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Shelter Poverty in Boston: Problem and Program

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SHELTER POVERTY IN BOSTON:
PROBLEM AND PROGRAM

by

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ABSTRACT

This paper argues, first, that most housing problems--in Boston and throughout the nation--are ultimately the result of the squeeze between inadequate incomes, on the one hand, and the cost of profitably providing housing on the other. It is also argued that housing cost and incomes together are the most decisive determinants of the overall quality of life of families and communities. Third, it is contended that the long history of inadequate attempts to cope with the affordability problem have not only failed to solve the problem, but have indeed contributed significantly to the broader and serious problems of the overall economy, with resultant impact on Boston's budget, employment, and other vital areas, as well as its housing market.

The principal policy implications which follow from the analysis are, correspondingly, of three types. First, housing policies--at the local as well as at the state and national levels--must be coupled with and include policies for increasing and redistributing income. Second, housing policies must be formulated with explicit recognition of and attention to their potential to affect the quality of life far beyond just the goal of providing more affordable shelter for the residents. Third, there can be no solution to the housing affordability problem without a solution to the broader political and economic crisis, but at the same time there can be no solution to the broader problems that does not deal with the roots of the housing crisis.

The housing affordability problem in Boston is examined quantitatively through the lens of a concept called "shelter poverty"--a sliding scale of affordability based on the interaction among incomes, shelter costs, and non-shelter expenditures. It is demonstrated, using this concept, that a family of four in Boston would need an income of at least \$23,000 to be able to afford the median-priced unsubsidized, two-bedroom apartment available in the city in 1983, while an elderly couple would need an income

of nearly \$12,000 to be able to afford the median-priced one-bedroom apartment. Nearly one-third of the households in Boston are shelter-poor, most of them renters and most with incomes of under \$10,000 a year.

A set of policy proposals are presented for beginning to deal in an appropriate way with the housing affordability problem in the city. While the structural changes required to truly solve the problem must occur nationally, local policies aimed at both the income and housing cost side of the problem can begin to make an impact in Boston while possibly serving as models for larger-scale reform. Because of fiscal constraints and continued skepticism about the efficacy of traditional spending programs, the proposed policies focus primarily on institutional change rather than major expenditures. They include suggestions for enhancing the income prospects and employment situations of lower-income Bostonians, as well as proposals for altering some aspects of the structure and dynamics of the local housing market.

Finally, it is argued that Boston--especially through its new city administration--has the potential to exercise great leadership and initiative nationally for a new understanding of the nature and causes of the housing problem, and thus for new kinds of policy directions for effectively addressing this profound problem of our city and our society.

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The Nature of the Housing Problem

Most housing problems can be logically or historically traced to the problem of affordability--to the squeeze between incomes on the one hand and housing costs on the other. To be sure, not all housing problems are simply reducible to the affordability squeeze. In particular, discrimination in housing has a dynamic of its own; restricted housing opportunity for oppressed people and groups is in part an affordability problem resulting from lower incomes caused by discrimination in education and employment, but clearly there is housing discrimination that is not reducible to income differences. In addition, some problems associated with or growing out of the design of housing are the result of certain assumptions and conventions about household structure and composition, the role of household members--most particularly the role of women--and cannot be fully understood in terms of cost or affordability constraints. Nevertheless, most other familiar aspects of the housing problem--including problems of physical condition and space, security of tenure, community viability, the amount, type and location of new construction, and the allocation of public and private financial resources to housing, i.e., not just the obvious cost problems of rents, utilities, taxes, interest rates and sales prices--are ultimately traceable to the squeeze between incomes and housing costs.

Several aspects of the relationship between incomes and housing costs are important to understand. First of all, interaction between incomes and housing costs is fundamentally different from the relationship between incomes and the cost of any other necessity of life. Indeed, income on the one hand and housing costs on the other are the two most decisive determinants of the living standard of most households. Why should this be so? Housing is physically quite different from other consumption items: it is large, durable, tied to location, and generally must be purchased as a complete dwelling unit, not as a shopping basket of separately selected items (like rooms, facilities, amenities, location) in the way that food and clothing are purchased. And because

housing is not literally consumed the way that food is, and thus is not purchased anew on a regular and frequent basis, once a household begins to consume the services of a particular dwelling it is relatively hard to alter the amount the type of housing services consumed; that is, it is much harder to move than to, say, switch food stores or food items or defer buying new clothing. What this means is that the amount that we have to pay for housing tends to be rather rigid and inflexible. Housing costs thus tend to represent the first claim on the disposable income of a household. Everything else generally has to fit into what is left of the income after paying for housing. To be sure, in extreme emergencies people are going to buy food to stay alive even if it means not meeting their housing expenses, but in general people adjust their other expenditures to fit the constraints of the housing costs and incomes rather than adjusting their housing costs to fit their other expenses.

Furthermore, because of the bulkiness of housing, its immobility, its attachment to land, when one purchases housing s/he is not just obtaining the services of the dwelling, but the advantages and disadvantages of the location, in terms of social environment, physical environment, accessibility, municipal services, and so forth. The amount that a household can and does pay for housing thus determines the entire environment in which they live--not just the quality of their dwelling unit--in a way that is unmatched by any other consumption expenditure, even food and medical care.

A New Affordability Scale

The conventional view of the housing affordability problem is based upon a certain notion of how much people reasonably can be expected to pay--namely, the famous 25 percent of income rule-of-thumb. Even this rule-of-thumb is subject to various adjustments and interpretations, depending upon one's point of view and one's political position. For a time, analysts and policymakers thought 20 percent was appropriate, and now 30 percent is becoming the arbitrary rule that is being applied.

What I would like to show is why any particular percentage, regardless of what it is, does not make sense, whether it be 10, 20, 30, rather than 25 percent. I do not mean to suggest, though, that it is impossible to arrive at a quantitative standard of affordability. Indeed, the above analysis of the distinctive nature of housing costs provides a logical basis for developing such a quantitative standard, and it is a sliding scale of affordability.¹

Imagine two households of comparable disposable (i.e., after-tax) incomes. Suppose that one is a single person, while the other is a single parent with five children. What would be the difference in the cost of non-shelter necessities of life based upon some specified level of adequacy for these necessities? Obviously the large household would need substantially more for its non-shelter necessities than would the small household to achieve comparable material quality of life. This implies that a larger household can afford to spend less for housing--if they are to meet their non-shelter needs at the given level of adequacy--than can the small household.

That is, the conception that there is a maximum amount which a household reasonably can be expected to pay for shelter is perfectly plausible, for it recognizes the special significance of housing costs. It says that because housing costs are large and inflexible and because they generally make the first claim on income, if a household pays too much for shelter, they won't have enough money left to pay for other necessities. But there simply is no single percentage of income that can transcend differences among households of various sizes. In general, for a given level of income, smaller households can afford to spend more money and hence a higher percentage of income for housing than can larger households.

Similarly, if you were to take two households of the same size, but different after-tax incomes, then both would need to spend about the same amount to achieve the same standard of living in terms of their non-shelter items. The higher income

household thus could afford to spend more housing, as a percentage of income as well as in dollars.

Summarizing the results of this logic without yet discussing the question of a standard of adequacy for non-shelter items: a small household with a given income can afford to spend more than a large household of the same income; while a household of a given size can afford to a higher proportion of income for shelter as its income rises. That is an appropriate standard of affordability for housing is a sliding scale, with household size and income as the principal variables, factors or parameters which determine where on the scale a household lies. Any attempt to reduce affordability of housing to a single percentage of income--no matter how low or high--simply does not correspond to the reality of fundamental and obvious differences among households. Even attempts to establish a few prototypical groups and have a somewhat different percentage for each, or set up narrow ranges in order to recognize some differences, fail to grapple in a logically sound way with the range of variation in what households really can afford to pay.

Most households do not, of course, pay what they realistically can afford to: many pay more, while some pay less. In doing so, though, they are not simply choosing freely among limitless opportunities. Since housing is a necessity, is costly, and its cost is inflexible and generally represents the first claim on households' disposable income, after paying for their shelter many people simply cannot adequately meet their non-shelter needs. I have labelled such a state "shelter poverty," a situation which does not refer to inadequate housing, but rather to deprivation of non-shelter necessities resulting from the squeeze between incomes and housing costs.

How then can the sliding scale of affordability and the shelter poverty concept be operationalized? In order to do so, it is necessary to determine what constitutes a minimum level of adequacy for non-shelter items and what would be the cost of achieving this minimum level, recognizing that the cost will certainly be different for

each size household and will change over time as prices change; it will also vary geographically with climate and price differences, although geographical averaging is possible.

I have used the Bureau of Labor Statistics' Lower Budgets for determining the cost of non-shelter necessities at a minimum level of adequacy.² Utilizing the costs from the Lower Budgets, scaled for various size households, and taking into account income taxes and social security taxes, I have operationalized the sliding scale of affordability developed above. Figures 1 through 3 present the scale for Boston for 1983. They reveal, for example, that in 1983 on average a family of four with a gross income of under \$21,500 could not afford as much as 25 percent for shelter; indeed, if their income is under \$14,000, they cannot afford anything for shelter and still meet their non-shelter necessities at the minimum level specified by the BLS Lower Budget. One-person, elderly households, on the other hand, can afford 25 percent for shelter at an income of about \$4,300, and a greater percentage at higher incomes (if they have full medical insurance), but six-person households need incomes of nearly \$38,000 to be able to afford 25 percent of income.

Shelter Poverty in Boston³

In order to determine the extent and distribution of shelter poverty among Boston households, it is necessary to match the sliding scale of affordability against actual housing expenditures. Since the most recent data on such expenditures are from 1980, the analyst has to use the 1980 affordability scale rather than the 1983 scale presented in Figures 1-3.

What this analysis reveals is that more than 58,500 renter families--37 percent of all renter households in Boston--were shelter poor in 1980 (see Table 1). Among those renters with incomes of under \$10,000, over 45,000 families (59 percent) were shelter poor.

TABLE 1
PERCENT OF RENTER FAMILIES
SHELTER POOR

BOSTON
SPRING 1980

INCOME	FAMILY SIZE						TOTAL
	1-PERSON	2-PERSON	3-PERSON	4-PERSON	5-PERSON	6+-PERSON	
< \$3k	100%	100%	100%	100%	100%	100%	100%
\$ 3k - 7k	51	94	100	100	100	100	71
\$ 7k - 10k	4	44	92	100	100	100	31
TOTAL \$10k	40	74	98	100	100	100	59
\$10k - 15k	0	4	29	87	100	100	16
\$15k - 20k	0	0	0	6	33	93	7
\$20k - 25k	0	0	0	0	3	0	0
\$25k +	0	0	0	0	0	0	0
TOTAL	23%	36%	66%	55%	84%	89%	37%
Row %: Shelter Poverty	37%	19%	19%	10%	10%	7%	100%
Row %: All Renters	57%	19%	10%	7%	4%	3%	100%

SOURCE: BASED UPON RESULTS OF THE BOSTON HOUSEHOLD SURVEY, CONDUCTED FOR THE B.R.A. BY CENTER FOR SURVEY RESEARCH, 1980.

Total number of renter-occupied units in 1980 was 158,215; the number under \$10,000 was 76,497, 1980 Census of Population and Housing. Census Tracts, Boston, Mass., SMSA, Table H-8.

Shelter poverty is thus a pervasive problem in this city. Yet the quantification of housing affordability in this way cannot be said to exaggerate the problem, for comparing the incidence of shelter poverty with the extent of households paying 25 percent or more of income for shelter, we find that 50 percent of all renter households --and 74 percent of renters under \$10,000--were paying 25 percent or more in 1980.

Although the shelter poverty approach reveals a less extensive affordability problem in the aggregate than the traditional 25 percent measure, the shelter poverty problem is best revealed by household size. Thus, while 37 percent of all renter families in Boston were shelter poor in 1980, just 26 percent of one- and two-person households were shelter poor; by contrast, 61 percent of three- and four-person renter families and 84 percent of five-or-more-person families were shelter poor.

At the same time, though, 76 percent of all renter households in Boston have just one or two persons, so that even though only about one-quarter were shelter poor in 1980, they accounted for 56 percent (33,000 households) of the shelter poor renter households in the city. On the other side, five-or-more-person renters were just seven percent of all renter families, but those shelter poor accounted for 17 percent (10,000 households) of the shelter poor renters; while three- and four-person renter families were 17 percent of all renters, those shelter poor were 29 percent (17,000 households) of all shelter poor renter households in Boston in 1980.

It is also useful to examine the extent of shelter poverty in terms of the number of individuals affected rather than just families (see Table 2). Although most renter families have just one or two persons, as mentioned above, and thus account for most of the shelter poor families, the higher rate of shelter poverty among larger families means that the percentage of individuals living in shelter poverty is rather higher than that of families. Thus, 50 percent of the people living in renter families were shelter poor in Boston in 1980, even though just 37 percent of the families themselves were

TABLE 2
PERCENT OF INDIVIDUALS IN RENTER FAMILIES
SHELTER POOR

BOSTON
SPRING 1980

INCOME	FAMILY SIZE						TOTAL
	1-PERSON	2-PERSON	3-PERSON	4-PERSON	5-PERSON	6+-PERSON	
< \$3k	100%	100%	100%	100%	100%	100%	100%
\$ 3k - 7k	51	94	100	100	100	100	85
\$ 7k - 10k	4	44	92	100	100	100	55
TOTAL \$10k	40	74	93	100	100	100	75
\$10k - 15k	0	4	29	87	100	100	35
\$15k - 20k	0	0	0	6	33	93	17
\$20k - 25k	0	0	0	0	3	0	0
\$25k +	0	0	0	0	0	0	0
TOTAL	23%	36%	66%	55%	84%	89%	50%
Row %: Shelter Poverty	14%	15%	22%	15%	19%	15%	100%
Row %: All Renters	30%	20%	16%	14%	11%	9%	100%

SOURCE: BASED UPON RESULTS OF THE BOSTON HOUSEHOLD SURVEY, CONDUCTED
FOR THE B.R.A. BY CENTER FOR SURVEY RESEARCH, 1980.

shelter poor; and 75 percent of individuals in renter families with incomes under \$10,000, while just 59 percent of such families, were shelter poor.

Shelter poor people in families of three or more accounted for nearly half of all individuals living in shelter poverty (among renters), even though only one-third of all renters lived in families of three or more. An individual in a renter family of five or more is nearly four times as likely to be shelter poor as a single-person renter.

Unfortunately, the housing cost data for homeowners is for owners of single-family houses only, so it is not possible to determine precisely the extent of shelter poverty among Boston homeowners. It is possible to make a rough estimate, though, utilizing a breakdown of income vs. household size among homeowners. If a homeowner family of a given size and income is as likely to be shelter poor as a renter family of the same size and income, then 24% of Boston homeowner families are shelter poor, including 66% of homeowner families with incomes under \$10,000. In numerical terms, since there were about 65,000 owner-occupied units in the city in 1980, this would suggest that nearly 16,000 homeowners were shelter poor in 1980. Of course, long-term owners of a given size and income are probably somewhat less likely to be shelter poor than equivalent renters, but more recent buyers are more likely to be shelter poor than renters of the same income and household size, so this estimate has some uncertainty in both directions. Conservatively, though, it can be said with considerable confidence that at least 12,000 homeowner families in Boston are shelter poor.

With over 58,000 shelter poor renter families and at least 12,000 shelter poor homeowners in Boston, there are more than 70,000--one-third of the city--families faced with a squeeze between their incomes and housing costs that leaves insufficient resources to meet their other basic needs adequately.

Another, more current, view of the affordability problem of people seeking housing in Boston may be obtained by looking at ads for private rental units. While

advertised rents tend to be somewhat higher than rents paid in occupied units, the data are still quite useful.

The results of a survey of nearly 2,700 apartment ads that appeared in the Boston Sunday Globe early in 1983 are summarized in Table 3. Of these, 56 percent were for one-bedroom units, with median rent of almost \$400 a month; 37 percent were two-bedroom, with median rent of \$535; six percent were three-bedroom, with median of \$680; and only slightly over one percent were four-or-more bedroom, with median of \$780 a month.

Virtually no units are available in the private market for under \$250 a month, and of those between \$250 and \$400 a month, nearly all have just one bedroom. For families with children, there is thus a dual problem of non-availability and non-affordability.

The distribution of private market rents by unit size can be matched against the housing affordability scale in Figures 1-3 to get a fuller picture of the income/housing cost dilemma (see Figures 4-6). Households of one or two persons need an income of at least \$11,000 to be able to afford the median-priced one-bedroom unit for rent in Boston in 1983; if they are below \$8,000, nothing is affordable in the private market. Three- and four-person households need over \$21,000 for the median-priced two-bedroom unit; if their income is below \$17,000 nothing is affordable. Most dramatically, five-or-more person households need at least \$34,000 a year in income to be able to afford the median-priced three-bedroom apartment, and below \$26,000 can afford none of the few available units.

For large households especially the immense affordability gap, along with the related scarcity of units, reveals the utter incapacity of the private housing market to solve the housing problem.

TABLE 3
PRIVATE UNITS FOR RENT

BOSTON
WINTER 1983

RENT	1-BEDROOM	2-BEDROOM	3-BEDROOM	4+-BEDROOM	TOTAL
150- 199	0.5%	0%	0%	0%	0.1%
200- 249	1.3	0	0	0	0.8
250- 299	9.3	1.0	0.6	0	5.6
300- 349	16.3	3.8	1.2	0	10.6
350- 399	24.3	6.8	2.5	0	16.2
400- 449	14.5	12.5	3.7	6.5	13.0
450- 499	9.8	13.7	7.4	0	12.8
500- 549	7.3	10.2	3.0	0	8.4
550- 599	4.8	12.2	3.6	0	7.7
600- 699	5.5	10.9	21.6	22.6	8.7
700- 799	2.7	7.7	12.4	25.8	5.4
800- 899	1.6	3.8	6.2	22.6	2.9
900- 999	0.8	2.1	3.7	0	1.5
1,000-1,099	0.5	2.2	4.3	3.2	1.4
1,100-1,199	0.6	1.3	0.6	0	0.9
1,200 +	0.7	6.7	19.1	19.3	4.3
TOTAL	100%	100%	100%	100%	100%
MEDIAN	\$397	\$535	\$683	\$781	\$465
% Distri- bution	55.9%	36.8%	6.1%	1.2%	100%

The Causes and Consequences of the Housing Problem

The housing affordability problems arises from an inherent conflict or contradiction between two of the most basic institutions of capitalist society--the labor market and the housing market. Most people have to work for wages or salaries in order to obtain the necessities of life, but despite the real and substantial increase in average or per capital real incomes over the past hundred years due to rising productivity, union organizing, political action, and intensive exploitation of other parts of the world, the inescapable pressure on employers to hold down costs in order to compete and maximize profits means that the labor market essentially exerts a downward pressure on wages, in no way guaranteeing any family that it will have sufficient income to pay for adequate shelter and other necessities.

On the other side, the cost of housing in the market is determined by the interaction of the costs of land, production, financing, marketing, operation, and, in most instances, repeated resale and refinancing. The cost of housing thus bears no direct relationship to people's incomes, i.e., to their ability to pay. But since housing is a necessity which few people in this country can provide directly for themselves by building log cabins or mud huts, the need to be able to purchase housing and also obtain the other necessities of life impels the struggle for higher wages. The housing market thus tends to exert an upward pressure on wages in opposition to the pressures of the labor market. And since housing costs are particularly decisive in determining the standard of living of every household, the conflict between the housing and labor markets is particularly acute and much more profound than the relationship of any other necessity to the labor market.

Although the squeeze between incomes and housing costs is an inescapable fact of life for large numbers of people in our society, it is not a problem which can be ignored, for the limit on incomes tends to undermine the profitability of the housing market and all of its related industries, the upward pressure on wages tends to squeeze the profit-

ability of employers in general, and the affordability squeeze on so many families is a potential source of unrest and political instability. Thus, over the course of this country's history there have been a variety of reactions, responses and interventions to cope with the housing affordability problem without altering the basic institutions of our economic system.

I have analyzed this history elsewhere, with particular attention to the relationship between housing and the unfolding economic crisis of the past two decades.⁴ There is not the space to repeat the analysis here, but since the policy directions I am proposing can only be understood fully in terms of it, I will very briefly summarize the main points of the argument.

The principal developments in the housing system in the twentieth century--and especially since the 1930's--have been the growth of the mortgage system and the extensive intervention of the government. On the one hand, these efforts have been defensive. Mortgage lenders and the government--primarily through the promotion of mortgage homeownership and, to a much lesser extent, through subsidies for the production of rental housing--have attempted to relieve some of the pressure on the housing and labor markets and defuse the problem socially and ideologically so that it does not become a source of radical political consciousness and action. At the same time, government action has sought to stimulate profits and capital accumulation in housing and mortgage lending in order to counteract the depressing effects of the highly unequal distribution of income on the housing market, the construction industry, and thus the overall economy.

In the long run, these attempts have not only failed to solve the housing problem, but have actually generated some very serious economic and political problems. The stability of the entire financial structure has become interwoven with the stability of the huge residential mortgage debt--generated by the evolution of the mortgage system

in conjunction with a housing market based upon repeated resale and refinancing of housing. Since the mortgage payments on this debt constitute the biggest single component of most families' housing costs--both for renters and homeowners--the increasing difficulty in paying for the high cost of housing threatens the mortgage system--and the rest of the financial system--with collapse. This linkage has made housing a significant contributor to the ongoing economic crisis, and has made the housing sector especially vulnerable to the crisis.

A Way Out?

What then are the prospects, if the problem is as deep and the dangers as great as I have suggested? The conservative solution can be called a "managed depression." Conservatives argue correctly that there can be no solution to the housing crisis without controlling inflation and that federal bailout of the housing industry will not really solve the problem but will add to the federal deficit and to inflation. Their approach therefore consists of continued tight money and high interest rates on the monetary side; while on the fiscal side they provide tax cuts for large corporations and wealthy individuals to shield them from austerity, while severely cutting housing and community development, income maintenance, and social services spending in order to try to offset the tax cuts and increased military spending.

The conservative approach might appear to some people to be no more than a cynical attempt to protect big business and the wealthy from inevitable depression, while to others--including some who may dislike or disagree with these policies--it may seem like a realistic attempt to avoid cataclysm. Yet ultimately the conservative approach will fail because the high social costs it imposes and the obvious inequity in the distribution of these costs will lead to rejection politically. True conservatives have often had a fairly accurate understanding of the limits of liberal capitalism and

have understood what is required economically to keep the system afloat. Their policies involve, though, a degree of social and economic injustice which simply has never been tolerable for very long by the majority of Americans, and thus in the long run the conservative approach will not ever be fully played out except under a far more authoritarian regime than we yet have.

On the other hand, liberal policies, which have always had and will again have greater political appeal, will lead unwittingly but inevitably to an unmanaged depression--to a genuine financial collapse--with uncertain but potentially terrifying social and political consequences. With the understandable goals of relieving austerity, assuring a little greater equity, and bailing out the gasping housing industry, the liberal approach does involve increased federal spending to maintain most housing and other social programs and to provide bailouts to distressed thrift institutions, builders and homeowners, while only marginally increasing taxes and slowing the rate of growth of military spending. Thus, despite their declarations of a commitment to cut the federal deficit in order to reduce inflation and credit competition, the fiscal policies being offered by liberals will almost certainly increase the federal deficit.

Liberal monetary demands involve of course an easing of tight money in order to bring down interest rates and accommodate the credit demands of the federal government without crowding out housing, consumer borrowing, state and local governments, and other businesses. In the very short run, the effect would be a boost to the economy and a reduction in defaults and bankruptcies by individuals and businesses, but soon inflation and speculation would again stretch the credit bubble beyond real growth in the economy making a crash even more likely than now.

The only sensible and workable alternative then to managed versus unmanaged depression is one which goes beyond the conservative and liberal approaches and instead begins to deal with underlying causes: maldistribution of income; overdependence on

credit; and ownership and investment arrangements that encourage speculation (in housing and industry) rather than production, employment and social well-being.

A substantial amount of work has already been done and is continuing on the development of policies and programs for dealing with these causes and their consequences, both on an immediate emergency basis and in a long-term, more structural way. For example, the Boston Urban Analysis Group several years ago devoted considerable effort to formulating a comprehensive housing program with both local and national elements (see Appendix 1 for their Housing Program Statement of Principles). This effort largely shaped the platform of the All-City Housing Organization presented in the spring of 1980, and more recently has informed the City Life Housing Platform (see Appendix 2 for this platform). The Urban Analysis Group work has also provided the basis nationally for the housing position statement of the Planners Network and the development by the Institute for Policy Studies Housing Group of an Omnibus Housing Bill which is expected to be introduced in Congress in the next session. The recently-published collection America's Housing Crisis: What is to be Done? also incorporates some of the results of these and other efforts.

A Housing Program for Boston

As a contributor to much of the above-mentioned work, in what follows I will just be highlighting and building upon those elements that seem most appropriate for consideration by the new Mayor and City Council in Boston. I will, in addition, emphasize some local options for addressing the income side of the affordability problem and suggest possible roles for local leaders in addressing the housing problem and its causes at the state and national levels.

The set of local actions proposed for the housing market side of the problem are grouped into five major categories:

- I. Maintain and enhance the affordability of existing unsubsidized housing

- II. Facilitate the transfer of existing housing to non-speculative ownership
- III. Preserve existing public and subsidized housing and enhance its affordability for low and moderate households
- IV. Support production of more housing for non-speculative ownership
- V. Establish and enforce a local housing bill of rights

I. Maintain and Enhance the Affordability of Existing Unsubsidized Housing

Although more than 20 percent of the housing units in Boston are subsidized, most low and moderate income residents do not receive subsidies and are in need of measures which can at least limit--if not reduce--the cost of their housing. Some such measures can deal directly with the cost of housing, for renters and for homeowners. Others can have the effect of reducing displacement of low- and moderate-income people, as displacement usually results in both the loss of relatively lower-cost units and the displacees paying more for whatever housing they eventually obtain. The following six policies are proposed in this area:

A. Enact permanent rent, eviction and condominium conversion controls. As a member of the Boston City Council, Mayor-elect Flynn introduced the Boston Home Protection Act, which may now receive more serious consideration. Under the Act, vacancy decontrol would be repealed, with the rents of recontrolled units set on the basis of average citywide increases in operating and maintenance expenses and property taxes since decontrol. Thus the rents of many units would be reduced below current levels. It would allow increases in rents, but only for documented increases in operating expenses and property taxes; there would be automatic rent reduction for code violations, tenant consent for capital improvements other than to correct code violations, and capitalization for the cost of repairs over their useful life. Exemptions from coverage would be limited, and evictions for condominium conversion as well as conversions likely to result in substantial displacement would not be permitted.

It is time to recognize rent and eviction controls as an integral and permanent feature of local policy and regulation, analagous to zoning and housing codes. There is no reason why a competent City administration cannot administer such regulations efficiently and fairly. The principal difficulties of rent and eviction controls stem not from their existence, but from uncertainty about their duration and inadequacies in their administration. Recognizing that rent and eviction controls are not just stop-gap measures but nor are they the be-all of local policy for rental housing, the City of Boston should establish a system equivalent to that of Cambridge and Brookline and then direct its energies more to other necessary housing policies.

B. Enact controls on the use of fire insurance proceeds by owners of rental housing.

Arson-for-profit has proven to be a terrifyingly effective way for some landlords to deal with the income/housing cost squeeze. To stop this crime will require active municipal and neighborhood monitoring of property transactions and landlord behavior, of the sort carried out under the CAPES program. But it will also require elimination of the financial incentives. The City administration should at least seek home rule authority--and indeed lead statewide efforts--for fire insurance reform. There should be limitations on the disbursement of fire insurance proceeds in the event of incendiary or suspicious causes; the City should be a named loss payee, as mortgage holders are, with the power to ensure and require that rental property be restored to a habitable condition substantially equivalent to pre-fire and that a fire not be an excuse for removal of the housing from the rent-controlled rental stock. In addition, landlords should be required to have sufficient coverage to pay relocation expenses and housing costs in excess of pre-fire for a period of one year for displaced tenants. These measures, along with much greater commitment to criminal investigation, can help save both affordable housing and human lives.

C. Enact a tax on the speculative turnover of housing. The most affordable housing is that which has been held by the current owner for 10, 15, 20 years or more, so that the

residents are not paying for speculative increases in values and financing at high rates of interest. A useful tool for discouraging short-term ownership, dampening speculative pressures, and also raising some revenue is a local speculation tax.

While requiring state enabling legislation for such a local tax, Boston and other municipalities should be able to craft an appropriate framework. The two basic ingredients are the definition of speculative gain and the rate of taxation. Since the state constitution requires a fiat rate of taxation, in order to discourage short-term holding and rapid turnover, the definition may involve a sliding scale: for example, in the first year, the entire gain could be defined as speculative; in the second year, 95 percent; in the third year, 90 percent; and so forth, so that property held more than 20 years would be subject to no tax. Alternatively, any gain over and above the Consumer Price Index increase for the ownership period could be defined as speculative. The rate should then be as high as is constitutionally possible, with at least 70 percent being the minimum for the tax to be effective.

D. Provide grants and low-interest loans for low- and moderate-income homeowners to pay for repairs and weatherization. The City has been using CDBG funds for over a decade to assist homeowners under the Housing Improvement Program, with rebates of 20 percent, 40 percent, and 50 percent for categories of qualifying homeowners. The program has had great impact, but several modifications may help with the affordability situations of existing low-income owners and maintain long-term affordability of some of the existing owner-occupied stock. Some owners cannot afford necessary repairs and energy improvements at all; they should be able to receive outright grants

for these costs, but with the imposition of a lien which requires repayment of the grant if and when the owner or owner's heirs sell and with the right of first refusal to buy at such time by the Community Housing and Land Trust (see below). Indeed, many municipalities use CDBG funds for homeowner partial grants or rebates, with liens to permit recovery and recycling of the funds when the property is sold. This proposal just goes farther in order to address the more serious barrier to homeowner repairs while serving longer-term objectives of removing housing from the speculative market in the future.

E. Establish municipally-capitalized reverse annuity mortgages for low-income elderly homeowners. Reverse annuity mortgages are a mechanism which lending institutions have begun to offer older homeowners who have paid off their mortgages and happen to live in areas with rising and relatively high property values; the homeowner gets an annuity for life, secured by the equity in the home and repaid after death out of the owner's estate by sale or refinancing of the home. The City should investigate the possibility of creating such a program for lower-income homeowners using municipal borrowing or CDBG funds to make the annuity payments. The mortgage lien could provide for the Community Housing and Land Trust to have right of first refusal to buy from the owner's estate, with the share of annuity payments provided by CDBG funds being used to write down the cost, as these funds would not have to be repaid.

Another version of this model would be for the Community Housing and Land Trust, or other non-profit entity, to purchase the home of an elderly low-income homeowner, offering in return a life estate and an annuity equal either to full housing costs and the shelter poverty affordability cost of the seller. In this way, the resident would be assured of life tenure at a truly affordable cost.

F. Support and provide foreclosure relief for low- and moderate-income homeowners. The City should exercise its persuasive powers to encourage private lending institutions

to exercise forbearance in foreclosing on unpaid mortgages on the homes of low- and moderate-income homeowners, and should endorse state legislation to ensure maximum forbearance and relief by lenders.

In addition, the City should explore establishing a foreclosure relief program analagous to the program for elderly homeowners above, with such a program; the one above of course requiring some public expenditures. For qualifying low-income homeowners who have not been able to resume mortgage payments even after lender forbearance, the City should use CDBG or other funds to provide financial assistance for one year, or perhaps at most, two years. The assistance should bring the homeowners outlays down to the shelter poverty affordability level, in return for which whenever the owner wishes to sell, the Community Housing and Land Trust will have the right to buy at a price yielding no more than a limited-equity return to the seller. As an alternative version, if the owner is unable to resume full mortgage payments within a specified time, the terms of the assistance could require that the owner deed the property to the CHLT, subject to the mortgage, but with no cash payment, in return for a life estate and permanent housing payments based on the shelter poverty affordability scale. For low-income homeowners facing the loss of both their shelter and their investment to foreclosure, this program provides security of tenure and affordability, but could not and should not use public dollars to buy out such owners at market prices. As a voluntary program, people would always have the option of going through foreclosure and taking their chances at the foreclosure auction.

II. Facilitate the Transfer of Existing Housing to Forms of Non-Speculative Ownership

Private rental housing is increasingly being recognized as an anachronism, at least by those landlords who are converting to condos, abandoning their buildings or burning them for the insurance money. To the extent that city policies make conversion and

arson no longer available or profitable, and to the extent that tenant militancy has increased the greater legal protection and municipal enforcement, landlords who wish to bail out should be able to do so in ways that are not harmful to tenants. Therefore, mechanisms must be established--or existing mechanisms more fully utilized--so that private rental housing can be converted to forms of social or non-speculative ownership, such as non-equity or limited-equity coops, life estate condominiums (i.e., no possibility of speculative resale but assured life tenure), ownership by community trusts, or public ownership.

In order to achieve such transfer of ownership without increasing rents yet providing compensation to the former owner, it would be necessary first for the new ownership entity to be able to assume any existing mortgages, perhaps with a renegotiated interest rate plus restrictions on pre-sale refinancing or mortgaging at inflated amounts (to pull out equity); second, the departing owner might receive not cash but a mortgage for the agreed upon equity, with the monthly payment on this mortgage not exceeding the cash flow the former owner realized (unless the old mortgages could be renegotiated at lower rates, in which case the former owner could get more, thus providing an incentive not to kite mortgages just before sale).

The private ownership, financing and disinvestment of rental housing is often quite elaborate and bizarre, so there is great need for an improved legal framework, for technical assistance, and strong tenant organizations to engage successfully in negotiations for such property transfers. This approach will not of course provide the vital and necessary resources to upgrade physically the multi-family buildings taken over--that again will require public resources--but it will mean a reduced rate of rent increases, retirement of much outstanding mortgage debt, and greatly increased resident and community control over, responsibility for, and security in multi-family housing at very little cost.

In addition, some of the proposals offered to assist existing homeowners, as mentioned above, should be linked to future transfer to non-speculative ownership, so that use of public resources for immediate individual affordability relief also serves a broader and longer-term public purpose, namely permanent assurance of maximum affordability for future residents.

Several specific measures which can go into a policy facilitating such transfer include:

A. Support establishment of a Community Housing and Land Trust. This entity, already referred to, should be set up as a non-profit, charitable foundation, with neighborhood boards democratically chosen. It should be able to receive properties and to upgrade them, in some cases for permanent ownership and management or, where feasible, for eventual transfer to other non-profit or non-speculative forms of resident ownership. Single-family as well as multi-family housing can enter into this process, as there is no reason why limited-equity and community repurchase stipulations cannot be attached to single-family dwellings, just as they are being applied to coops and condominiums.

B. Transfer City-owned property, which is tax-foreclosed, condemned or surplus, to the CHLT rather than auctioning it off back into the speculative market. Some legal changes may be necessary to facilitate this process, but the City has considerable administrative discretion.

C. Link homeowner relief programs to future acquisition by the CHLT, as already mentioned.

D. Make greater use of condemnation and receivership provisions of the Sanitary Code. With the existence of a Community Housing and Land Trust, and with the cooperation of the Boston Housing Court, the City should much more vigorously act to enforce the codes in buildings where landlords have been negligent and should act to remove control from such landlords.

E. Support acquisition by BHA of some existing one- to four-family homes on a scattered site basis to house large low-income families, with emphasis on community assistance and resident self-help to further reduce housing costs as well as promote other social objectives.

F. Provide City funds and CDBG to help cover the overhead costs of the Community Housing and Land Trust and other non-profit entities that acquire and manage housing for non-speculative ownership.

III. Preserve Existing Public and Subsidized Housing and Enhance Its Affordability

Over 20 percent of housing in Boston is under subsidy, either through the Boston Housing Authority or is privately owned but government-assisted. While some complain that Boston has too much subsidized housing, the extent of shelter poverty reveals the need both for more subsidized units and for subsidies more appropriate to need. Yet at the same time, there are factors working to reduce the amount of assisted housing, factors which the City administration will need to oppose if the housing affordability problem is not to worsen. The City itself has limited power over most subsidized housing, but the following represent some elements that may comprise a policy of support for the preservation and improvement of this vital resource:

A. Support the upgrading of existing public housing. Under court receivership, the Boston Housing Authority has begun substantial efforts to improve existing public housing. However, in some cases there is the possibility that the housing will be turned over to private ownership, with the risk that it will not always be for low-income residents. Also, the process of redevelopment has involved a substantial reduction in the total number of units in many of the developments. The City should therefore make every effort to assure that there is no sale or transfer of public housing, except perhaps to non-profit or non-speculative resident ownership with permanent restriction to low-

income use. Also, the BHA should be encouraged and assisted to provide for at least one-for-one replacement (in some instances, at other sites) for units unavoidably lost through redevelopment. The City should also commit a proportion of CDBG funds to public housing not just in proportion to the fraction of all housing units in the city, but rather the fraction all low- and moderate-income households.

B. Resist the sale of HUD-foreclosed housing developments except to non-profit or non-speculative resident ownership. The City may have some direct leverage over the disposition of subsidized developments in urban renewal areas and should exercise this legal authority to ensure that these developments remain both subsidized and out of the speculative market. In other instances where there is not direct legal power in the hands of the City, political leadership plus technical assistance to non-profit and resident groups interested in taking over the housing should be provided.

C. Advocate and support changes in the rent formulas for public and subsidized housing, along with adequate operating subsidies. The shelter poverty scale reveals that especially the larger and lower income families in public and subsidized housing are paying more than they can afford, despite the subsidies, while some of the smaller households with incomes approaching the income limits could indeed afford to pay somewhat more. The most immediate way of making the housing more affordable and making more appropriate allocation of subsidy funds on the basis of true need would be to change the definition of income used in determining tenant rents. Efforts are well along at the Congressional level to change the definition of income to provide for per-person deductions (rather than the traditional deductions per minor child only) and make these deductions at least \$600 per person. With tenants paying 30 percent of their income net of these deductions, the larger and lower income families in subsidized housing would actually pay as much as \$30 a month less than they did under the pre-Reagan 25 percent of income formulas. Smaller and higher income households would

pay more than under the old 25 percent formulas but less than under the new federal formulas.

Again, the City does not have a direct role in establishing these rent formulas, but it can participate actively with others in seeking such changes, along with increased appropriations for operating subsidies so that enhanced affordability does not occur at the expense of even greater reductions in necessary maintenance of the housing.

IV. Support Production of More Housing for Non-Speculative Ownership

It is all too easy to say that there ought to be more federal and state funds for the production of subsidized housing. Some increases are not unlikely over the next few years, and the City obviously should aggressively seek more than its share, especially of state and federal public housing dollars. There are some types of local initiative, though, which are possible and which should also be pursued aggressively, rather than placing all hope and blame on the state and federal coffers:

A. Enact linkage legislation with the funds targetted for development of non-speculative housing. Linkage has clearly become a widely recognized and supported concept in Boston, with the Mayor-elect and many members of the City Council already having participated in the promotion of the concept. The principal debates now are over the rate to be charged developers and the allocation of the funds for neighborhood housing production. I will not enter into the debate over the rate to be charged developers, but will simply reiterate the obvious point that charging developers a fee of \$5 per gross square foot as an initial payment, rather than spread over 12 years, is not likely to impose a substantial disincentive to development, but certainly will provide much greater neighborhood benefit and much sooner.

Of more direct relevance for the context of this paper is the allocation of the linkage funds. It should be clear that the greatest long-term impact on affordability

will be achieved by targetting the resources for use in rehabilitation or new construction for non-profit or non-speculative resident ownership. Indeed, the Community Housing and Land Trust and community-based housing developers are the logical recipients.

B. Support an end to court-imposed restriction on development of new public housing.

As part of the receivership, the BHA has been required to focus on revitalizing existing public housing, and quite properly so. With the great need for additional units, and with redevelopment eliminating some public housing units even as it brings others back into habitable condition, it is time to expand the stock of public housing. The new City administration should try to use its good offices to get the court to permit the BHA to seek financing for additional public housing.

C. Use CDBG funds for seed money and technical assistance for community-based developers, and, resources permitting, for capital grants and low-interest loans.

While the claims on CDBG funds are great, the challenge is to focus the funds in ways that will have the greatest benefit for those most in need. Such funds certainly will not go very far if used for capital grants, even though such grants can have the greatest impact on what residents end up having to pay for newly built or substantially rehabbed housing. More broadly distributed funds may seem like a more equitable approach in the short run but may also have little long-term impact unless used to facilitate institutional change rather than just provide financial assistance. Thus whatever limited funds are provided to assist housing production should contribute to increasing the amount of housing under permanent community, public, or non-speculative resident ownership.

D. Explore the use of a portion of municipal pension funds for financing new construction and substantial rehab of housing. Pension funds are discussed with increasing frequency as a potential pool of funds not yet significantly tapped for

housing. They certainly do not offer the potential of providing funds that are much cheaper than other sources, but at the municipal level (as well as the state level and by unionized workers) they do offer the possibility of using a portion of locally-generated resources for the direct benefit of the community. Since the funds would be used in the form of loans and at competitive interest rates, the only way in which such money could help to alleviate the affordability problem is on a long-term basis by having funds targetted, as with other sources mentioned above, for housing that remains outside of inflating property values and costly refinancing.

V. Establish a Local Housing Bill of Rights

A number of the proposals which have been presented would increase the rights of residents in various ways and indeed begin to move toward the notion of affordable housing as an entitlement. It is therefore worth considering bringing these various measures together into a package which legally affirms and codifies the elements which are scattered in various laws and regulations. But even if this were not possible statutorily, the City government could certainly prepare materials and provide services in a way that interconnects the various rights residents have. Expressed in this way, the major tenets of such a program would be as follows:

- A. Enact statutory life tenure (eviction protection) under the Home Protection Act for all tenants who continue to pay their rent and do not interfere with the rights of other tenants.
- B. Establish life estate security for homeowners under the reverse annuity and foreclosure relief programs.
- C. Strictly enforce the State Sanitary Code, with community and resident participation, use of condemnation where appropriate, and encouragement that the Housing Court use the Community Housing and Land Trust as receiver.
- D. Legislatively recognize the right of tenants to form unions and bargain collectively.
- E. Strengthen the enforcement powers of the Fair Housing Commission.

- F. Provide public education, outreach, publicity and technical assistance to housing residents and groups on their housing rights and how to exercise them individually and collectively.

Apart from these measures aimed specifically at the housing market, there are a number of things local officials can undertake to enhance housing affordability from the income side. Most local officials are always working to bring in and create new jobs for residents, and this will of course continue. It is possible to have at least as great a positive impact, though, on the income of Boston residents through efforts directed at job access and the structure of existing jobs.

Job access policies certainly include efforts to improve the quality and availability of education and training. They also should involve the reaffirmation and strengthening of a policy of Boston Jobs for Boston Residents and support for affirmative action (and not only for jobs where city government has direct leverage). The local administration can also undertake efforts to increase access to suburban job opportunities, through the support of improvements to existing transportation systems and development of special job-oriented transportation links.

Job creation and job access endeavors, as important as they are, will do little to solve the housing affordability problems of Bostonians if the jobs are of low wage and with little or no prospect for improvement. Local government therefore needs to look at its own internal job structures and provide models and exercise political influence to alter private-sector employment. Unionization is an essential institution for workers themselves to participate in establishing not only their immediate wages but also career development and training opportunities; local government leaders can help create a climate which supports workers' rights to unionize and utilize their unions in these ways. Comparable worth is a concept whose time is long overdue; the Mayor-elect's commitment to the concept should not only improve the incomes of women workers,

especially in city government, but can provide an example for the private sector in Boston. Finally, city government can directly develop itself and assist other employers in developing career ladders and job upgrading programs, both to help individual workers improve their situations and also to restructure jobs, so that there is enhancement of the prevailing level of skill and productivity as well as of income.

In closing, I want to emphasize that imaginative and aggressive municipal leaders can begin to have an impact on the housing problem and its causes at the state and national levels in a number of forums, such as: testifying and lobbying; participating in national organizations of mayors and municipalities; contributing to party platforms; speaking before and providing educational materials to housing and community development advocacy and professional groups.

While all of these areas of activity are fairly obvious, the potentially original element is the content. Rather than arguing primarily for increased dollars and local control--as important these are--what our municipal leaders can offer that is most significant is, first, our local models for housing action and institutional change, and secondly, persuasive arguments on the seriousness of the crisis and passionate support of the following type for dealing with the crisis:

1. Cut the federal deficit and begin to distribute income downward by:
 - a) cutting military spending;
 - b) repealing the tax cut enacted in 1981;
 - c) closing tax loopholes including housing-related tax benefits;
 - d) eliminating the federal income tax for low-income households; and
 - e) explicitly targetting housing and economic development subsidies and incentives to entities that engage in productive and non-speculative investment.
2. Impose credit controls and credit allocation in order to:
 - a) deflate the credit bubble;

- b) cut credit for speculation; and
 - c) assure an adequate supply of low-cost credit for productive investment in housing construction and rehabilitation, rebuilding decaying infrastructure, and creation of job-producing industry.
3. Control prices through a combination of:
- a) explicit controls;
 - b) use of federal and state tax codes to penalize speculation; and
 - c) incentives to transfer housing, land and enterprise into forms of non-speculative (resident, community, worker, consumer, public) ownership.

Boston leaders are uniquely equipped both to guide and inform our community and also to advocate broader policies such as these to begin dealing with the roots of the housing problem while avoiding impending economic disaster.

APPENDIX 1:

BOSTON URBAN ANALYSIS GROUP HOUSING PROGRAM:

STATEMENT OF PRINCIPLES

1. Social Ownership

Control and eventually eliminate speculative private ownership of housing; while conserving, upgrading, and expanding the amount of housing under public, community, and non-speculative resident ownership.

2. Social Production

Upgrade and expand the housing supply; increase social control over all aspects of housing production; and maximize resident and neighborhood benefits from the production process.

3. Public Financing

Reduce and eventually eliminate the dependence of housing production, improvement, and exchange on credit (especially borrowing from private financial institutions), and increase public control of housing finance capital.

4. Resident Control

Control the destructive impact of profit-motivated decision-making on lower-income residents and their communities, and increase resident control over housing, land use, and development decisions at the building, block, neighborhood and community level, as appropriate. Resident control is to occur within the framework of appropriate social objectives, including non-exclusionary principles and responsiveness to user needs.

5. Equitable Resource Allocation

Increasingly allocate resources for housing and neighborhoods based on need and for purposes that directly benefit and improve the quality of life for lower income residents.

6. Affirmative Action

Control and eventually eliminate the discriminatory, exclusionary, and oppressive uses of housing, particularly in relation to racial minorities and women; and take affirmative steps to improve the quality of life for existing residents of minority communities, recognizing the benefits of social cohesiveness as well as the need to expand housing choices for oppressed groups.

7. Adequate Resources

Provide increasingly adequate resources for housing and neighborhood needs by reallocating existing tax revenues away from socially harmful purposes, eliminating regressive forms of tax avoidance, and instituting new progressive taxes on individual and corporate incomes and wealth.

8. Adequate Incomes

Ensure that everyone able to work is guaranteed a decent job with an income sufficient to meet shelter and non-shelter needs at a reasonable standard of living, and that people unable to work are guaranteed an equivalent income to achieve the same living standard.

APPENDIX 2:

CITY LIFE HOUSING PLATFORM FOR BOSTON

Affordable housing in Boston is disappearing fast. Long-term residents are being displaced. Working class and minority communities are being uprooted. Badly-needed housing is being abandoned, torn down, or burned down. To address this immediate crisis, City Life calls for the following:

TO STOP DISPLACEMENT CAUSED BY RENT INCREASES AND CONDOMINIUM CONVERSIONS:

- 1) A stiff tax on profits made by speculation. This will discourage real estate "investors" from buying buildings cheap and reselling them at high prices with little or no improvements.
- 2) A ban on condominiums. Resident-owned housing cooperatives should be allowed, but must be regulated to prevent individual apartments from being re-sold at speculative prices.
- 3) Permanent, strong rent control, including:
 - coverage of all rental units.
 - a Rent Control Board composed of elected representatives of tenants, homeowners, and absentee landlords according to the proportion of the Boston population that each group makes up. Since two-thirds of city residents are tenants, two-thirds of the Board members would be tenants.
 - adequate funding and powers to guarantee enforcement of rent control rules.

TO PROTECT TENANTS ORGANIZING FOR BETTER CONDITIONS:

- 4) Recognition of the rights of tenants to form unions, to go on rent strike when the landlords violate the law, and to win collective bargaining agreements with property owners.
- 5) Strict enforcement of the State Sanitary (Housing) Code, especially in absentee-owned buildings.
- 6) Eviction controls to prevent landlords from evicting tenants in order to get higher rents or to stop tenants from defending their rights.

TO PROTECT WORKING CLASS HOMEOWNERS:

- 7) Grants and low-interest loans for weatherization and repairs to low and moderate-income homeowners.

- 8) An alternative to foreclosure for homeowners who can't make their mortgage payments. Instead of losing their homes, they should have the option of turning over title to their house to the Community Housing and Land Trust (see point 15). They would lose the right to sell their house, but could remain living in it for as long as they chose.

TO SAVE PUBLIC AND GOVERNMENT-SUBSIDIZED HOUSING:

- 9) Upgrading of all public housing projects. No demolitions and no transfers of public housing projects to private developers or institutions.
- 10) No more sales of HUD-owned projects to profit-making landlords. Immediate foreclosure of government-subsidized projects whose owners fail to repay loans or to provide good maintenance and security at affordable rents.

TO END HOUSING DISCRIMINATION:

- 11) Adoption and enforcement of strong laws against discrimination by landlords and housing authorities on the basis of race, sex, sexual preference, number of children, or physical disability.

TO SAVE HOUSING FROM ARSON, ABANDONMENT, AND DESTRUCTION BY SLUMLORDS:

- 12) No payment of fire insurance to absentee landlords except for the purpose of repairing fire-damaged buildings for the tenants who were there before the fire or for providing damages and comparable housing at the same or lower rents to tenants forced to move by fire.
- 13) No more auctions or sales of city-owned property to profit-making landlords or developers. Instead, this property should be transferred to the Community Housing and Land Trust (see point 15).
- 14) Takeover of the property of absentee landlords who repeatedly violate the law in any of the following ways:
 - committing arson
 - failing to make repairs
 - failing to provide heat and other services
 - failing to pay property taxes
 - failing to abide by rent control and eviction regulations

These buildings should then be transferred to the Community Housing and Land Trust.

TO REDEVELOP RUN-DOWN HOUSING AND VACANT BUILDINGS AND LAND TO MEET COMMUNITY NEEDS:

- 15) Establishment of a Community Housing and Land Trust for Boston with local neighborhood boards elected by the residents of each community. The CHLT Boards would have the power and the funds to:
 - transfer vacant houses to low- and moderate-income owner occupants, along with full back tax abatements, low-interest loans, and technical rehab assistance. In exchange, the new owners must agree to remain living in their houses or, if they move, to resell the house to the CHLT for a price that allows them to recover their cost but not make a profit.
 - transfer vacant or foreclosed buildings and land to tenant cooperatives or non-profit community development corporations, with safeguards to prevent any future resale for profit.
 - rehab and operate buildings as community- and tenant-controlled quality public housing.
- 16) Funds for protecting, repairing, and building affordable housing should be obtained by the following means:
 - replacement of taxes on residential property with a steeply graduated state income tax. Pending this, a tax should be collected on incomes over \$35,000 made in the City of Boston.
 - collection of the \$140 million in back property taxes owed to the City, with priority on collection from commercial property owners and absentee landlords.
 - elimination of property tax breaks now given by the City to profit-making corporations, universities, and hospitals.
 - federal funds to the City of Boston which are now being used to promote development of luxury hotels, shopping areas, and other profit-making projects should instead be spent to improve housing and neighborhoods for working class residents.

NOTES

- 1 Extensive discussion of the logic of housing affordability, the procedures used to operationalize the sliding scale, plus comparison with other affordability scales, is contained in Michael E. Stone, Shelter Poverty: New Ideas on Housing Affordability (Albany: State University of New York Press, forthcoming), Chapter 3.
- 2 The most controversial aspect of using the BLS Lower Budget is whether they provide a reasonable definition of a minimal level of adequacy. The BLS itself has altered its official position on this matter since the budgets were first published in the late 1960's. At the time the Lower Budget was first being developed, the Bureau declared (in Bureau of Labor Statistics, City Worker's Family Budget for a Moderate Standard of Living, Autumn, 1966, Bulletin 1570-1, Washington, DC: Government Printing Office, 1967., p. viii):

The lower-standard budget will represent a minimum of adequacyThe lower-standard budgets are expected to be more appropriate than the moderate budget for use in establishing goals for public assistance and income maintenance programs in the current decade.

By contrast, the cover statements accompanying the published sets of family and elderly budgets since the early 1970's have included such statements as: "The budgets are not intended to represent a minimum or subsistence level of living," or "The budgets are not intended to represent a minimum level of adequate income or a subsistence level of income".

The change in the official BLS interpretation of the Lower Budgets undoubtedly reflects the retreat by the federal government from a commitment to substantial income redistribution necessary for an income maintenance program with a reasonably adequate minimum support level. Since this retreat was associated with the growing economic difficulties of the U.S. since the late 1960's and with the change of administration in 1969, the published disclaimers must be discounted somewhat on political and ideological grounds. At the same time, though, there are some conceptual and methodological problems associated with the BLS Budgets, but no operational alternative has yet been put into place. In 1978, the Bureau began a project to revise the Family Budget Program; an Expert Committee on Family Budget Revisions was established, but its final draft report--New American Budget Standards, completed in May, 1980, with the assistance of the Institute for Research on Poverty of the University of Wisconsin/Madison and the Center for the Social Sciences at Columbia University--was never published or acted upon. The analysis summarized here and presented in detail in Shelter Poverty, *op. cit.*, has thus been carried out using the BLS Lower Budgets, recognizing certain limitations but hoping that it will contribute to rekindling debate on income distribution and the definition of a minimum adequate standard of living.

The Reagan Administration has decided to eliminate the BLS Family Budget Program beginning in fiscal year 1983; this means that the last published budgets will be for Autumn, 1981. Unless and until the Program is revived or a new one established, it will be necessary to update the budgets by applying the Consumer

Price Index for specific items to the various budget components, in the same way that the BLS itself has updated the budgets.

The 1983 affordability scale for Boston has thus been derived from the BLS Lower Budget for 1981, each budget component by using the increase in the Boston CPI for the corresponding component from September, 1981 to September, 1983.

- 3 The figures on the incidence of shelter poverty in Boston in 1980 are from James F. Flynn, The Need for Public Housing in Boston (Boston: Community Service Program, College of Public and Community Service, University of Massachusetts/Boston, 1981), based upon application of the 1980 shelter poverty affordability scale to housing cost cross-tabulations from the Boston Household Survey conducted for the BRA by the U/Mass Center for Survey Research.
- 4 The most recent published version of this analysis is in Michael E. Stone, "Housing and the Economic Crisis: An Analysis and Emergency Program," in Chester Hartman, ed., America's Housing Crisis: What is to be Done? (Boston: Routledge and Kegan Paul, 1983).

Figure 1

Maximum Affordable Shelter Cost
Metro Boston, 1983
Elderly Households

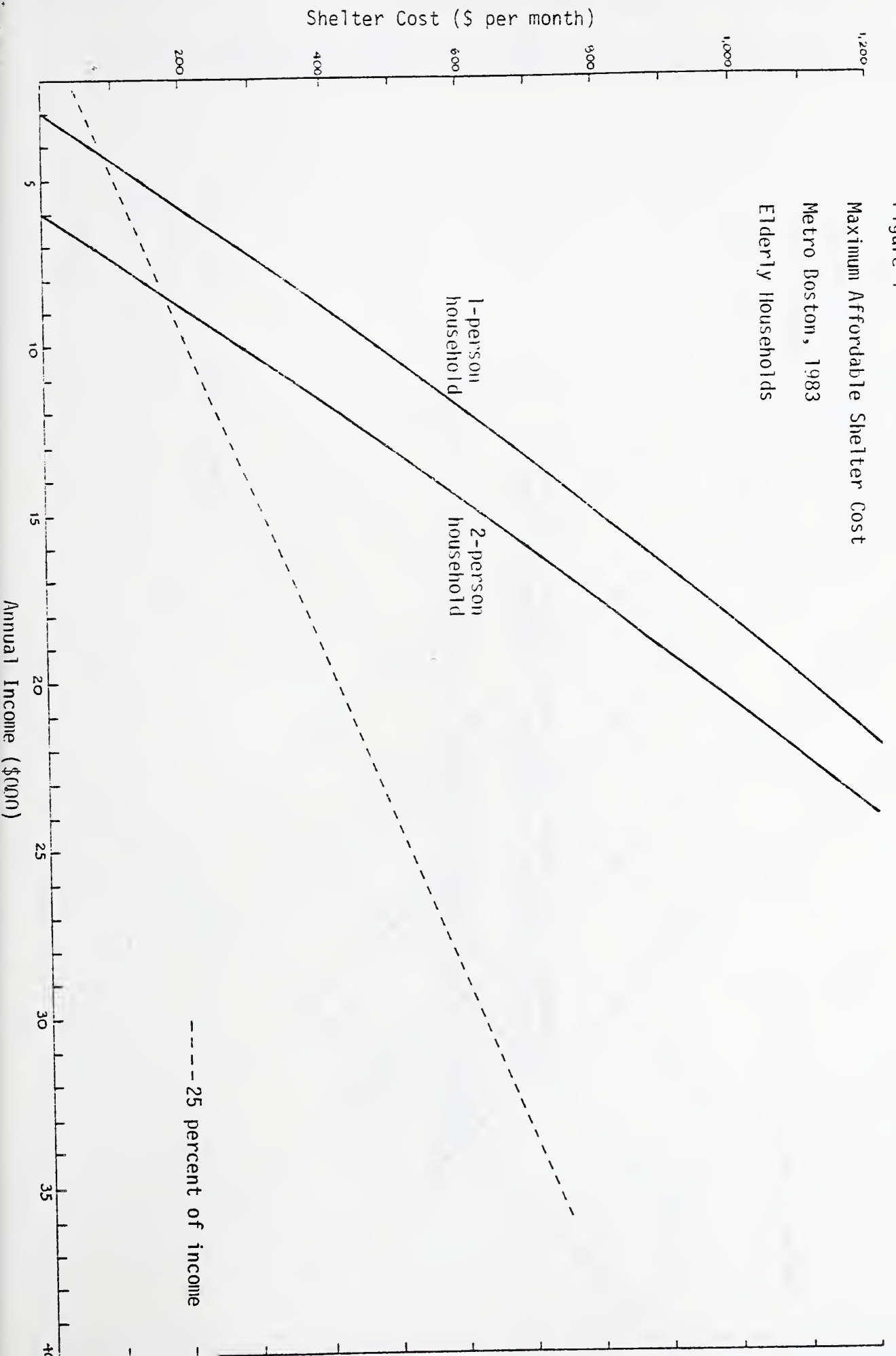


Figure 2

Maximum Affordable Shelter Cost
Metro Boston, 1983
Non-Elderly, 2-Adult Households

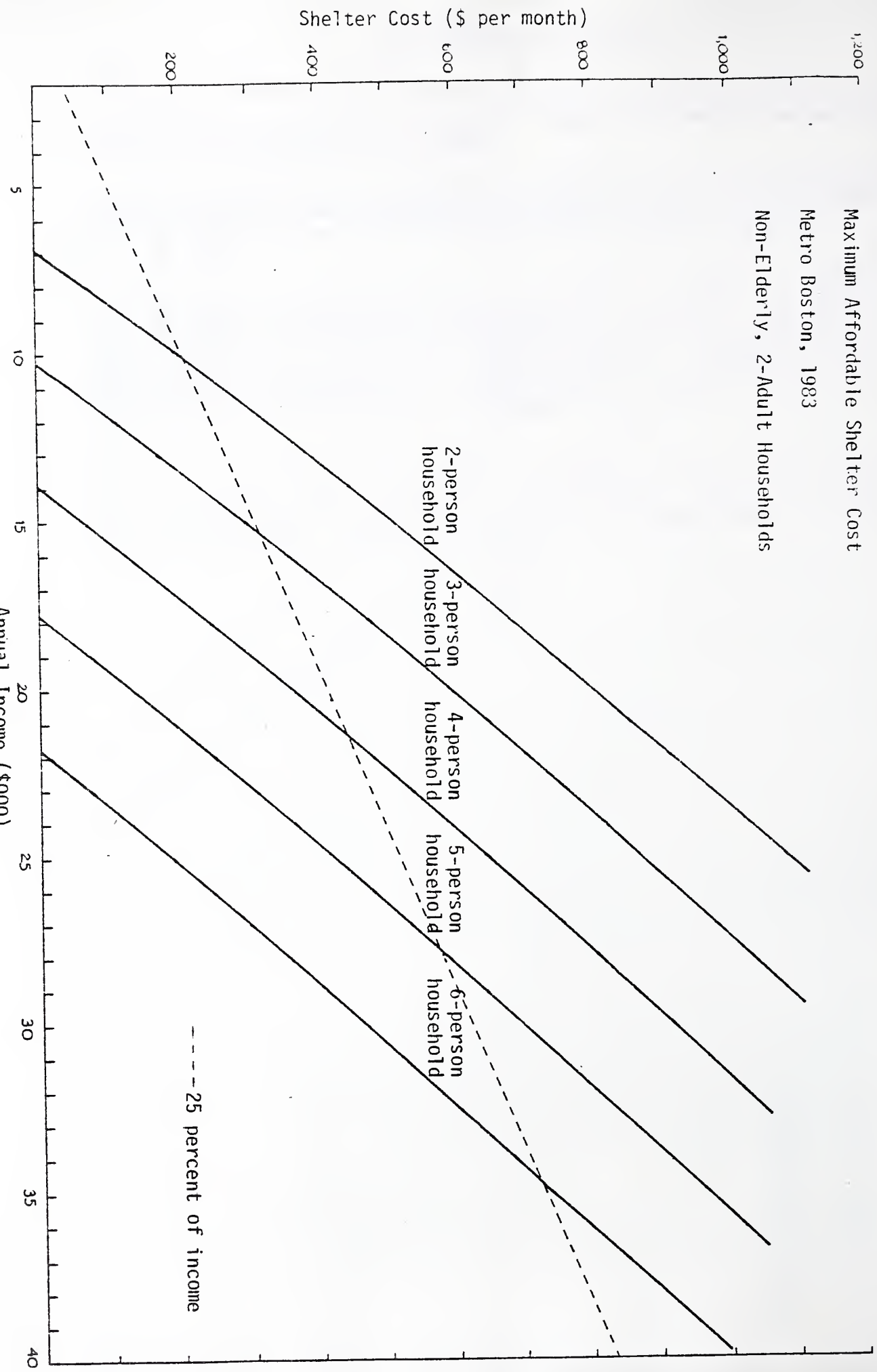


Figure 3

Maximum Affordable Shelter Cost
Metro Boston, 1983
Non-Elderly, 1-Adult Households

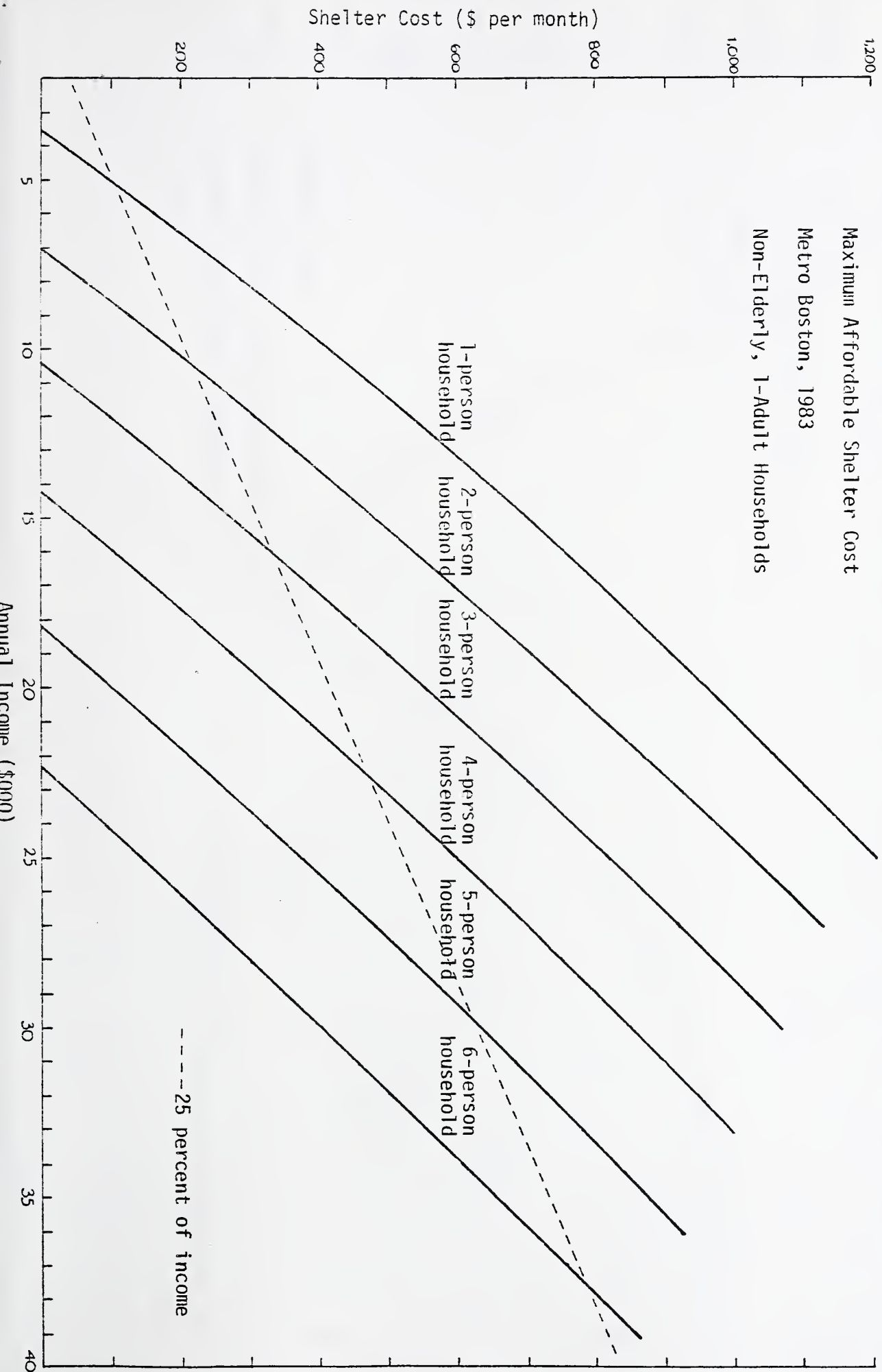


Figure 4

Percent of Available 1-Bedroom Units
Affordable by 1 and 2 Person Households
Boston, 1983

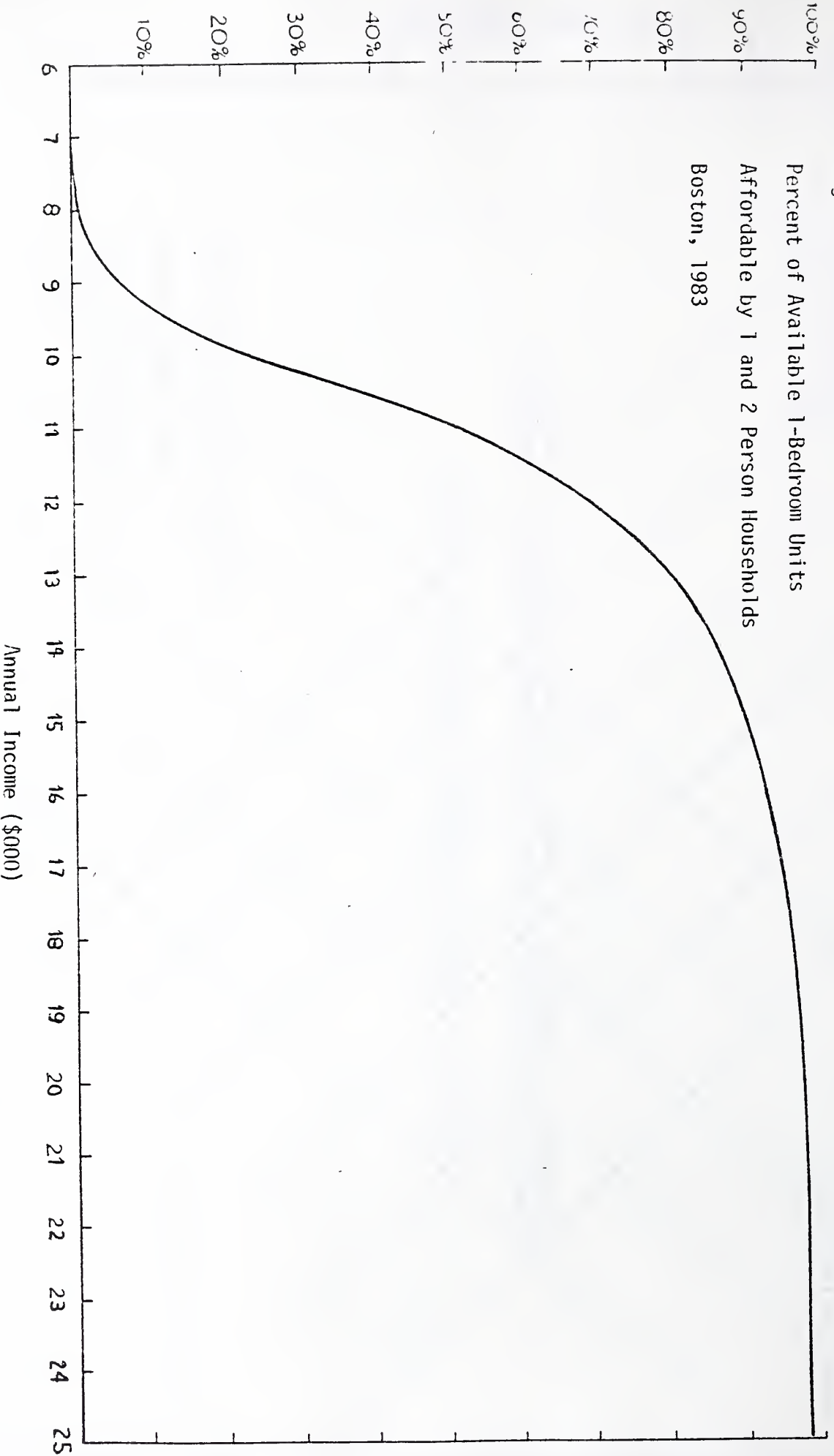


Figure 5
Percent of Available 2-Bedroom Units
Affordable by 3 and 4 Person Households
Boston, 1983

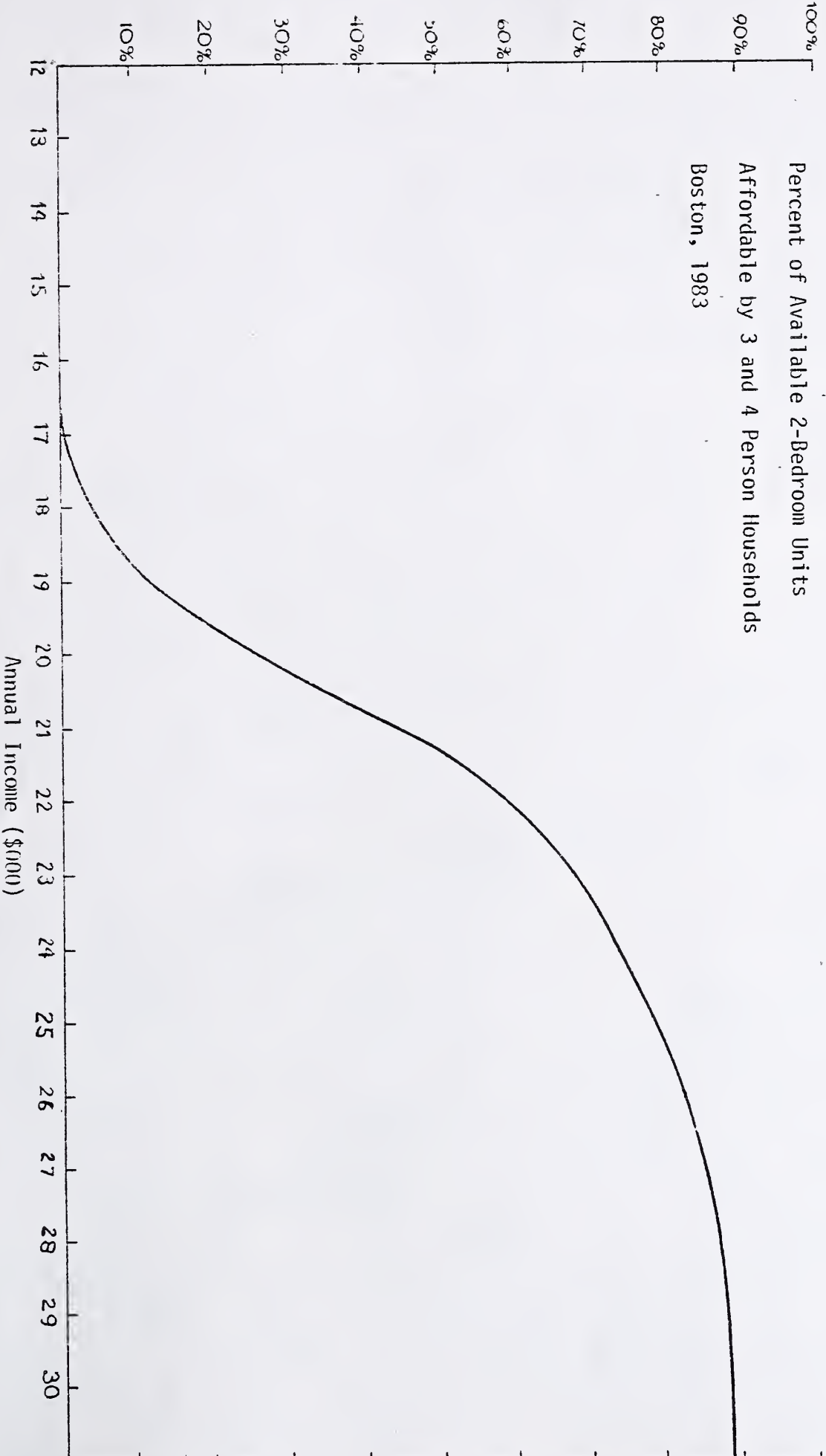


Figure 6
Percent of Available 3-Bedroom Units
Affordable by 5 and 6 Person Households
Boston, 1983

