoods could not be addressed without focusing on race. Like Boston's busing controversy, it raised profound questions about the conflict between individual rights and communal solidarity. It posed an enormous challenge to Flynn's efforts to maintain a progressive governing coalition.

Founded in 1935, the BHA was the nation's fourth largest housing authority, with 18,000 apartments and 60,000 tenants in sixty-nine developments. In 1975 Greater Boston Legal Services, on behalf of the tenants, sued the BHA for mismanagement in order to force it to address the extensive violations of the state sanitary code. At the time, about one-quarter of the BHA's units were boarded up, despite a long waiting list. In 1979 Housing Court judge Paul Garrity took the extraordinary step of abolishing the BHA board, placing the housing authority in receivership. Convinced that Flynn would make the restoration of the BHA a priority, Garrity ended the receivership in 1984, and the city regained control of its public housing.

In January 1985 Flynn appointed Doris Bunte, a black state representative, as BHA administrator. Bunte was the first former public housing tenant to run a housing authority. Like its counterparts in other big cities, Boston's public housing projects had been systematically segregated by race. About 44 percent of the BHA's tenants were people of color, but almost all of them lived in all-minority or predominantly minority projects.

During Flynn's first three years as mayor, 1984 to 1987, his administration quietly moved families in to integrate BHA projects in several neighborhoods. The city government wanted to test this strategy in several neighborhoods before attempting to integrate the public housing projects in South Boston, a white working-class enclave that had been the fiercest bulwark of resistance to busing. Flynn was understandably cautious about attempting to integrate South Boston's BHA developments.<sup>7</sup> This stop would be his biggest challenge and, to the media, the biggest test of his leadership. In 1987, a few weeks before he was up for reelection, the mayor announced his intention to desegregate the BHA developments in his own neighborhood; he won every ward in the city except South Boston. Flynn then personally oversaw the planning for the integration of BHA's South Boston developments. On 11 July 1988 two black families moved into the Mary Ellen McCormack development in South Boston without incident, followed by others in this and other BHA projects in the neighborhood.

## THE LESSONS AND THE LEGACY

The resources available to local governments to solve housing problems are limited. For a variety of reasons, when federal largesse is withdrawn, most city governments throw up their hands in frustration and await a new change of priorities in Washington—or they resort to promoting growth at all costs while dividing-

and-conquering poor and working-class residents and black and white residents, competing over public services, public-sector jobs, and symbolic rewards.

Mayor Flynn's Boston was an exception to this rule. Perhaps more than any other major American city, Boston under Flynn's leadership sought to address its local housing crisis actively. Using existing tools and resources—and seeking to invent and create new ones—the city has made an aggressive effort to develop a housing policy that seeks both to protect and produce housing for poor and working-class residents. These efforts met political resistance, legal challenge, and bureaucratic inefficiency and confusion, but they nevertheless reflected a strong commitment to serve the needs of Boston's poor and working class.

Boston's efforts to develop a progressive housing approach during the Reagan/Bush austerity years can tell us a great deal about the potential, and the limits, of local housing policy. In evaluating such policy, four criteria offer a comprehensive set of standards: better housing conditions, model programs, empowerment and participation, and leadership and advocacy.

### *Better Housing Conditions*

Are Boston's poor and working-class residents better housed than they would have been had the free, unregulated market been allowed to operate without local government's intervention? Clearly, Flynn's policies improved the housing conditions for Boston's residents. Renters were more secure and paid less than they would have had the tenants' rights law not been strengthened. The supply of affordable housing was expanded, providing greater choice. Public housing residents lived in better conditions.

At the same time, city governments, including Boston's, lack the legal tools and financial resources to stem the forces of the private labor and housing markets that create a wide gap between available incomes and housing prices. Private market forces pushed housing prices in the unregulated sector beyond what most Boston residents could afford. Local governments lack the resources to fill the subsidy gap needed by people not well-served by the private housing market.

The housing conditions for Boston's poor and working-class residents were better than they would have been without the Flynn administration's policies. Generally, however, housing prices increased faster than the incomes of these groups, and developers continued to speculate on private land.

### *Model Programs*

Local government can develop policies and programs that can become models for federal housing programs. It can show that innovative concepts are feasible and can be replicated elsewhere if given adequate support. The Flynn administration's greatest legacy in this regard is its support for the nonprofit (or "social") housing

sector. It nurtured a housing delivery system that serves as a model for other cities and for federal housing policy.

### *Empowerment and Participation*

The Flynn administration gave neighborhood organizations and housing activist groups a significant role in the city's housing and development policies. In addition to the unprecedented authority granted Roxbury's Dudley Street Neighborhood Initiative, the city created Neighborhood Councils (NCs) and Planning/Zoning Advisory Committees (PZACs) to serve as a voice for neighborhoods with city hall. These groups worked with city housing agencies in drafting guidelines for development of city-owned land, developed guidelines for megaprojects, and reviewed every proposed development in their neighborhoods. With the exception of low-income and special-needs housing, no project would gain city approval without neighborhood support. They worked intensively with the BRA in revising the city's outdated zoning code for their neighborhoods. Through these efforts, neighborhood groups developed greater expertise and sophistication, a true legacy of Flynn's term.

The most contentious aspect of the NCs and PZACs was Flynn's unwillingness to grant them veto power over development decisions. Flynn argued that such vetoes could potentially conflict with the administration's responsibility to site low-income housing, homeless shelters, and group homes for the mentally ill. In most situations, however, the administration allowed the NCs, PZACs, and other community groups sufficient input in the development review that the veto issue never came to a head.

### *Leadership and Advocacy*

Does the local government accept the need to "live within its limits" during a period of austerity, or does it challenge those limits by advocating for greater resources and progressive policies at the state and federal levels? In Boston, the Flynn administration changed the composition and the rules of the growth coalition. Flynn also used his visibility and popularity as mayor and as president of the U.S. Conference of Mayors to support progressive state and federal housing policies. He became a major part of the state and national housing coalition, lobbying for new policies and greater resources for the poor, including housing.

Flynn became a leading advocate for what became the McKinney Act, the first federal legislation during the Reagan years (originally passed in 1987) to fund services for the homeless. Flynn also initiated the Community Housing Partnership Act, which was filed in February 1988 by Congr. Joseph Kennedy, to provide federal funds to nonprofit housing developers. The act eventually became incorporated into the National Affordable Housing Act of 1990, requiring that at least 15 percent of federal housing development funds be targeted for nonprofit housing organizations.

## LIMITS AND OPPORTUNITIES

The Boston case study demonstrates both the potential and limits of progressive housing policy at the local level. Yet the Boston case cannot be replicated in all cities. Clearly, Boston's economic prosperity offered the Flynn regime opportunities that are not available in other cities facing economic hard times. But other mayors in similar situations have chosen other options—promoting the downtown development agenda over neighborhood concerns, eschewing neighborhood involvement in planning, using racial and ethnic divisions for political gain (Mollenkopf 1983).

The Flynn regime was willing to test the city's limits. On a variety of policy questions, it called the bluff of business leaders and firms who warned that business would disinvest if the city pushed its agenda. In pursuing its policies, the Flynn regime relied in part on the technical capacity and negotiating skills of city staff.

Ultimately, however, the decisions were political. Whatever their economic impact or technical feasibility, these policies had to be sold to the public even as business groups warned that they would undermine Boston's economic well-being. As a skillful politician, Flynn promoted a progressive agenda and remained extremely popular, as indicated by his overwhelming reelections in 1987 and 1991. Through his populist appeal and policies, Flynn broadened and redefined the growth coalition. His regime sought to accommodate the development community (if not the landlords), the business community, and the construction trade unions by promoting "managed growth" and "balanced development." Flynn also walked a tightrope between confrontation and compromise with the powerful business and development community while promoting a progressive housing agenda that has helped unite white and minority communities around common interests (Dreier 1993b).

The efforts of Boston and other local progressive regimes play an important role in mobilizing the political will for a renewed national policy. They also demonstrate that with sufficient national resources and clear policies, localities and community organizations can administer housing programs without excessive bureaucratic red tape or corruption.

But no city can solve the housing crisis on its own. Although municipal policies can make a difference, they cannot address the root causes or even most of the symptoms. Unless the federal government is committed to a major housing program, cities will continue to suffer from housing shortages, displacement, racial discrimination, uneven development, and homelessness (Dreier 1993a).

## NOTES

1. Not all academic reports share this perspective. Partly in response to the success of local activists, some political scientists and sociologists offered some cautiously optimistic appraisals. Logan and Swanstrom (1990) and Stone (1993) discuss this new thinking.

2. City council president Tom Menino served as interim mayor and was elected to a full four-year term in November 1993.

3. Both figures were slightly below the average for northern cities, according to Massey and Denton (1993).

4. The groups who objected were concerned about "over-building," "Manhattanization," and the erosion of Boston's historic character. Flynn later addressed these issues, primarily through zoning policies.

5. In 1994 the state's real estate industry put a referendum on the state ballot to preempt municipalities from adopting rent control. In November the state's voters approved the measure by a close margin. Faced with firm opposition from Gov. William Weld to strong tenant protections, Boston, Cambridge, and Brookline filed separate home-rule petitions to permit them to adopt a weak form of rent control; these were rejected by the legislature and governor.

6. In 1992 the BHP merged with another organization to become the Metropolitan Boston Housing Partnership.

7. In 1983, while still on the city council, Flynn voted for a controversial citywide fair housing law that penalized private landlords for discrimination against minorities. At a neighborhood meeting in South Boston following his mayoral victory, the militant anti-integration faction criticized Flynn for his vote.