

Boston: Amazon HQ2 bid targets working class suburbs

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3 May 2018

A recent analysis by The Conference Board concluded that Boston and Washington, D.C. are the most likely locations to be chosen by Amazon for its second headquarters. The analysis looked at Amazon's recent hiring patterns and current job postings, along with workforce competition from other companies.

In addition to a fulfillment center in Fall River, Massachusetts and distribution centers in Dedham and Hyde Park, Amazon employs more than 500 people at its robotics office in North Reading and more than 2,000 software engineers and other higher-paid workers in Boston and Cambridge. According to Boston's HQ2 bid proposal, more than 500 Northeastern University students "have completed full-time six-month internships at Amazon during the last five years."

This week Amazon announced plans for new offices in Boston's Seaport district, in which 2,000 new jobs related to Alexa technology will be located. The City of Boston has promised a \$5 million property tax break and \$20 million to improve roadways and bus infrastructure. Many of these jobs will pay more than \$150,000 in salary.

If Boston is chosen for Amazon's second headquarters, the most likely location is the current site of the Suffolk Downs horse track in East Boston, between the working class neighborhood of Orient Heights and the neighboring city of Revere. As part of that bid, the Massachusetts Bay Transportation Authority is studying the feasibility of building a connection between its Blue Line—which has two stops near Suffolk Downs—and Red Line, which has stops at Harvard, MIT and UMass Boston. Currently riders have to transfer to a third line in order to get from the Red to the Blue. The estimated cost of this connector is \$750 million.

Republican Governor Charlie Baker and Democratic

Boston Mayor Marty Walsh have refused to say how many billions of dollars in tax incentives will be given to the company. Baker, in comments at the State House, gave Amazon the upper hand: "I'm not going to speculate about anything" but that "wherever that conversation goes, depending on what Amazon really has in mind, it's going to vary."

Instead, the bid proposal contains sycophantic descriptions of the universities in the area. Harvard's boasts about its robotics program, its Center for Nanoscale Systems, and its Privacy Tools Project; MIT's touts its artificial intelligence and machine learning programs, its Robotics and Internet of Things research, and its Manufacturing USA Institutes; and Suffolk University, which was founded during the Progressive era specifically for working students, boasts about its Center for Entrepreneurship and Start-up Institute.

Northeastern University has a Seattle campus that "has tailored its educational and research focus around the needs of Seattle's employers." The bid boasts that "Northeastern is one of only a handful of institutions to be selected to offer an industry boot camp as a pilot member of the Amazon Web Services Academy."

Although the bid does not specify dollar amounts, it lists a large number of tax and other incentives: Payment in Lieu of Tax programs, property tax "relief," a "Workforce Ombudsman" to help Amazon recruit workers, and a "partnership" that would let Amazon use Boston as a laboratory for "technologies to enhance smart city advancements."

According to the Imagine Boston 2030 web site, affordable housing makes up less than 10 percent of the housing stock in 28 of the 37 cities and towns in Greater Boston.

In Somerville, which submitted its own separate bid,

apartments in triple-decker buildings rented for \$2,100 as recently as 2011. Now they are being turned into million-dollar condominiums.

This fever has not yet consumed East Boston and Revere, or the neighboring cities of Chelsea, Everett and Lynn, but 50,000 high-salaried Amazon jobs would cause large rent increases and a rush of condominium conversions. These cities have housed the working class for decades and are home now to a large number of Central American immigrants.

In Revere, the average assessed value for a single-family house is \$343,500. Assessed values, which are determined by the city for use as a property tax base, are usually significantly lower than the market value of a house. The per capita yearly income in Revere was less than \$23,000 in 2015, according to the Massachusetts Department of Revenue. In Chelsea the per capita income was less than \$17,000, while in Lynn the average assessed value was \$273,600 and the per capita income only a little more than \$20,200.

Plans are already being implemented to gentrify Chelsea. The MBTA began running a Silver Line bus dubbed SL3 Express from Chelsea to the Red Line at South Station in April. For years Chelsea has suffered from inadequate public transportation. That this new line is meant to serve riders with high incomes is demonstrated by the fact that Chelsea and Transit Police will guard the Bellingham Square stop. The Chelsea Record reported in April on the first apartment being built specifically to benefit from this service, with more than 50 market rate units and 13 or 14 others set aside for “affordable housing.”

Under section 40B of the Massachusetts General Laws, new apartment developments must set aside at least 10 percent of units for affordable housing. However, the law defines low-income housing only as “any housing subsidized by the federal or state government under any program,” meaning that the landlord will simply take money from the government rather than the tenant.

The average rent for a studio apartment—usually smaller than 500 square feet—in East Boston is \$1,861. One-bedroom apartments rent for more than \$2,300 on average, and two bedrooms—smaller than 1,000 square feet on average—cost nearly \$2,900.

Citywide, Boston forecasts that the number of nonelderly households making less than \$50,000 per

year will increase from slightly more than 87,000 in 2010 to slightly less than 97,000 in 2030. In 2013, only 9 percent of rental listings would have been affordable to a household making \$50,000 if affordability was defined as 35 percent or less of income. At the time when these statistics were documented in the city’s housing plan titled “Housing a Changing City: Boston 2030,” there were nearly 24,000 households paying more than 50 percent of their income on rent.

In addition, according to Zillow’s Housing Market Overview for Q4 of 2017, nearly 10 percent of Boston area homes with values in the lowest third were suffering from negative equity. The Brookings Institution recently released a study of income inequality in cities and metropolitan areas across the US. It found that in 2016 a salary at the 95th percentile was 10 times that of a worker at the 20th percentile in the Boston metro area, while in Boston proper the ratio was nearly 15 to 1. This latter ratio was the seventh highest in the country.

While Massachusetts will go to great expense to impose the Amazon headquarters on East Boston and Revere, it is not providing enough funds to keep the Merrimack River—which runs through the “Gateway” cities of Lowell, Lawrence and Haverhill—clean or safe. Inadequate infrastructure has led to raw sewage overflows during recent rain storms and the river is used for drinking water by many cities. In March a program that would have cost only \$370,000 to clean up hypodermic needles from the opioid epidemic was cancelled for lack of funding.



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