

OPINION

# Mayor Wu's rent control proposal is pro-business

Wu's agenda is to address the needs of the majority of families that can barely make ends meet and feel left behind. The basic idea is shared prosperity.

By **Peter Dreier and Don Gillis** Updated February 27, 2023, 3:00 a.m.



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When public officials and community leaders propose a policy to make businesses act more responsibly — such as reducing pollution or improving working conditions — business leaders often claim that it will hurt the business climate. That's happening now

with Boston Mayor Michelle Wu's plan to reinstate rent control. Although it's pro-business, the usual business suspects are lining up against it. Call it the crying wolf syndrome.

Business lobby groups warned that laws to require sprinklers, establish a minimum wage, mandate seat belts, and prohibit racial discrimination in banking would destroy business and kill jobs by imposing burdensome rules. In these and other cases, they were wrong.

This drama has played out in Boston many times. In the 1980s, the city's business and real estate leaders warned that the proposed \$6 per square foot linkage fee on commercial developments — designated for affordable housing and job training — would kill Boston's prosperity. But then Mayor Ray Flynn fought back a court challenge and went ahead with the policy. Developers continued to line up to build projects. Flynn, as well as mayors Tom Menino and Marty Walsh, increased the linkage fee several times. Each time, developers echoed the same warnings, but the development pipeline continued to grow. Today's fee is \$15.39 and the city is booming.

Shortsighted business lobby groups and their political allies should not have a monopoly on what it means to be pro-business. A healthy business climate is one in which people can afford to pay for decent housing, work in safe conditions, have adequate health care, and breathe clean air. Government's role is often to ensure that businesses live up to this responsibility.

Boston has increasingly become a tale of two cities. The richest 5 percent of Boston residents have 25 percent of total income, while the bottom 60 percent have only 22 percent of all income. The shortage of affordable housing exacerbates the widening gap.

Wu's agenda is to address the needs of the majority of families that can barely make ends meet and feel left behind. The basic idea is shared prosperity. For example, she targeted 150 city-owned lots to build affordable housing and directed \$60 million from the American Rescue Plan to provide financial assistance. She has also proposed a significant

increase in linkage fees to \$23. Last year, after the mayor and City Council adopted a transfer tax on multimillion dollar real estate sales (to raise about \$100 million annually to build affordable housing), lobbying pressure by the Greater Boston Real Estate Board and the Massachusetts Association of Realtors helped to kill it in the Legislature.

Wu will soon ask the City Council and Legislature to restore Boston's authority to regulate rents. Not surprisingly, the Greater Boston Real Estate Board and other deep-pocket lobby groups are trying to kill the proposal.

Renters represent about 65 percent of Boston residents. Their combined household income is \$15.5 billion a year. But half of all renters — and 78 percent of those with household incomes below \$50,000 — pay more than 30 percent of their incomes to keep a roof over their heads. Many pay much more. Rent burdens are much more severe than 10 or 20 years ago.

According to Zillow, Boston's median rent across all types of housing is now about \$3,200. Rising rents make it harder for tenants to stay in Boston. Since 2015, the average sale price of a typical single-family home has jumped from about \$405,000 to \$666,000, while condo prices increased from about \$424,000 to \$647,000. As home prices skyrocket, it becomes more difficult for renters to buy a home.

What Wu understands is that rent stabilization is pro-business. If rents are too high, it limits how much renters can spend in restaurants, grocery stores, and other retail businesses.

And if janitors, secretaries, hotel housekeepers, food servers, and other employees can't afford to live in Boston, the economy will suffer.

Rent stabilization allows landlords to raise rents each year based on their costs. It is meant to stop landlords from rent gouging — taking advantage of vulnerable tenants who

have few options in light of the city's low-vacancy rentals and shortage of affordable housing.

There is no credible evidence to support the real estate industry's dire predictions. With the exception of research sponsored by the real estate industry, studies consistently show that rent stabilization does not inhibit developers from building new housing projects because it exempts new construction.

A 2021 WBUR survey found that 76 percent of Bostonians support rent stabilization. If adopted by the City Council and the Legislature and signed by Governor Maura Healey, an affordable housing champion, Boston will again have the option to regulate rents.

In the struggle to balance private profit and public interest, public officials need to guarantee that Boston's prosperity is widely shared.

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