

PUBLIC LAND and

PUBLIC FINANCE

for **PUBLIC GOOD**

A 10-Point Policy Agenda for the City of Boston

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INTRODUCTION

Over the next year, Boston will elect a new Mayor and begin the process of seeking to recover from the COVID-19 pandemic. The pandemic has underscored many fundamentally broken social structures in our society; to rebuild requires structural solutions, not mere papering over of the cracks. Perhaps most importantly, we have seen firsthand in our city what it looks like when the private provision of food, work, and healthcare fail, and how important it is for strong public entities to fill the breach. Public health, public housing, and publicly-funded food programs have been our lifelines. Yet now we confront a situation in which private capital is likely to be concentrated still further in the hands of a subset of deep-pocketed individuals, as public operating budgets suffer with the economy. How then are we to find the means to fix our inequities and become a truly healthier and more just society?

The key is to recognize that we are collectively deep-pocketed when it comes to *public assets*. Public land and public finance are both powerful means of pursuing the public good; they offer our strongest foundation for structural solutions. With these public assets, we do not need to await an economic recovery; we can operate counter-cyclically despite our balanced budget requirements. By taking advantage of the extended time horizon over which a City can plan, we can operate like the savviest value-investing capitalists — yet in the public interest.

What do these structural solutions look like? I offer below a ten-point program to use Boston's public land and public finance capacities for public good. The proposals include mechanisms to improve Bostonians' access to internet, housing, and wealth in order to make Boston a more environmentally and racially just city. Each one builds on existing city initiatives, and many have champions on the City Council and within city departments. They are eminently achievable, yet collectively they would transform our city in this critical moment by tackling long-standing challenges. Every one of these proposals is something we can begin now, without new State permissions or Federal funds. Furthermore, if we adopt the spirit of this program in our local public policy, we will soon identify more and more opportunities to utilize public assets for a greater degree of public good. Boston is the American city that first embraced public libraries, public schools, and public transportation. It is in the spirit of this long-running tradition of investing in public goods that we can best move our city forward and make it truly a city for all.

PROGRAM SUMMARY

1. Create 2464 units of new public housing throughout the city
2. Build city-owned mixed-income housing over public buildings, including schools
3. Use public tools to acquire land for community land trusts and public uses
4. Capture long-term public land value increases for the public good
5. Lay a municipal broadband network to guarantee internet access for all Bostonians
6. Use capital funds to launch a local Conservation Corps to tackle climate change
7. Build a robust first-generation homebuyer program to help close the racial wealth gap
8. Invest Boston SAVES funds on behalf of BPS students for greater returns
9. Launch new financing vehicles to support cooperative housing
10. Revitalize the Municipal Banking Commission to enhance local investment

PROGRAM DETAIL

1. CREATE NEW PUBLIC HOUSING UP TO BOSTON'S FAIRCLOTH LIMIT

Boston can receive federal subsidies for up to 2,464 more public housing units than we currently have. We should build, buy, or certify these units for our families and seniors—and use a new federal conversion program (Rental Assistance Demonstration, or RAD) to make them financially sustainable. They should be scattered across the city—some built new on public land and owned by BHA, some making CDC-owned or IDP housing units more deeply affordable, some enabling us to convert existing private apartments to permanent affordability. In addition to pursuing federal capital funds from the incoming Biden Administration, we can use City capital bond issuances to help fill the funding gap on the new units on public land, as the City is already doing for the BHA's Charlestown and senior housing revitalizations. Read more [here](#), or watch our hearing [here](#).

2. BUILD CITY-OWNED MIXED-INCOME HOUSING OVER PUBLIC BUILDINGS & SCHOOLS

In 2018, Boston began exploring “[Housing with Public Assets](#)”, the idea of building housing atop city buildings like libraries and fire stations, and is now considering actually doing so at the West End and Egleston Branch Libraries. This has been [done in Chicago](#). But the city should get more ambitious about this program by expanding it to include land held by all city agencies, in particular Boston Public Schools parcels. And we should use public bond finance to build mixed-income social housing on some of these parcels under city ownership. If we hire architects, builders, and managers, as other large local institutions like hospitals and universities do, rather than ceding redevelopment ownership rights to private developers, the long-term returns of the market-rate housing will accrue to the public. This approach is being used successfully in London (read more [here](#) and [here](#)).

3. USE PUBLIC TOOLS TO ACQUIRE LAND FOR COMMUNITY LAND TRUSTS & PUBLIC USE

In the 1980s, the BRA used its “urban renewal” powers to enable the Dudley Street Neighborhood Initiative (DSNI) to assemble a land-trust in a 60-acre area —the first time such governmental powers were used on behalf of a non-profit anywhere in the country. (Read more [here](#).) Since then, community land trusts (CLTs) have blossomed across the United States, and [new ones have sprung up in Boston](#)—but with very limited access to land. Boston should build on its past tradition and use BPDA tools to help secure more land for the community purposes and long-term affordability that CLTs ensure. We should also use BPDA tools to acquire more parcels for public purposes – including the housing mentioned above, and as an extension of the Parks Department’s new [Parcel Priority Plan](#), to acquire more space for urban wilds, rain gardens, urban farms, and urban forestry, along with the land needed for key flood mitigation measures. We should also write preferential options for conversion to cooperative or community land trust structures into city deed restrictions and ground-leases. While the City’s existing [parcel disposition process](#) has improved in recent years to more appropriately weigh the public benefit proposed by various private developers, these calculations are still mainly focused on short or medium-term horizons, whereas promoting public or community land trust ownership secures the long-term value of land for the public good.

4. CAPTURE LONG-TERM PUBLIC LAND VALUE INCREASES FOR THE PUBLIC GOOD

Boston has a number of famously generous ground-leases, created to spur economic development in the 1970s, that generate very little revenue for the public, such as those at [Faneuil Hall](#) and on the banks of the [Mystic River](#). Today's City, BPDA, BPHC, and BHA ground-leases should be written to ensure that the long-term value of public land is captured by the public; this means that the public should share in long-term escalating private profits from the site, through regular "participation rent" and through "transaction rent" whenever a sale happens (a primer [here](#)). Furthermore, substantial portions of these long-term public profits should be reinvested in public goods, not merely plowed into public agency growth (as in the case of [MassPort](#)). The Port of Rotterdam is an interesting [example](#) where public ownership profits are being directed into sustainability initiatives that will "pay off" in the sense of public good but not necessarily agency profit. The public should also share in the benefit when the long-term value of private land is majorly enhanced through public up-zoning. This is why the ratio of required affordable housing should be increased for PDAs, PDA Master Plans, and in major rezoning proposals, in order to tether density and affordability. We should also provide zoning relief for 100% and deeply affordable housing projects; this is another form of establishing the connection between public value-creation and public good.

5. LAY MUNICIPAL BROADBAND TO SECURE INTERNET ACCESS FOR ALL BOSTONIANS

Boston should use the public right-of-way to build out a municipal broadband network, to secure affordable high-quality internet access for all Bostonians. This would be a major expansion of the "[BoNet" work already done](#)" to lay fiber connections between many municipal buildings. Internet is becoming for the modern city as essential a public utility as water and sewer; the current pandemic has left too many of those without it locked out of school, public meetings, critical information, and key services. Furthermore, consistent high-speed internet is fast becoming a core piece of economic development infrastructure for which cities are judged by businesses and potential residents alike. Like private railroads and sewers, which proliferated at the beginning stages of each technology, private internet infrastructure will not make sense in the long-term. Nor is the private sector approach incentivizing the investment in last-mile fiber optic cable [that we need](#) in the immediate term. Models that claim municipal broadband is not cost-effective are based on short time horizons and don't take into account the enormous but difficult-to-calculate benefits of more efficient access to knowledge. Furthermore, there is a powerful civic argument at play: we must move past costly private control over this critical resource for the sake of democratic equality.

6. USE THE CAPITAL BUDGET TO FUND AN URBAN CONSERVATION CORPS

Accelerating climate-focused capital projects with a Conservation Corps workforce is a way to help get Boston on track to be carbon neutral by 2050, while creating good-paying jobs for Bostonians in urban forestry, green stormwater management, and green construction. By founding a city-level Conservation Corps and building career pathways for residents, we can grow our green economy with economic opportunities for all, particularly our Black and

Brown communities. [Philadelphia's Power Corps](#) serves as a useful model. The program provides comprehensive support, job readiness, and training for Corps members and consistently adapts to the City's and private sector's employment needs to ensure the program serves as a career pipeline. Power Corps also expands Philadelphia's capacity to complete green stormwater infrastructure, solar, urban forestry, and other projects. Boston should commit to scaling up its green stormwater infrastructure, urban forestry, retrofits of municipal buildings, and green construction while also training and hiring Boston residents to complete this work. We already have a number of exceptional SuccessLink youth programs that are beginning to introduce our young people to this work (see this [recent hearing](#)), but we need to build a real supported pipeline into city jobs and serious careers.

7. CLOSE THE RACIAL WEALTH GAP WITH FIRST-GENERATION HOMEOWNERSHIP

Boston recently launched its [ONE+ Boston](#) program—in partnership with GBIO, MAHA, and MHP—and that \$8 million investment is already enabling many first-time homebuyers to access down-payment assistance and better interest rates than any other available peer program. We must continue to expand this program. Additionally, when it comes to closing the racial wealth gap, we as a City have just taken a further step by making an initial investment in a [first-generation](#) homeownership program. By definition, first-generation homebuyers come from families with no previous homeownership wealth, so helping this population is one of the most targeted ways to redress racial wealth disparities. The City of Boston is now investing \$325,000 in MAHA's first-in-the-nation program of this type, called [STASH](#); the next step is to hugely grow this resource, so that we really help a whole generation of families build intergenerational wealth for the first time.

8. INVEST “BOSTON SAVES” FUNDS FOR BPS STUDENTS FOR GREATER RETURNS

[Boston Saves](#) is a program that gives each K2, kindergarten, and first-grade student in Boston Public Schools an account with \$50 for college or career training. Families are able to earn more from the city by linking a financial account to their child's Boston Saves account, saving \$25 for their child over three months, or reading regularly with their child. In January 2020, Massachusetts also launched its [BabySteps Savings Plan](#), which will deposit \$50 into a college savings account for any baby born or adopted into Massachusetts. While the benefits from a college savings account are proven, with research showing that children with college savings accounts are three times more likely to enroll in higher education, the benefit could be significantly increased if families had the option to invest the funds in their child's account at a market rate of return, with access remaining restricted until after graduation. Other jurisdictions are taking this approach, including Philadelphia with its [Keystone Scholars](#) program, which invests \$100 for every baby born to a local family through the PA 529 Guaranteed Savings Plan (GSP) managed by the Pennsylvania Treasury. Savings accounts no longer yield significant interest rates in the current economy, whereas long-term stock market holdings can yield a substantial rate of return. This disparity means that wealth gaps will only increase if low-income families maintain savings accounts while affluent families maintain investment accounts. The City of Boston should explore investing Boston Saves funds to maximize the impact of the Boston Saves program and to increase Boston residents' access to a share in our economy's financial returns.

9. LAUNCH NEW FINANCING VEHICLES TO SUPPORT COOPERATIVE HOUSING

Housing cooperatives can serve as a mechanism for people with modest capital holdings to begin to build equity, thereby promoting a more democratic economy and countering the deepening economic inequality of our city and society. Perhaps more than any other form of housing, cooperatives resolve the tension between housing as a locus of shelter and community and housing as a form of capital-holding, a tension that currently threatens to empty our communities of low-income and middle-income residents in favor of an increasingly fast-paced real estate commodity market. State legislation that would provide a key mechanism for enabling tenants of large multifamily buildings to transform such buildings into cooperatives upon sale by the current owner, the Tenant Opportunity to Purchase Act ([TOPA](#)), received support from the Mayor and the Boston City Council and would have passed in the last legislative session were it not for the Governor's veto. It must pass this session. In the meantime, however, there is more that the City can do. On September 22, 2020, the Boston City Council held a hearing (watch [here](#)) to discuss financial and technical barriers that deter new cooperative housing from forming. Some of the first necessary steps include developing new financing tools, both for individual share-loans and for entire cooperatives, and increasing educational resources for developers and potential housing cooperative members. DND is now working to start a revolving fund for share-loans and a class on cooperatives within the first-time homebuyers course. But in the longer term, DND should tailor its programs to better support the financing of purpose-built cooperative housing, and should use the AOP program to acquire foreclosed or recently-sold buildings and convert them to affordable housing cooperatives that retain long-term residents.

10. REVITALIZE THE MUNICIPAL BANKING COMMISSION TO ENHANCE LOCAL INVESTMENT

The City of Boston has large holdings in local financial institutions, and the 2013 "Invest in Boston" ordinance required annual [Linked Deposit Banking reports](#) to ensure that these banks are investing in the local community. Representatives from the Treasury Department regularly meet with bank executives and visit neighborhood branches to discuss whether these institutions are meeting the needs of Boston residents. This work has little public visibility, however, and would benefit from more robust public participation. Re-establishing an inclusive Municipal Banking Commission with representation from affordable housing organizations, small business groups, and other neighborhood leaders could help push Boston's banking industry to more fully serve all Bostonians by closing persistent gaps in mortgage lending and beyond. Especially as small businesses and individuals seek to recover from the pandemic, we will need banks to make capital available to small-holders, rather than lending only to the deep-pocketed and thereby growing the financial divide. In the long run, issues raised at the Municipal Banking Commission may also build momentum for the creation of a municipally-owned bank, such as that being explored by the [San Francisco Public Bank Coalition](#), in order to help tackle the racial, social, economic, and environmental injustices of our financial system.