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Boston College

The Graduate School of Arts and Sciences

Department of Sociology

# REINVENTING REAL ESTATE:
# THE COMMUNITY LAND TRUST AND THE SOCIAL MARKET IN LAND

a dissertation

by

JAMES MEEHAN

submitted in partial fulfillment of the requirements

for the degree of

Doctor of Philosophy

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# Reinventing Real Estate:
## The Community Land Trust and the Social Market in Land

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DISSERTATION ABSTRACT

The Community Land Trust is a social invention designed to solve land-related social problems. Since the 1960s over 100 CLTs have been formed in the U.S. The CLT is a contemporary land reform model with intellectual roots going back to Henry George. It combines community ownership of land with private ownership of housing or other uses. Through leasehold agreements, CLTs restrict the resale price of housing to ensure permanent affordability. It thus decommodifies land and housing. CLTs thereby create a "social" market in land wherein, unlike the "free" market, social interests are balanced with economic interests.

Many areas of the U.S. underwent a severe housing inflation in the 1980s. Local citizens in some of these communities organized CLTs and local government has often supported them as a way to create affordable housing in a time of fiscal austerity. But by becoming housing developers CLTs have often had to take on a pragmatic cast and downplay their mandate for radical land reform, creating dilemmas for CLTs as social change agents. Some CLTs have been able to move beyond a role as affordable housing providers. Some rural CLTs use land as a production base for community enterprises as well as housing. The model has also been used in highly politicized campaigns for community control in minority inner-city neighborhoods.

These cases indicate the potential for CLTs to effect structural reform by challenging the dominant ideology of private property and influencing national policy in the direction of a new land ethic. The evolution of the CLT is of theoretical interest to sociology as a exemplar of community-based social change efforts in general, and social market organizations in particular. CLTs are also important for the fundamental issues they raise concerning community, democracy, and social solidarity. These issues can be higlighted through comparative analysis of the CLT with other forms of property innovations that are emerging in American society.

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# Introduction

## The community land trust in the emerging social market

In his 1981 Presidential Address to the American Sociological Association, William F. Whyte proposed reorienting sociology to the study of social inventions created to solve social problems. In Whyte's formulation, "a social invention can be a new element in organizational structure or interorganizational relations, new sets of procedures for shaping human interactions and activities and the relations of humans to the natural and social environment, a new policy in action (that is, not just on paper), or a new role or new set of roles" (1982, p.1).

Whyte is critical of social science for so often concentrating on what he calls the "standard situation" and overlooking or failing to make the effort to seek out innovations in social organizations to study. In standard situations

> The people concerned diagnose their problems in standard ways and arrive at standard policies and programs that may do little to solve those problems. This style of research gives us the illusion of scientific virtue because, whatever our conclusions, they will apply to a large number of cases. The drawback is that this style leaves out of focus cases in which creative individuals have defined the problems in non-standard ways and have devised social inventions that appear to be solving the problems better than the standard non-solutions.[1986:562]

Whyte suggests that a key research task for sociology is to evaluate the reasons for a social invention's success or failure in a given social context, carefully discerning whether factors inherent in the invention itself or originating in the larger cultural or social environment are responsible in any particular case. But Whyte is not interested in social inventions for their own sake, however interesting they may be for "pure" theory. He is concerned to build an understanding as to how any particular social invention contributes to progressive social change, and stresses the need for studying how "small-scale changes, built on participatory strategies" relate to broad scale reformist or revolutionary social change at the national level. He has put this approach into practice by becoming involved with employee ownership and industrial democracy efforts in several localities as both researcher and social change agent. Structural reform, for Whyte, is the most important outcome for social inventions.

Whyte's emphasis on the invention of social institutions for solving social problems in a sense brings sociology full circle. It echoes the contention of Robert Nisbet that the history of social organizations is largely the history of social inventions (Nisbet 1975; Abbott 1987). The sociological tradition has been shaped to a great extent by the attempt to understand the types of institutions that have come into being as a result of the historical transformation of the feudal world to the modern one. The institutions of that former world - the manor, the guilds, the monastery and so on - were replaced by institutions rooted in entirely new functional necessities: the capitalist corporation, industrial and government

bureaucracies, and labor unions. The persistent social problems of this transition - such as unemployment, alienation, crime, homelessness - continue to raise the question of how new consciously created institutions could better address human needs.

The importance of intermediary institutions between the private world of the market and the public world of the state was stressed by Durkheim in parts of his well known works (1984, 1966) and more explicitly in several less read volumes (1983, 1958). Durkheim was particularly concerned with property institutions and how they come to take on a "sacred" character as key components of social solidarity. This suggests that the creation of new property institutions is central to recreating the social bond which he felt had been damaged by the transition to a modern economy without the formation of new integrating institutions to replace those of the feudal community. If, as Alvin Gouldner suggests, there has been a "common neglect of property institutions by sociologists" (1958, p.vii) since Durkheim's time, the study of innovative community-based institutions for meeting human needs should be a core focus for sociology.

The social invention framework for the study of social change has the strength of incorporating human beings into the sociological narrative. As Philip Abbott contends, this approach is a useful balance to the description of new institutions in terms of "biological or mechanistic metaphors" (1987, p.5). Considering institutions as "rising," "growing," "forming," or "crystallizing" out of the currents of historical change often simply covers our ignorance of just when and where these institutions began and who the social entrepreneurs were who promoted them and worked to have them become accepted.

Collective forms of behavior do not necessarily arise spontaneously. Fortunately, with contemporary innovations such as the community land trust we can trace their historical origins and stages of development from a time when only a few people were involved in their invention to the point where they become ongoing forms of collective enterprise.

This is especially pertinent given that the last few decades have been a period of fertile social invention. A broad spectrum of community organizations have emerged out of local community development initiatives. Many of these attempt to embody new social relationships as alternatives to both the capitalist market and state system of services, and to decommodify land, labor, and capital. Examples include worker cooperatives, community loan funds, community development corporations, community development credit unions, and the subject of this study, community land trusts (Bruyn and Meehan 1987).

Since the late 1960s activists in scattered communities across America have been advocating and creating a new form of property, the community land trust, as a way of accomplishing social purposes. The community land trust (CLT) is an organization that holds land for what it conceives to be the public interest while providing for the private use of the land through lease agreements. This conjunction of community ownership of land and private ownership of the economic improvements on the land - usually housing or crops - represents an innovative combination of tenure forms. In the United States people usually think of land as either privately owned or owned by the government. The CLT is a private non-profit organization but quasi-public in its aims and operation. It represents a form of collective ownership of land, but does not seek collective ownership

of the improvements such as housing (unlike, for example, public housing). It is essentially a social invention created to solve social problems that its originators did not feel were being adequately addressed by either private or public forms of tenure.

Property forms come to take on a feeling of naturalness over time. They are not examined closely unless conflicts emerge that highlight the structural problems set in motion by the fundamental forms of property ownership in a society. The community land trust, and the emerging social market in general, appears against a backdrop of conflict over how the fate of communities is to be decided and who should make the decisions. Property rights have become pitted against social rights as conflicts over the use of land, labor, and capital arise in response to historical changes. Along with the other mentioned innovations, CLTs are part of an emerging "social market" (Bruyn 1991; Derber 1995) that is conceptually distinct from either the capitalist profit market or the bureaucratic state, though socially related to both. According to Bruyn,

> A social market (in a factual sense) is a system of exchange in which both economic and human factors are present. A social market (in a normative sense) is a self-accountable system of exchange which is more productive, profitable, efficient, responsible, nonbureaucratic, humanly-focused, self-managed, decentralized, and community-oriented. A social market sets norms in the public interest through its own systems of self-accountability and through stakeholder involvement (1995, p.1-2).

Social market institutions ideally attempt to embody these normative principles in their everyday operation. Rather than adhering to a "bottom line" emphasis on profit, they seek to obtain a balance between economic and social values. Elucidating this ongoing social development should be an important task for contemporary sociology.

The purpose of this study is to provide a detailed sociological description of the community land trust as a social invention that seeks to create a social market in land. There is no such description in the current sociological literature. There are a number of works that provide general descriptions of the CLT and anecdotal examples of existing CLTs by way of introducing this model of social change (for example, Matthei 1993, 1992, 1979; Matthei and White 1987; Baker 1992; Schlossberg 1993). This literature is by advocates and practitioners and seeks to influence policy and encourage activists to utilize the model as part of community economic development strategies. It does not attempt a disciplined sociological description or analysis nor does it present detailed information on the historical evolution, intellectual background, or present extent of CLTs. Two handbooks published to introduce the CLT model and give "how-to" advice (Institute for Community Economics 1982; Swann et al. 1972) do give some detail on these issues but are likewise not written from a social science perspective, though they are valuable as data. Several scholars have discussed the CLT as an interesting problem in legal theory and practice due to its innovative approach to property rights (Abromowitz 1991 and 1992; Pastel 1991; Rice-Osterhoudt 1986; Seeger 1989). Community land trusts are discussed only in the form of an abstract legal type. These articles raise interesting issues for social science and are therefore suggestive, but they have the same limitations as the above.

Soifer's (1990) study of the Burlington, Vermont CLT does adopt more of a social science approach but does not discuss this particular case within a context of the national or historical development of the

CLT as a social form. Again, it is useful as data but does not answer the need for a general discussion of the CLT as a social phenomenon. Several works have introduced the CLT into sociological theory in general terms, without much in the way of empirical data. Gunn and Gunn (1991), Bruyn (1991) and Derber (1995) all cite the CLT as an example of the kind of local community institution that can form the basis for a social market, but without analyzing actually existing CLTs.

The most extensive contributions to a theoretical understanding of the CLT have been by John Emmeus Davis. Davis has set the CLT in several sociological contexts: (a) within a typology of land reform initiatives (1984); (b) within a typology of forms of property interests that may become involved in local conflicts (1991); and (c) within a typology of forms of non-profit affordable housing (1994). Davis' doctoral dissertation (1991) was a study of a neighborhood in Cincinnati in which a CLT was in operation, but his object of study is the neighborhood and not the CLT, of which he gives a relatively brief description. None of these offers a detailed discussion of the overall extent of CLTs, their historical evolution, or the current policy debates and strategies within the CLT movement, though they are the necessary starting points for any research or theoretical analysis concerning CLTs and will be discussed in more detail later in this work.

The present study builds upon this existing literature by offering a description and analysis of the evolution of the CLT as a historical ideal and real social practice in order to advance our understanding of the manner in which a social market in land is

advancing on the margins of the American economy. It proceeds as follows:

Chapter 1 sets the CLT in an historical and intellectual context. The chapter reviews the history of conflicts over land in American history and the sociological literature concerning present local conflict attributable to the commodity nature of land and housing under capitalism. It discusses the emergence of innovative community institutions out of the structural conflicts of the capitalist economy, their potential for advancing an emerging social market sector as an extension of and alternative to the private market and bureaucratic state sectors. The specific issue that the CLT addresses is the decommodification of land within a social market.

Chapter 2 presents a detailed description of the community land trust as an "ideal type" and the basics of the ideology that has inspired its development. It offers a geneology of how the idea has evolved out of the history of land conflicts in America and traces the evolution of the CLT from ideal to actually existing social form, with the founding of the first CLT in Georgia in the 1960s.

Chapter 3 describes the spread of the CLT model beyond its first existing example and explains the social factors that have allowed CLTs to gain a foothold in varied communities. It looks at the support infrastructure that has been developed to turn an isolated social invention into a self-conscious social movement. The chapter thus covers the transition from a period when the CLT was first an idea and then a single existing example as the result of actions by a limited number of individuals, to the present situation where it has

become a codified social form that is replicated, to a large extent, through institutional means. Facts and figures on the presently existing CLTs, and an overview of recent policy debates and initiatives are also offered in this chapter.

The next chapter gives case study examples of how CLTs are being utilized in different localities to attempt to create a social market in land in order to accomplish the goal of developing and protecting permanently affordable housing. Most CLTs are oriented toward this particular goal, and what recognition and support the model has received from mainstream funders has been in regard to this particular agenda. This being the case, the CLTs presented in this chapter are in many ways typical.

Chapter 5 analyzes policy dilemmas that have arisen out of the success that many land trusts have enjoyed in gaining support for their attempts to create and protect permanently affordable housing, and some of the criticisms that have been voiced concerning the predominance of housing as the focus of CLT activity.

Chapter 6 offers further case studies, in this case of CLTs that have evolved as part of broader community development efforts that go beyond the particular issue of housing affordability. They are in many ways pacesetters for the entire movement and demonstrate the full range of goals contained in the original model. They are atypical - but perhaps prefigurative- examples and offer insight into the potential of the CLT model for structural reform, in accordance with Whyte's criterion for evaluating social inventions.

Chapter 7 summarizes the main lessons of the study and specifies their theoretical importance. It will offer a preliminary discussion of the possible directions for further social development of CLTs and their potential for contributing to structural reform. The limitations of the study and areas of further needed research are outlined in an Appendix.

If there is a social market sector forming in the United States it will be many years in the making and many cultural and political obstacles will have to be overcome. The outcome for social inventions such as the community land trust is indeterminate. This study is only part of what must be a long term research project. It is essentially an exploratory effort at understanding a new social form and introducing it to the sociological community for further research. With the partial exception of the various forms of worker ownership, there has been very little study of the emerging social forms that make up this prototypical social market. Studies such as this are needed if we are to understand how each particular community institutional type is evolving, in order to outline the contours of the social market, its achievements, limitations, and the social contests in which it is implicated.

# Chapter One:

## Communities, Commodities, and Land

The community land trust is a type of land reform. The issue of land reform may not seem relevant to a sociological understanding of industrial society. Indeed, sociologists have neglected land tenure as an issue (Geisler and Salamon 1993). But the formation of this type of social organization dedicated to creating a new social relationship in regard to land tenure reminds us that land and the interest conflicts over it are still relevant to an understanding of post-agrarian societies.

This chapter sets out a context for approaching the study of the community land trust by examining the crucial issues of land tenure and re-establishing the importance of land as a sociological issue. It briefly outlines a history of land tenure and land tenure conflicts in America, examines the land-related interests at stake in contemporary local conflicts, discusses the CLT as a type of land reform, and closes by placing the CLT in the context of an emerging social market in community development.

### Basic Issues in Land Tenure

To begin to understand the sociological importance of land it is necessary to start with a critical examination of several basic concepts relevant to land tenure. Property is commonly seen as a "thing" which one either owns or does not own. While this may be useful enough in regard to most consumer items it is clearly limited in regard to the expensive and legally complex entities which we refer to as "real" property: land and the buildings on it. This simplistic notion of ownership mystifies the idea of property by not looking beyond its "thinglike" quality to reveal the social relationships that underlie it. Property is not a thing but a relationship, and the "bundle of rights" that are entailed in real property - use, ownership, profit, value, etc.- are social constructions, not natural facts. As Cronon says, "Saying that A owns B is in fact meaningless until the society in which A lives agrees to allow A a certain bundle of rights over B and to impose sanctions against the violation of those rights by anybody else." (1983, p.58). In essence, property is a social construction defining the relationship between people and only secondarily between people and things.

If property at base consists of a social relationship - in which socially constructed rules determine how it is to be used, claimed, and distributed and who is to benefit from it- there are relevant issues arising from that relationship which may become points of contestation between groups and individuals with differing interests. Such fundamental areas include:

sovereignity: In what social institution is vested the ultimate authority to determine rights of ownership and use? Before the rise of nation-states this authority was vested in various local institutions such as the extended family, the tribe, or the village commune. In feudal Europe, the monarch was formally sovereign in regard to land and ownership was granted to the nobility in exchange for military support. In industrial societies it is vested in the national state as the ultimate guarantor of property rights (with intermediary levels of government exercising this role in daily practice). Since the rights of ownership and use are granted by whatever authority exercises sovereignity over land this is an area of potential interest contestation.

ownership: Who is seen as authorized by the sovereign authority to actually own land? Will ownership be collective or individual or mixed? Or, as in the native American societies that the New England colonists encountered, will there be no concept of ownership at all (as discussed below)? In capitalist societies ownership of land is private but not necessarily individual: indeed, even in the case of a home and its plot there is often a complex parcelling out of ownership rights between the individual, financial institutions, local government, lienholders, and perhaps even timber and mining interest who may retain rights of exploitation. Non-owners, of course, have different interests than owners. Ownership is thus another area of contestation.

use or to use the traditional term, the right of usufruct: How is the land to be used? Who has the right to use it? Who makes decisions regarding use, that is, how does the issue of usufruct engage with the issues of sovereignity and ownership? In capitalist societies this sets the stage for an array of conflicts to emerge: conflicts over government regulation of private land, private use of public land, zoning power, conservation of natural resources, and other issues related to the clash of private and community interests. Use is yet another area of contestation.

valorization: How is the value of land socially constructed? Is it expressed strictly in market terms? or are social values, such as the "sacredness" of traditional spiritual sites or the recreational value of open space, considered? How is value seen to be added: through the efforts of individuals who work on the land? by the beneficence of nature? through location? through the actions of the community, government, or abutters? And who is to appropriate the value that is created - the owner, the community, the entire society? Since there is no "natural" objective manner in which to understand the valorization of land this is once again a social arena in which different interests and ideologies may contend.

The community land trust is a social form that is an expression of particular ideals and interests in regard to these fundamental issues. To establish a background for its recent emergence, let us briefly review how these issues have been played out through conflicts over land tenure in American history.

# Land Tenure Conflicts in U.S. History

## The Commodification of the Land

Liberal economic theory (the ideology on which the private market form of social organization is based) never clearly solved the problem of land. As Vogel (1988) explains, the liberal theory of individual property ownership rights is based on Locke's labor theory of value: that which is created by one's own effort should become one's exclusive property to keep or sell or otherwise dispose of as one pleases. This theory was directed at feudalism, which had given to feudal lords the right to appropriate the major share of the social product derived from land. In regard to land ownership specifically, it was directed at the principle of entail which required that landed estates be inalienable - they could not be sold or given away but must be passed down intact through the family on the basis of primogeniture.

Market theorists reasoned that the feudal lords had no such exclusive right to the lands since they were not created by their own efforts. Thus they should be alienable, free from entail, and available for sale on the market to interested private buyers. But while this is logically consistent as far as opposing the right of the feudal lords to lock up the land as their exclusive property, it does not provide sufficient justification for private ownership through purchases in a free market in land: private owners did not create the

land any more than did the feudal lords. This was simply glossed over as the free market came about and land was commoditized to suit the private interests of eighteenth century capitalists.

This theory of property rights in land was still being developed when English colonists began to settle the North American continent. While the ideology of ownership was still in flux, it was not necessary to be consistent in order to appropriate the native lands. Sometimes lands were seized from the natives and sometimes bought. Colonists thus denied or defended Indian property rights according to the dictates of self-interest. Cronon (1983) has reconstructed the encounter of English and native ideologies of land. This clash is commonly misunderstood as between private and collective ideologies of ownership. The reality was more complex: the native Americans did not have any concept of ownership of land at all. Rather, tribes exercised sovereignity directly over the use of land. Conflicts, previous to the arrival of the colonists, were over sovereignity: which tribe was to exercise territorial control over the resources of an area of land.

Territorial rights were thus negotiated between collective groups and privileges granted were seen not as ownership but as usufruct rights, and were made on behalf of the respective communities not between particular individuals. What was negotiated was not the ownership of places but the use of them. Within native communities people were considered to have rights over things made with their hands, but not natural resources (which, ironically, was more consistent with Lockean theory).

As Cronon makes clear "It was a conception of property shared by many of the hunter-gatherer and agricultural peoples of the world, but radically different from that of the invading Europeans" (1983, p.65). The latter, driven by their interests and cultural outlook and contempuous of whatever world-view the natives might have shared, took negotiations over land to be transfers of ownership, the previous owners being excluded thereby, rather than the sharing of sovereignity. It is not that the English did not have a concept of sovereignity. They had a legal system in which both sovereignity and individual ownership had a place. The monarch had sovereignity over the kingdom, but individuals owned their particular parcels of land within the kingdom, subject to regulation by local community mores:

> The popular idea that Europeans had private property, while the Indians did not, distorts European notions of property as much as it does Indian ones. The colonists' property systems, like those of the Indians, involved important distinctions between sovereignity and ownership, between possession by communities and possession by individuals. They too dealt in bundles of culturally defined rights that determined what could and could not be done with land and personal property. (Cronon 1983, p.69)

Colonists obtained land in two different manners: either from purchases from the Indians or through grants from the English crown. The latter method came to be predominant, so a concept of sovereignity was recognized but it was the sovereignity of the King not that of the tribes. And this distinction meant that once land was obtained from either source it became subject to the English system of land which recognized individual ownership within royal territorial sovereignity. The Indians were excluded from the use of the land under rules they could not have conceived of when they agreed to grant the Europeans a share of the usufruct rights. The latter, and not a transfer of ownership, is what they understood the agreements to "sell" the land

to mean: "Miantonomo, like other New England sachems, had no intention of conducting a market in real estate." (Cronon 1983, p.61)

Even after the native lands were fully appropriated by the colonists they did not originally have the status of commodities to be freely traded on a market. The early New England towns were founded with extensive community decisionmaking in regard to the distribution of private lands and the use of common lands. Families treated their private holdings in a quasi-feudal manner, passing them along by inheritance but not alienating them for profit. Cultural mores varied, moreover, and the balance between notions of individual and collective rights in land differed somewhat according to the regions from which settlers migrated. Thus, certain Massachusetts villages had more collective systems of land tenure while others were from the beginning more individualistic.

> Some settlers, like those of Rowley or Sudbury, came from areas with open-field systems, where strong manorial control had been exercised over lands held in common by peasant farmers. They initially re-created such systems in New England, making relatively few small divisions of common holdings ..... Settlers in towns like Ipswich or Scituate, on the other hand, came from English regions where closed-field systems gave peasant proprietors more experience with owning their lands in severalty. They proved from the start more interested in transferring lands from common to private property as rapidly as possible... In these towns a market in real estate developed very early, both to allow the consolidation of scattered holdings and to facilitate limited speculative profits in land dealings. (Cronon 1983, p.74)

The latter approach in the long run came to predominate in the colonies. Land increasingly became a commodity, a relatively new concept in European culture coincident with the spread of capitalism (still in its incipient stages).

Although an earlier English meaning of the word "commodity" had referred simply to articles that were "commodious" and hence useful to people - a definition Indians would have readily understood - that

meaning was already becoming archaic by the seventeenth-century. In its place was the commodity as an object of commerce, one by definition owned for the sole purpose of being traded away at a profit. (Cronon 1983, p.77)

In line with historical changes in European society, colonists were learning to treat land as capital. This created a new basis for valorization of land. Land was valued by the tribes for its natural resources which could be used by the hunter-gatherers; or given value through small scale horticulture on temporary plots, with the products appropriated by those who tended them; or by association with the sacred. The early European holdings were similarly given value by family efforts to create a subsistence usufruct. But as land became increasingly "commodified" with the appearance of a land market, it could increase not only in use value, through improvements, but in exchange value, whether through "improvements" or merely due to location - it now had an abstract market value and could be treated as an investment based on future potential value. It thus could become an object of speculation. This was to transform the New England land in ecological ways that would make it impossible for the traditional indigenous lifestyle to flourish even as the legal mechanism prevented the native Americans from enjoying usufruct.

Concentration of Ownership and the Struggle for Access

As the land became more and more to be treated as a commodity the practice of speculation became a prime means of wealth accumulation, as well as the method by which lands were opened up to settlement as European sovereignity began to expand westward. Speculation was the tie between the interest of the royal sovereign power in Europe and the local semi-feudal landholders in the colonies:

> "America, from its inception, was a speculation. It was a speculation to Columbus. It was considered a speculation by the kings of Spain, France, and England. They looked upon it as a source of riches in gold, silver and pelts. It was from the land that these precious goods were produced, and ownership of the land was as essential to them as the political jurisdiction over it. Royal favorites were accordingly given vast territories, and land was distributed to individuals and companies as royal rewards" (Sakolski 1966, p.1).

English colonial charters granted ownership of land to individuals, but the monarch retained sovereignity (and often the mineral rights). From a distance the crown could do little directly to survey, subdivide, and exploit the vast territories of North America so this work was done by the speculators:

> Thus, the conveyance of unoccupied lands to private individuals, which undertook the management, settlement and resale, was a common practice in colonial times.....As population began to fill up the accessible regions within colonial charter grants, the acquisition of large unsettled tracts for pecuniary gain came more and more into vogue" (Sakolski 1966, p.2).

Founding fathers such as Washington, Franklin, and Jefferson either engaged directly in land speculation or wrote in support of it. They surveyed vast tracts and obtained ownership against the day when native tribes were vanquished and settlers could move in to newly opened territories. Much of the colonial pursuit of land was to acquire large estates which, given the fact that property holdings were the basis of political power, translated into higher political

standing. After the War of Independence, landholding was less of a basis for political prestige, with the emergence of a republican political culture, but rather became the leading resource for building wealth, since trade and shipping had been disrupted by the war and manufacturing was still in the artisan stage.

Land conflicts and calls for land reform began soon after the founding of the republic. Much of the popular agitation against the British was spurred by the desire to break up the quasi-feudal manorial estates that existed in many colonies and to distribute more widely the benefits of land ownership. The sovereignity-ownership relation was seen to be in need of change: instead of a king granting ownership to favorites in the feudal manner, the new republic as sovereign was expected to extend land ownership possibilities more widely as benefits of citizenship. Many of the estates of loyalists were indeed seized and redistributed. Conservatives such as Hamilton were concerned about the threat to the wealthy expressed by the "levelling spirit" of republican equality and sought to use Western expansion to deflect cries for land reform.

The settling of the continent began with the problem of balancing the rights of property ownership with the rights of access to property. Geisler, quoting Madison, describes the founding ideology as being that "good government's chief object was the protection of men in their 'different and unequal faculties for acquiring property'" (1984, p.10). But this ideology did not solve the contradiction of speculation. The result was what Green calls "a running battle between the ideal of an independent agrarian society of small holders and the reality of freewheeling speculators who accumulated vast

blocks of the best farm, timber, and mineral lands." (1973, p.20)

The earliest speculators took on the burden of valorizing the land, laying out roads and basic infrastructure such as forts. But increasingly the national government valorized the land: by militarily supressing the natives, building roads, conducting surveys, and laying out the plot systems for townships. This socially-created value was then captured by private speculators who bought the land wholesale, as it were, and sold it retail to homesteaders at enormous profit after the social value had been added. Those that could not afford the price were shut out from the accumulation of wealth and formed the basis for what would eventually become the urban proletariat.

Instead of a republic of independent farmers there was increasingly appearing a division between concentrated wealth and landless labor. The contradiction between the republican vision of widespread land ownership and the wealth expropriated through speculation led to land reform agitation, culminating in the founding of the National Reform Association (also known as the Agrarian League), which opposed land monopolization and fought for the right of every individual to own land (Geisler 1984; Cincone 1987; Lause 1990). They returned to the problem which was never adequately solved in the development of the liberal theory of private property: the translation of land, the common inheritance of humanity, into privately appropriated wealth.

The Reformers feared the political as well as economic consequences of this development. Democracy was premised on a rough equality of condition. Concentration of wealth was leading to concentration of power. The National Reform Association pursued an agenda to reverse this, an agenda that went beyond the narrow question of land tenure:

> [they proposed] the exemption of small-scale family farms from liability to seizure and sale for debt; recognition of the right of landless citizens, especially those in the eastern cities, to occupy the public lands, together with a homestead law to provide a mechanism to make such a right practicable; and a legal limitation on the amount of land an individual could own. Establishing close ties with various communitarian social experiments, they also organized cooperatives, trade unions, citywide federations of labor and reform groups, and annual national Industrial Congresses. In addition, National Reformers advocated women's rights and became increasingly involved in antislavery activities. (Lause 1990, p.396-7)

The land question was thus the basis for a broad social movement to "take back" the growing republic from those who had become wealthy through speculation and their allies in government. Several notable events marked the climax of mid-century agitation: (1) the career of Henry George, probably the most well-known land reform theorist in U.S. history and an intellectual ancestor of the community land trust (as discussed in the following chapter); (2) the Homestead Act of 1862 which transferred title of vast public lands in the West to private hands; (3) the Southern Homestead Act of 1866 which enabled freed blacks to gain title to Southern farmlands; and (4) the Eaton reforms, named for President Grant's Superintendent of Negro Affairs, which involved settling freed slaves on lands leased along the Georgia coast, often in communal settlements (in effect forerunners of community land trusts).

These all contributed to the land reform legacy but achieved limited practical results. George's ideas were popularly received and spread the seed of critique of private profit through ownership of land, but did not result in immediate fundamental changes. Geisler estimates that the Homestead Act resulted in only one out of every six acres ending up in the hands of settler farmers, with much more acreage going to railroads and other powerful interests. The southern reforms ended as Reconstruction gave way to Jim Crow, with the Easton lands eventually being leased to entrepreneurs employing the freed slaves as wage labor. To put the final cap on this era of land conflict, many of the Indian treaties were abrogated, with much reservation land broken up into private holdings often gained by whites.

## The Struggle for Tenure Security and the Increased Role of Government

The post-Civil War era was a time of rapid industrialization, made possible to a great extent by the accumulation of wealth through speculation in land by railroads and other early corporations. As growing industries absorbed the landless urban proletariat, the old vision of a nation of egalitarian smallholders seemed to fade. But the Populist movement at the end of the century was a new step in land tenure conflict. Whereas earlier campaigns had been based on the quest for <u>access</u> to land, the Populists fought for <u>security</u> of tenure for those who had obtained land.

Security becomes a problem when capitalist land relationships become dominant because under capitalism there is no social right to land ownership. Landowners' rights exist only insofar as they can keep hold of the commodity. Economic reversals that lead to forced sale or foreclosure mean loss of land security. After the distribution of the Homestead Act, crop liens and mortgages led to land losses during times of agricultural depression, with land concentration resulting anew from foreclosures by financial interests and buyouts by the railroad companies engaged in speculation. The twentieth century opened with a widespread movement of agrarian socialism throughout the West, with the formation of many farm cooperatives and calls for collectivization of large corporate landholdings.

Land tenure, in spite of the dominant ideology of privatism, continued to be a political issue. Security of tenure was often an electoral campaign issue in rural America during this era. The high water mark of this movement was the electoral victory of the Farmers' Nonpartisan Political League of North Dakota in 1919, leading to a coordinated program of reforms in banking (including the founding of the only existing state bank), planning, storage and marketing systems, and insurance for small farmers in that state. The era also witnessed the beginning of conservation-oriented land reform, with the formation of the first national parks, forests, and grasslands. Government responded to the recognition of the need for alternatives to unrestricted speculation and exploitation of land.

The Great Depression's severe economic dislocations inaugerated another period of land reform. The New Deal included some modest attempts at redistribution as well as programs for enhancing the security of sharecroppers and tenant farmers, public works land projects, increased conservation set-asides, and at least proposals for national land use planning. The importance of many of these efforts was on the whole more symbolic than practical: they broadened the boundaries of debate concerning unchecked private use of land.

In practice, New Deal policies were hemmed in by conservatives and were often ambiguous or even contradictory. The Agricultural Adjustment Administration, for example, was intended to help tenant farmers but actually, by encouraging farm mechanization, resulted in many thousands of them being forced off the land in what was essentially "an American 'enclosure movement'" (Geisler 1984, p.22), thus initiating the demographic process that was to result in the formation of the urban ghettoes. But other efforts, such as the Subsistence Homestead program, sought to relocate the unemployed onto lands where they could be partially self-sustaining, resulting in many local experiments in cooperative farming. The New Deal also inaugerated the beginnings of what was to be the next milestone in American land tenure history, the opening up of the suburbs and the spread of home ownership.

The end of World War II began an era in which government continued to expand its role in land use decisions. Three key aspects of government involvement were in housing provision, zoning and local development planning, and urban renewal.

Government involvement in housing provision, as in other aspects of economic development, was guided by the principle of privatism, that is, the government's role in the economy is to facilitate the accumulation of private wealth (Squires 1994; Warner 1968). Thus, housing programs have tended, to borrow a colorful a phrase used by housing activists, to "feed the horses in order to feed the sparrows"[1]: subsidies are passed through the hands of private interests such as developers, lenders, and landlords ostensibly to ultimately benefit the poor (Bratt 1989; Achtenburg and Marcuse 1986). This is in contrast with the much greater role of direct provision and support for consumer initiatives such as cooperatives and mutual housing associations in the Western European social democracies and Canada.

Public housing in the U.S. was the exception that proved the rule. Legislation authorizing public housing was barely passed over the opposition of real estate interests and was designed to be austere, even punitive, so as not to compete with private market housing (Bratt 1989). Much more in the way of national resources has been directed toward the support of private homeownership. The rapid development of the suburbs of many major cities after World War II, supposedly the result of private consumer decisions, was actually made possible by a battery of government policies: the tax deduction for mortgage payments, federally subsidized mortgages and insurance, government aid to mass production builders, government policies encouraging plant relocations, and, of key importance, the national highway program (Checkoway 1986; Ashton 1978; Feagin 1983; Jackson 1985). For many years federal guidelines upheld racial exclusion from

suburban subdivisions, thus enhancing uneven developemnt of suburbs and cities, and dividing the working class into property "haves" and "have nots."

Zoning ordinances began to appear as early as 1916 but became a common reality after World War II. In theory, zoning was meant to benefit all citizens, through municipal regulation of land use to avoid public nuisances.

> In actuality zoning was a device to keep poor people and obnoxious industries out of affluent areas. And in time, it also became a cudgel used by suburban areas to whack the central city. Advocates of land-use restrictions in overwhelming proportion were residents of the fringe. They sought through minimum lot and set-back requirements to insure that only members of acceptable social classes could settle in their privileged sanctuaries. Southern cities even used zoning to enforce racial segregation. And in suburbs everywhere, zoning was used by the people who already lived within the arbitrary boundaries of a community as a method of keeping everyone else out. (Jackson 1985, p.242)

Although zoning developed as a weapon of the affluent, its use highlights the interest conflicts inherent in land tenure and reveals the politics behind the myth of a market of dispersed consumers. Zoning hearings and other land use planning forums have thus provided the space for debate and contestation over land use (Wolf 1981).

Perhaps the most dramatic recent example of the privatist approach to land-based wealth accumulation was urban renewal. In many cities government power was directly used to displace existing residents (often ethnic minorities) from areas considered to be deteriorated in order to benefit private interests. The power of the state valorized the land for private profit, in effect. Lands were seized by eminent domain at taxpayers' expense, cleared of existing buildings (again at taxpayers' expense), and sold (at a loss to

taxpayers) to developers who profited from putting up office towers and expensive housing (Gans 1982; Wilson 1966; Bellush and Hausknecht 1967; Hartman 1974; Mollenkopf 1983; Feagin 1983). In the destruction and rebuilding of Boston's West End, for example, the city bought the land under eminent domain for $7.40 per foot and sold it to the primary developer for $1.40 per square foot (Medoff and Sklar 1994). Residents, as taxpayers, participated in the subsidization of their own displacement.

The foregoing review has pointed out the process by which land became a commodity in the course of American history, and how as a commodity traded in a market it has been the source of wealth accumulation and an object of conflict. It has also shown that there is a tradition of asserting the importance of land for subsistence, conservation, and other social goods that has often been at odds with the use of land for profitmaking. And that government has increasingly become involved in these issues, generally to promote commoditization but also as an arena of conflict in which other interests may be asserted. In recent decades the politicization of land decisions has increased and sociology has begun to take note of the conflict of interests inherent in a capitalist system of land tenure.

Contemporary America: the Structure of Local Land Interest Conflict

Community sociology was shaped for many years by the Chicago School approach which simply accepted competition for land as a natural fact which led to differential land values and the sorting out of populations into "natural" communities. The research emphasis was on the result of this process, the fit between spatial and social variables in the city, and not on the social forces shaping the process of competition. A classical "equilibrium" market was simply assumed and no attempt was made to analyze the conflict of interest groups out of which land decisions actually emerged (Abu-Lughod 1991; Gottdiener 1994). This became less tenable after World War II as government involvement through zoning and other interventions made the political nature of the land market transparent, and even less so as the extensive community conflicts of the 1960s to the present have made clear the conflictual nature of spatial settlement in a capitalist society.

In an early critique, Form (1954), after studying local zoning processes, pointed out that the social ecological model of land, based on an 18th century model of classical economics, was outdated and lacking in social realism. He called on sociologists to analyze the forces actually operating in the land market. The land market is not a collection of unorganized individuals, but is "highly organized and dominated by a number of interacting organization", which are "self-conscious and purposeful in character" and whose relationship has become structured over time. Form found four "organizational congeries" or pressure groups operating in the land policy arena: (a) the real estate and building business; (b) larger industries, businesses and utilities; (c) individual homeowners and other small

consumers of land; (d) government agencies. With the addition of a fifth category of community groups that have increasingly become involved, these still make up the contestants in land use decisions.

Following the outbreak of urban riots in the 1960s a paradigm shift occurred in the study of the community with the inclusion of a conflict perspective inspired by an outpouring of neo-Marxist and neo-Weberian political economy (Harvey 1973; Castells 1977; Saunders 1981; Gottdiener 1987, 1985; Tabb and Sawers 1978). This paradigm envisioned the locality not as the product of impersonal market forces, but as the outcome of conflicts of interests in which politically and economically more powerful groups generally prevailed over weaker interests in the decisionmaking process. The literature was often characterized by formalistic debates regarding the classification of different interests and their relationship to Marxist or Weberian notions of class. But for the purposes of this present work it is sufficient to cite the fundamental conflict that was clearly revealed between profit-oriented "commodity" interests, on the one hand, and quality of life "community" interests on the other. The conflict of community and commodity interests is basic to understanding local land conflicts and the appearance of reform efforts such as community land trusts.

Land and the economic resources on it can be treated in two ways: either as commodities to be exchanged for the accumulation of wealth, or as social goods valued for their "use" to benefit individuals as members of a supportive community. Thus, there is the possibility of a structural conflict of interest between those seeking to enhance the

exchange value of the community and those seeking to protect its use value. As Logan and Molotch make clear,

> The pursuit of exchange values in the city does not necessarily result in the maximization of use values for others. Indeed, the simultaneous push for both goals is inherently contradictory and a continuing source of tension, conflict, and irrational settlements. (1987, p.2)

Use value interests are not always accounted for in economic analysis - they are manifold and often difficult to quanitify, but they are clearly tied together: a home in a desirable neighborhood often offers access to other amenities - shops, schools, friends, cultural sites - that build on its own use value. People living in a particular area have a collective interest in the quality of public services and often rally around issues of what Castells (1977) calls "collective consumption." Neighborhoods offer people differing life chances, overlapping and reinforcing the effects of class and caste. The quality of neighborhood life especially affects those who routinely spend the bulk of their time there and are dependent upon its facilities, such as the old, the young, and unemployed mothers (Leavitt and Saegert 1990). Except for the most affluent, residents of a locality have an interest in affordability and security of tenure, as well as amenity (Davis 1991). The most amenable neighborhood is of little use value to someone who cannot afford to live there. Thus material and psychological rewards (or lack of them) come together to form the particular sense of well-being in community.

In contrast, those concerned solely with exchange values have a simpler goal: the maximization of profit. Investors who seek to profit from locality deal with a unique resource, land. Since it cannot be produced to any great extent (beyond some filling of

wetlands) the supply cannot be expanded to meet demand - it is thus a "natural monopoly." Unlike the case with portable consumer goods, the entrance of new investors into the market does not lead to price decreases. Rather, each round of investment "bids up" the price of land and buildings. Since profit occurs through changing ownership, each transaction that is profitable requires a higher sale next time as more profit must be extracted. And since land values are tied to the perceived profitability of an area, those seeking to maximize exchange values must work to socially construct value in a locality. They seek lower land values when they buy but must convince others to pay them enough for their land holdings to make a profit when they sell. Thus, the cheaper neighborhoods of the working class and poor have the best "buys," but must be "upgraded" in order for values to rise.

Often this involves government decisions and intervention. Whether it involves zoning decisions, the use of development monies, the creation of infrastructure, or the removal of "undesireable" obstacles to profit, such as old buildings (or poor people) that depress property values, government action is often seen as crucial to ensuring profitability. Entrepreneurs thus strive to put together "growth machines" - an interlocking apparatus of progrowth associations and government (Logan and Molotch 1987). Growth machines or "growth coalitions" (Feagin 1983) are based on an ideology of "value free" development, in which strictly economic criteria are to be used to determine how locations will be used, thus delegitimizing decisions based on "use" value or quality of life as "subjective" and particularistic. Growth in and of itself is seen as good. The market

is seen to be the fair mechanism for determining locality development, even when taxpayers' money is used to create value. Democratic debate and participatory decisionmaking are "obstructionist" is this scheme of thinking.

Local real estate interests often serve as a buffer between corporate elites, who shape the overall structures of development, and local citizens who struggle to maintain neighborhood quality of life. They serve as a stabilizing force - through the activities of Chambers of Commerce, for example, citizens learn to accept the "inevitability" of growth, and growth of all kinds (no matter what its effects) is portrayed as progress. This effort often cuts across the lines of conflict of interest found in the workplace: Gottdiener (1985) specifies that "growth networks," as he terms them, often include representatives of labor, expecially from the construction industry, with an interest in land development.

But this is a two edged sword. Conflicts between citizens and local elites can lead to destabilization of the growth machine and even delegitimation of the fundamental ideals of unrestricted growth, unrestricted rights of private property ownership, and commoditization of social goods. This is especially true when, as with housing, the social goods are necessary for basic survival. When people are displaced from their neighborhoods either directly, by bulldozers, or indirectly through rising housing costs, they are often unwilling to go quietly, and may question the right of property owners to profit by increasing exchange values (often produced by public valorization) while denying them the use value of a community.

Community conflicts are not simply a question of "community versus capital," however. The material interests involved in local conflict cut across many social variables. Not only do local residents often have interests that conflict with those of outsiders, they often differ among themselves in their interests in regard to property, the way they think about property, and the extent to which they are willing to organize and act on their interests. Davis (1991), observing a neighborhood in which poor people were being displaced by gentrification, was able to develop a complex typology of interests, consciousness, and organization in relation to property ownership.

The rapid increase in property values in this particular neighborhood brought out conflict between those whose stake in the neighborhood was based on use value (or "accomodation," as Davis calls it) and those whose stake was mainly based on exchange value ("accumulation"). The conflict between accomodation and accumulation was most clear in the extreme cases: tenants, as non-property owners, were completely concerned with the former (mainly with the affordability and security aspects of use) while speculators ("property capitalists" is Davis' term) were completely concerned with the latter. They did not live in the neighborhood and were only holding property in order to realize profits. Owner occupiers had an ambiguous position in the middle, as they had both types of interests. As discussed below, they were divided by the struggles over housing that took place as the community groups mobilized along various lines of interest.

Property interest divisions emerged along differing lines of ideology and action in response to heightened conflict. Davis found three "levels of consciousness" emerging as the housing crisis took hold of the neighborhood:

1) "collective consciousness" or "interest group identity": groups of residents begin to see that they have common interests that differ from the interests of other groups, landlords and tenants being the clearest line of demarcation.

2) "conflict consciousness" emerges as these groups realize that their interests not only differ but conflict. Property owners, for example, want to cash in on gentrification by charging higher rents while tenants demand affordable housing.

3) "radical consciousness" emerges when one or more interest groups realizes that its efforts are frustrated by the existing tenure system and develops a critique of existing property relationships. Tenants, for example, begin to question the rights of ownership.

These changes in consciousness can lead to changes in the level of social organization. In struggles over housing, Davis found three levels of organization corresponding to the above levels of consciousness:

1) "Housing improvement group": as homeowners discover a common interest they organize neighborhood clean-ups, fix-up campaigns, and so on to express their common interest in property values.

2) "conflict housing groups": as the level of conflict consciousness emerges, homeowners form more militant organizations to defend property values while tenants organize to keep housing affordable.

3) "radical housing group": with the emergence of radical consciousness, the entire tenure system is delegitimated in the eyes of advocates for affordable housing and other accomodation interests. They may seek to implement structural reform such as by forming a community land trust to remove property from the profit market to be used to meet social needs.

In the neighborhood Davis studied a community land trust was indeed founded. The CLT became a focal point of conflict for these various factions, with tenants basically supporting it, property capitalists in opposition, and owner occupiers something of a swing group. As owners they stood to gain from increased property values if they sold their houses, but as residents with a stake in the neighborhood they were concerned about affordability for their relatives and neighbors and were often dismayed by displacement. Davis found that less affluent African-American homeowners were more likely to express an accomodative interest while white newcomer "Yuppies" were concerned with raising property values so as to profit from their houses. The CLT was seen by the former as a stabilizing force, holding back the tide of gentrification and allowing at least some of their neighbors to avoid displacement.

The community land trust is then one of many types of community organizations that are formed to achieve the goals of interest groups in conflicts over ownership, use, and valorization of property. Local government, with its control over zoning and federal economic development grants, is often the arena of conflict for these groups. Property owners have more commonly organized to socially construct high property values (Fisher 1984), often using zoning as a weapon (as discussed above). Tenants sometimes organize for reforms such as the creation of subsidized housing or, more radically, rent control. But in theory at least, groups that form community land trusts are attempting to go beyond this and effect a structural change in the land tenure system by creating a new form of social property.

The appearance of the CLT marks a new chapter in the history of land reform. Community land trusts have their roots not only in the tradition of conflict over rural tenure but also in contemporary urban struggles over housing and development. But CLTs are not forming in isolation. They are one of a number of innovative approaches to community control of economic development that are emerging out of the use value-exchange value conflict inherent in capitalism. Each in its own way addresses the problem of commoditization and seeks to expand the narrow scope of the profit-oriented market to include social goals. Each seeks to create in effect a "social" market. Often they are interorganizationally allied and act together in a particular locale. This indicates that they have, in theory, the potential to form a third sector of the economy alongside the existing market and state sectors. The final section of this chapter will review the existing theoretical literature on the social market and discuss the

community land trust as a part of this evolving phenomenon.

## The Emerging Social Market

Local people concerned with issues of local well-being are faced with broad historical structural trends that are beyond their direct control. The globalization of the capitalist economy, the collapse of the socialist economies, the rapid evolution of new technologies, and the shift to a "post-industrial" economy are related trends that have in combination forced a fast-paced restructuring of life in many societies (Smith and Feagin 1987). This has led to the opening up of new opportunities for economic growth and accumulation for some regions, groups, and individuals but injured the economic well-being of many others. The control of the direction and pace of development has become an issue that plays out at the local level through grassroots community action of many kinds (Boyte 1980; Fisher and Kling 1993).

The use value -exchange value or community-commodity conflicts we have discussed are part of a larger tension endemic to all societies between the imperatives of economic life and those of social life, a tension between "accumulation" on the one hand and "community" on the other, in Mollenkopf's terms (1981). Both are necessary for social well being but a balance must be struck so that one does not overwhelm the other. But historically, as capitalism became dominant it led to an imbalance in which the economic became dominant over the social.

Karl Polanyi (1971) explained the historical development of capitalism as a process in which the fundamentals of economic life - land, labor, and capital- which had previously been embedded in social relationships were cut loose from social ties and regulation to become commodities for sale in markets. The market, which had previously been a small, localized, and sporadic epiphenomenon of social life designed for the convenience of community members (allowing them to exchange goods that they could directly produce for those they could not) became the dominant form of social organization. The market essentially became detached from and dominant over the non-market community activities of mutual aid and neigborhood solidarity that held traditional society together.

Polanyi differed somewhat from Marx in his analysis of the effects of capitalism on social organization. He pointed out that the development of capitalism in England led to diasterous effects on all segments of society (not just workers). Rapid urbanization led to a decline in living conditions that threatened the health and safety of all citizens. Fluctuating financial markets destroyed the life savings of both the poor and the better off. The result was political responses from all sectors that led to the patchwork system of government regulations and policies that is characteristic of all capitalist societies. He portrayed this not as the clear ideological work of any one group of anti-capitalist interests, but the uncoordinated cumulative attempts of many actors, including individual capitalists, to gain control over the conditions of their lives. It is society attempting to defend itself against the market.

This quest for control over the pace of events has led to a plethora of experiments, regulations, reforms, and organizational modifications of capitalism that don't really resemble the clear drawing of lines between classes that Marx predicted. And the struggles that continue to break out over economic development go beyond the workplace and issues of economic allocation to broader issues of quality of life and community well-being. Citizens groups form to fight against nuclear reactors, toxic dumping, the lack of affordable housing, crime, the closing of industrial plants, and for that matter the opening up of industrial plants. Many of these efforts are simply NIMBY (Not In My Backyard) exclusionary campaigns, but often citizen initiatives go beyond this to formulate a critique of both market and state sectors as inimical to community interests. In many locales, this has resulted in the formation of new community organizations, such as community development corporations (CDCs), community development credit unions and loan funds (CDCUs and CDLFs), worker cooperatives, and community land trusts that seek to regain control over the fundamentals of local economic development (Bruyn and Meehan 1987). Several generalized theoretical explorations in regard to these emerging institutions have appeared.

According to Taibi (1994), struggles over community development have paralleled struggles against discrimination toward individuals. The initial approach often starts out from what he calls an "equality paradigm," which seeks to make sure that all individuals are treated fairly, not subjected to discrimination, and allowed to compete equally in the market. But activists soon learn that, contrary to neoclassical economic theory, there rarely is such a thing as a "pure"

market decision. Even when based on fair criteria, decisions affecting individuals in poor communities often result in their exclusion from the market. Thus, as with the issue of job discrimination, a more proactive approach emerges, which he calls the "affirmative action paradigm." This approach seeks to encourage market formation in poor neighborhoods rather than simply removing barriers for individuals.

But this paradigm also has its limitations. Like the "equality" paradigm, it relies on the assumption that the market is sufficient to develop poor communities if only it can be made to act fairly. It again seeks to broaden the scope of the market by extending it - this time using communities as a frame of reference instead of individuals:

> It never questions the structure of the marketplaces that routinely produces unacceptable results. To the extent that it accepts as given the institutional structures of American life (but for racial disparity), affirmative action reinforces the legitimacy of the very institutions that effectively disempower African-American and other non-elite communities (1994, p.1468).

The market is eventually understood to be the cause of and not the solution to the community's problems. Furthermore, any attempt to make the market function fairly must rely on the state to enforce standards of fairness. But enforcement by the state is plagued with bureaucratic problems and subject to weakening as political winds change direction.

Thus, in many communities, a new strategy is emerging based on a "community empowerment" paradigm. This paradigm recognizes that the economic problems of low income communities are structural and must be addressed by the spread of new institutions which are "community specific" in their control and operation. Institutions such as those

listed above are structured to be accountable to local people and designed to place resources where they are needed and not simply in regard to profit. The are also educative: participation demystifies development decisionmaking and empowers people to take back control over their local economy from bankers, developers, and land speculators.

Gunn and Gunn (1991) describe these community corporations as "alternative institutions of accumulation." Their analysis focuses on the need to recycle wealth within a community instead of having it siphoned off by outside ownership. They begin with the concept of social surplus, "the difference between the net product of a society and the consumption (in individual and collective forms) that is essential to maintain those who do the producing" (1991, p.3). In the capitalist economy most of the social surplus is expropriated as profits, which are often extracted in one community and concentrated in others as quality-of-life expenditures. For example, profits from slum housing in poor communities can be spent by landlords in their own wealthier communities for fine housing. Communities, like classes, are divided by structural conflicts in regard to wealth appropriation. They can (and do) contest the appropriation of social surplus, however, and thus the locality joins the workplace and the state as a site of conflict between capital and those affected by its operation.

Increasingly communities are turning to alternative institutions of accumulation as a way of retaining more of the social surplus within the community. Poor communities seek to broaden the terrain between private institutions that derive their income from profit and

public institutions that derive their income from taxation. Alternative institutions allow for democratic accountability and community control and become local assets for building economic development. Resources that come in to a community (whether as wages of local citizens or as social service expenditures) are retained and recycled within the community by non-profit institutions. In poor communities, for example, social service delivery has often been effected through profit interests, as in the subsidy of rental housing landlords. Expenditures are often more than they need to be because of the profit-taking involved. Institutions such as the community land trust "lock in" subsidies by structuring their housing to be permanently affordable (as will be discussed in the case studies offered in Chapter 4). Wealth is retained and the resource base of the community is increased.

In a number of works, Severyn Bruyn visualizes a new system of self-regulating local economic development made possible by the appearance of the new community organizations. He points out that the market-state connection has arisen not as a simple opposition but in a complex interrelationship. The operations of the market have led to corporate centralization and expansion in order to effectively compete. In the process, local communities have been burdened with the "externalities" that follow from the actions of the market. Absentee owners do not necessarily act in the interests of the local community when they make decisions in order to meet the demands of the market. As Bruyn points out this increases the need for state intervention and the growth of state bureaucracies, as "... government incurs the costs of the market system. The corporate

economy, lacking structures of responsibility, relies on the government to pay for its destructive impact " (1987, p.4).

The market-state dynamic has eroded the self-reliance of local communities. The cyclic movements of the market economy have historically led to intervention by the state to ensure stability, as in the Great Depression. The underlying theory of the market is that it is self-regulating, but in reality it "... continues to be subject to mass unemployment, cycles of inflation and recession, labor-management conflict, environmental pollution, exploitation of consumers, corporate monopoly, runaway factories, speculation, and corporate debt - all of which must be solved by government" (1987, p.5). The problem is that business decisions are made with an eye to profit and not necessarily toward the good of the community as a whole. Business is not accountable to the community for anything other than profits. Government, in theory, is accountable. But historical evidence has shown that bureaucratic regulation tends to be inefficient, powerful interest groups have much more influence than ordinary citizens, and power tends to become an end in itself.

For these reasons, Bruyn presents a model of the economy that is self-regulating: a model built on institutions that are community-based and accountable to those affected by the actions such institutions take. The role of the government should not be to regulate the economy but to enable the economy to regulate itself. One way to do this is to encourage the formation of accountable institutions which can assume many of the key functions now performed either by for-profit corporations or state bureaucracies. Bruyn places the development of such institutions in the context of the loss

of control that communities face in an era of globalization. Two issues face communities that seek to control their economic fate: how to gain autonomy, that is, control over the decisionmaking process that affects local economic well-being; and how to gain viability, control over local resources necessary to economic development.

These two issues are, of course, closely related - a community cannot expect to gain control over decisionmaking if it cannot manage its own resource base and achieve a certain amount of self-reliance. But in the historical development of capitalism the economic fundamentals of land, labor, and capital were converted to free market commodities, thus causing them to be beyond the control of community decisionmaking. If a new type of community control - democratic and participatory, as opposed to feudal authoritarianism - is ever to be established, land, labor, and capital will somehow have to be decommodified and directed by decisionmaking toward the good of the community.

The new community-oriented enterprises seek to accomplish this: for land, community land trusts; for labor, forms of worker self-management such as employee cooperatives and democratic ESOPs; and for capital, various types of community development finance institutions (CDFIs) such as CLFs and CDCUs. Since each type of institution addresses the problem of local control over a key area of decisionmaking, the three types of institutions theoretically form the basis for a self-managed, locally accountable economy that is analytically distinct from both a market/competitive/profit-driven economy or a state/bureaucratic/command economy.

The emergence of this type of "social" market sector would build on tendencies already latent within capitalist society. As Bruyn points out, truly "free" markets are an abstraction:

> I assume that any market system is rooted ultimately in society. My focus here is on the contemporary period of capitalism, which is distinguished by its emphasis on a market with an economic orientation - that is, a market perceived by its participants as characterized by exchange based primarily on economic principles. Yet in reality, the market in comtemporary capitalism is also embedded in a complex system of social exchange and social organization. Although still largely unrecognized, society is the ultimate arbiter of market organization, and social factors infuse the market's very life and being, and are therefore fundamentally involved in determining its future course and direction (Bruyn 1991, p.31, emphases in the original).

Social factors intrude into practically every market decision and social values often guide market actors, but the dominant ideology of the "free" market is unwilling to admit the existence and importance of such factors. The existence of organizations that seek to institutionalize social decisionmaking has the potential to bring the social aspects of the market into conscious focus and to inspire action to enlarge the sphere of the social market.

Derber (1985) compares this model of a "social" market with the existing private "free" market. The theory of the "free" market assumes that there is only individualistic, indeed atomistic, economic interaction: "The idealized free market is a sophisticated accounting system for registering individual preferences and balancing supply and demand among millions of disconnected buyers and sellers" (1995, p.170). But while it registers the desires of each individual, it ignores the externalities or "spillover effects" of individual transactions that affect the rest of society:

> In the pure free-market model, there is no economic incentive to protect society not any market disincentive to be anti-social; the market simply does not discriminate, operating with what passes as

"benign neglect." As such neglect accumulates, with the market turning a blind eye to the millions of small and large "externalities" that affect society every day, it becomes a catastrophic social blindness that places civil society in jeopardy (1995, p.171).

The "free" market is indeed, in Derber's succint phrase, "sociologically obtuse." Social markets take into account a broader array of stakeholders and institutionalize broader participation in the decisions that shape economic life:

> Social markets presume that economic actors include communities as well as individuals, that social costs and benefits can be registered and measured, that cooperation, like competition, is essential to productivity and growth, and that there are a wide array of possible market incentives that can better preserve the social fabric while sustaining economic viability than those offered by the free market.
>
> The social market writes social costs and benefits back into the business equation - among other ways, by internalizing the externalities. The social market gives social stakeholders - including workers, consumers, neighbors, and "public interest" representatives - a voice in corporate decisions, and it structures incentives to guarantee that the direct parties to any transaction cannot ignore the consequences of their decisions for the larger community (Derber 1995, p.172).

A social market, then, is like a "free" market in emphasing the importance of decisions taking place in civil society over the "command" decisions of government bureaucracies, but unlike the "free" market it emphasizes the importance of social values and social participation. A social market seeks justice as well as efficiency, and while accepting competition also enshrine "values of social solidarity, cooperation, and democratic association" (1995, p.173). In the broadest terms, it seeks to achieve a new harmonious balance between "community" and "accumulation" that was lost with the growth of capitalism.

Derber sets out the historical context for the development of a social market. There are two broad traditions of social market institutions:

1) social democracy: this is essentially a compromise between socialist and capitalist economics and an interplay of socialist and capitalist economic institutions, of which Sweden is the classic model.

2) cooperativism: The practical and intellectual roots of this tradition are in the Rochedale co-ops of England and social anarchist theories of mutual aid, free association, and self-management by workers and communities found in the writings of Fourier, Proudhon, and Kropotkin (Buber 1949). The most impressive modern instance is the Mondragon complex of coops in Spain.

Derber makes the case that a synthesis of the two traditions is needed:

> Social democracy has developed the governmental apparatus that can help solve the problem of minority rights, inequality, and large-scale poverty and unemployment for which cooperativism has no proven answers. Cooperativism offers the participatory foundation, both in the community and the workplace, to nourish the civil society and economic dynamism that a statist social democracy is not able to sustain (1995, p.186).

These themes have already entered the American policy arena through the debate over economic democracy (Bowles and Gintis 1987; Carnoy and Shearer 1980). The contradiction between a democratic polity and an economy largely beyond the reach of participatory decisionmaking is a perennial theme in American reform history. The emergence of the new community institutions is a new development of that history. This sets out for sociology the task of following their

development and drawing lessons useful for understanding and nuturing the evolution of a social market in the U.S.

These existing theoretical overviews establish a context for the study of the community land trust as a new social institution that is part of a wave of innovation in community development. More detailed studies of each type of innovation are needed to further the development of this line of theory. The present study seeks to do this for the community land trust. The first task is to clearly explain what the community land trust is, or rather, since no two CLTs are exactly alike, to establish an "ideal type." The following chapter will do this, as well as discuss how the different aspects of the CLT's organizational form relate to the ideas that underlie it, give an intellectual geneology of those ideas, and present the human story of how those ideas were eventually put into social practice with the creation of the first community land trust.

# Chapter Two

## The Community Land Trust: From Idea to Reality

Very early on a Tuesday morning in January of 1994, while the citizens of St. Paul, Minnesota slept, three trucks inched slowly along Sneiling Avenue from Macalester College on their way to locations in the University-Summit neighborhood. Utility cables were detached from their poles and lowered to the ground where boards protected them as the trucks rolled over. This was a necessary step because the cargo each truck carried was too large to clear under the cables and heavy enough to damage them as they rolled over. What each truck carried was a complete house. The houses had been lifted off their foundations and removed from the college, which was donating them to an affordable housing organization.[1]

The temporary physical severance of the houses from the land was unintentionally but richly symbolic of this joint affordable housing effort. The organization receiving the houses was a recently formed community land trust, one of just over one hundred scattered across the United States. When the houses were carefully lowered on to plots owned by the Rondo CLT they once again became anchored to the land. Of course, houses are not usually moved on to CLT land in such dramatic fashion. But the temporary physical separation that took place in this particular case is a fortunate occurrance that clearly

illustrates the legal, economic, and ethical separation that community land trusts seek to advance.

The ideas that have gone into the makeup of the CLT as an ideal-type come from many sources, including Henry George's nineteenth century critique of land speculation, the Gramdan movement for land distribution in India, the Jewish National Fund which set up the moshavim settlements in Israel, precapitalist forms of collective land control such as the practices of Native Americans, and the American tradition of land-based Utopian communities. As the previous chapter demonstrated, there is a broad historical tradition of land reform in the U.S. and the CLT has emerged from one particular intellectual stream of this tradition. The contemporary model was conceptualized by Robert Swann, a versatile builder, peace and civil rights activist, and community economic theorist. Swann and several African-American civil rights activists organized the first actual CLT in Georgia in the early 1970s to allow African-American farmers to gain access to productive land.

This chapter will look at the fundamental ideas espoused by the advocates of community land trusts and then will trace the evolution of these ideas from the nineteenth century to the present. In particular, it discusses the life experiences and intersections with the cultural tradition of land reform that influenced Swann's thought and then presents the events leading up to the founding of the first CLT, events closely tied to the evolution of the fundamental ideas. The following chapter will then give an overview of how CLTs have spread - as idea and as organizations - to become part of a broader movement of community economic development. This process of interplay

between individual ideas and social efforts has resulted in the realization of the CLT as an actually existing social type, a social invention that has adapted historical resources to address contemporary social problems.

## The Idea

### The Community Land Trust as an "Ideal-type"

The community land trust is based on a simple ethical principle: land, which is not the creation of any human effort, should not be owned by individuals but is rather the legacy of the entire community. Houses, crops, or other products created by humans, on the other hand, should belong to the individuals whose efforts brought them about. But the rights of owners are not unrestricted, according to CLT theory. The community retains the right to oversee both use (so as to prevent externalities such as pollution from affecting the community) and sale (to prevent speculation). Housing is seen to be a social good, and therefore there is a community interest involved. It is not to be treated as a mere commodity and sold to the highest bidder, but rather transferred at a just price. The form is thus something of a hybrid cross between the ideas of private and public ownership.

While individual CLTs differ in organizational structure they are all based on this basic principle, and can thus be understood in an "ideal type" manner for sociological purposes. As described by its advocates, the community land trust

> is an organization created to hold land for the benefit of a community and of individuals within the community. It is a democratically structured nonprofit corporation, with an open membership and a board of trustees elected by the membership. The board typically includes residents of trust-owned lands, other community residents, and public-interest representatives. Board members are elected for limited terms, so that the community retains ultimate control of the organization and of the land it owns.
>
> The CLT acquires land through purchase or donation with an intention to retain title in perpetuity, thus removing the land from the speculative market. Appropriate uses for the land are determined, in a process comparable to public planning or zoning processes, and the land is then leased to individuals, families, cooperatives, community organizations, businesses, or for public purposes.
>
> Normally, the CLT offers lifetime, or long-term leases, which may be transferred to the leaseholders' heirs if they wish to continue use of the land (Institute for Community Economics 1982, p.18).

The ground lease is the legal mechanism that maintains the balance of what the CLT takes to be community rights and those it believes belong to the individual. It allows the CLT to exercise control through two primary methods:

(1) termination: the ground lease generally contains a "default" clause by which the lease can be terminated if any of the conditions specified in accordance with the CLT's normative goals are violated;

(2) limited equity option to purchase: the owners of homes or other improvements on the land agree at time of purchase to resell to the CLT in accordance with a specified resale formula limiting the leaseholder's equity, or to sell directly to another leaseholder only upon approval of the CLT (Abromowitz 1992), as mentioned above.

The separation of land ownership from "improvements" not only fulfills the ethical criteria on which the CLT is based but allows the CLT to accomplish practical community goals.

> If leaseholders leave the land and terminate the lease, they may sell or remove the improvements they own. Typically the CLT retains a first option to buy the improvements at the owner's original invested cost, often adjusted for inflation, depreciation, and damage during the ownership period. This property can then be sold to the next leaseholder. Thus, the first leaseholder is guaranteed equity in the improvements, and the succeeding leaseholder is able to buy the improvements at a fair price (1982, p.18-19).

The ground lease is for a long term (usually 99 years) and can be passed on to heirs. Thus owners have the same security and legacy rights as "fee simple" owners, but not unrestricted rights to profit from sale of their property.

The use value of homeownership is thus reaffirmed and upheld while the exchange value is modified and resticted by community oversight. The property is essentially decommodified. The CLT, through the buyback option, seeks to decommodify both land and housing and thefore enable them to be available to those in need at a socially determined "just price." The community land trust thus seeks to embody normative ideals - collective ownership and decommodification of land, private ownership and decommodification of housing- in a social organization based on a practical legal mechanism to attain its goals.

The elemental parts of the "ideal-type" community land trust are, then, as follows: The CLT is a (a) non-profit organization (b) holding land in perpetuity for the community (c) transferring improvements on land (usually housing) to private ownership (d) through lease agreements (e) with premptive options to buy such improvements to keep them permanently affordable, (f) with membership

open to the specified geographical community, (g) and a democratically elected board of directors (h) composed of equal numbers of lessees, corporate members who are not lessees, and others, usually representatives of other community interest organizations (the "three part board"). This is in fact the description of a community land trust written into federal law in the "Housing and Community Development Act of 1992" at the urging of CLT advocates.

## The Ideology of the Community Land Trust

Since community land trusts are a decentralized phenomenon there is no way to positively state that all activists who organize CLTs share the same ideas regarding them. But leading practioners and theoreticians have published a small body of literature outlining the core ideas upon which the CLT was originally conceived and promulgated. This literature is a source from which the ideas presented above can be illustrated in more detail. In 1982 the Institute for Community Economics (the primary organization promoting the CLT model) sponsored publication of The Community Land Trust Handbook, a combination "how to" manual and ideological justification for the CLT. The following account of the fundamental ideas is drawn from that work. As will be apparent, CLT theorists are engaged with many of the fundamental issues of land tenure discussed in the previous chapter.

Community land trust advocates see many of the social problems of America as rooted in a lack of access to the social and economic benefits of land. They see this issue as relevant in both urban and rural settings. Several processes are at work leading to detrimental outcomes in both rural and urban areas:

Absentee ownership removes control over land from local people, whether in the urban ghettoes or in rural areas like Appalachia. Outside owners make decisions that can adversely affect the economic well being of people in local communities. Often owners engage in speculation, buying land and holding it for profit. In heated local markets the turnover of land from one buyer and seller to the next results in spiraling costs, pushing the land out of the reach of local individuals.

Access to land and housing is closely tied up with access to capital. Often disinvestment in the form of redlining prevents people from getting access to capital in areas not deemed to be good for business. But communities can also be hurt by reinvestment in the form of gentrification, whether in newly fashionable urban neighborhoods or rural vacation home areas. In either case there is the real danger of displacement for lower income people. In addition, in rural areas there is the crisis of the family farm as lands are lost through bankruptcy and foreclosure and often pass into the hands of large corporations. So there is an ongoing problem of concentration of land ownership.

These problems are not accidental but are rooted in the social relationship of private property:

> The problems do not spring from the land itself. They spring from the ways that land is controlled, owned, and used. They are not land problems as such; they are property problems....Our concern here is with the arrangements whereby land is treated as property, and with the effects these arrangements have on people (Institute for Community Economics 1982, p.5).

The community land trust model is necessary because the problems of absentee ownership, speculation, disinvestment, gentrification, and concentration of ownership have not been sufficiently addressed by existing models of land ownership.

Property is generally discussed as being either public or private, corresponding to forms of control directed toward the fulfillment of different interests. Private property is controlled by private owners to further their own private interests, while public property is controlled by one or another level of government to further the public interest. This simple division oversimplifies the actual arrangements that occur in society and does not clearly address the many different interests involved in land. CLT advocates seek to develop a more sophisticated analysis of land interests as a basis for the model of the CLT.

As the previous chapter contends, there are inevitably divisions of interest in regard to land tenure. CLT advocates see both individuals and communities as having certain legitimate interests in land. Legitimate individual interests include:

Security: every person needs a secure home and/or secure access to land upon which they have invested their labor. Earned equity: people need to benefit from the fruits of their labor and investment, that is, they have an interest in whatever value they add to land. A reasonable legacy: homes, farms, and small businesses are often family efforts extending across generations. Individuals have an interest in protecting the continuity of such efforts by passing on such improvements on the land to a new generation.

Community interests include:

Community access: "The land and natural resources of a community are the necessary base for its economic and social well being. Land must be available for housing, jobs, and social services if the community is to be healthy and secure (1982, p.7)."

Community equity: "A community has a legitimate interest in retaining and utilizing for the common good whatever value it has created or nutured" (1982, p.7). Whatever values that are created not by the individual's own effort (which should accrue to the individual's equity as discussed above) but through social efforts initiated by the community as a whole or available to the community- such as natural resources, educational facilities, roads, sewer systems, parks, or even a friendly neighborhood character - should accrue to the community. The community has an interest in retaining these values for the community as a whole.

Community legacy: Just as individuals have an interest in passing down their earned equity to a new generation, the community as a whole has an interest in passing down its equity and ensuring that it will be shared by future members of the community as a whole.

The key to the ideology behind the CLT model then is the attempt to balance individual and community interests in such a way as to allow both individuals and communities to realize their interests without interfering with each other. This requires recognizing the limits of each set of interests. Advocates see present property arrangements as not working well to balance these interests and therefore seek to learn from alternative models, in systems of land tenure that predate the notion of private property. They point out that private property is a modern invention absent in societies that predate capitalism, and that nomadic and hunter gatherer societies have no concept of "owning" the land. However, with the rise of agriculture people tend to develop at least a sense of greater stake in particular pieces of property:

> When people till the earth, they mix their labor with the land, and it becomes natural to think of them as having a special claim not only to the crops they produce but to the land they have improved with their labor. They also, of course, tend to establish permanent homes on or near the land they work, and in thus occupying a piece of land permanently they develop strong interests in it as individuals (1982, p.10).

Thus arises the two-sided tension between individual and community claims on land which we still wrestle with.

CLT advocates point out that ownership of land property has had special importance in American society insofar as the oportunity to gain access to land was an important departure from the more closed

European semi-feudal society that settlers had emigrated from. America offered the opportunity to own land, which was in turn the opportunity to better realize the economic advantages that land could provide. The federal government facilitated the transfer of lands to individuals, but it was a mixed process: many individuals did manage to achieve a stake in the land as a basis for achieving their well-being but speculators also obtained control over large amounts of land. Individuals could also act as speculators, using their land for profit as well as a basis for security, earned equity, and legacy.

Although federal policy was weighted in favor of individual over community interests, there is an American tradition of community property, from the New England "commons" to the land set aside for the founding of schools and other community institutions in the township surveys, to the 1862 Morrill act granting 13 million acres to the states for endowing the land grant colleges which have evolved into several of the state universities. But the very abundance of land led to an overemphasis on private land: rather than deal with community land interests in older cities new lands were simply made available to people in the West.

Now this great reserve of land is gone and cannot be used as the safety valve in dealing with the problems of landless tenants, displaced farmers, and others lacking access to land.

> In trying to deal with these problems we have had to concern ourselves with the ownership and control of land in more complicated terms than applied in the nineteenth century when the central concern was that of converting the public domain to individual property. The meaning of "private" and "public" has changed and is changing in America today (1982, p.13-14).

The concepts of private and public property are not clearly organized in people's minds. Private, for example, has positive connotations of privacy and security. But today most land is not owned by the people who live on it but is concentrated in the hands of a relatively small part of the population. Large corporations are often the absentee owners of some of the country's most valuable land and its resources. Furthermore, people's ideas of "private" refer to something indivisible: either you own it or you don't. But legally property is a bundle of distinct rights that can be parcelled out to different owners in complicated legal arrangements corresponding to a complex economy. One entity can own the land but sell the timber rights to another, the mining rights to a third, land use rights may be donated to public bodies for conservation purposes, etc. So the concept of private is not clear cut and certainly not synonymous with the simple model of the homestead.

But public property is not so simple as the name suggests either. Public land is very rarely the "village common" nowadays. Rather, it is controlled by government agencies often remote from the communities in which the land is located. Often the land is turned over to private interests by such agencies as the Forest Service and the Bureau of Land Management for mining, timber cutting and grazing, often on terms favorable to the private and not the public interest. The public essentially subsidizes private profit by selling off public resources on favorable terms, often to the very same large corporations that own so much "private" land.

CLT advocates point out that there can be both public control of private property and private control of public property in our complex economy. Since the U.S. Supreme Court upheld zoning laws in 1926, public control of private property has become more and more extensive: conservation regulations, land-use ordinances, building codes, health and safety regulations, rent control, and other local land use regulations blur the clear line between public and private ownership.

CLT theorists look at the specific case of housing to demonstrate the shortcomings of the public-private categorization of property. Housing was traditionally assumed to be a private matter but since the New Deal public efforts have evolved to help people when private initiatives have not resulted in adequate housing:

> Most of these efforts fall into three general categories: public housing developed and owned outright by government agencies, rent subsidies for tenants in privately owned buildings, and subsidized financing for the purchase of private housing. All of these have been important attempts to balance public and private interests; they have helped many people. But as long-term arrangements, all of them have serious limitations (1982, p.16).

Public housing is seen as inadequate because it gives people "limited security and does not allow them to build equity in their own homes" and the occupants do not control the property. Rent subsidies have the same limitations. They help individuals with their pressing needs but cannot help them or their communities address the fundamental roots of their problems in lack of access and control.

Publicly subsidized financing of homeownership does allow for security and equity, but most low income people cannot meet the terms required for loans. And when these homes are eventually sold in the

open market they may no longer be affordable and the subsidy will be "lost." To keep housing affordable for each generation constant subsidizing will be required.

> Perhaps the most basic problem with both rent subsidies and subsidized financing is that public money put into them flows quickly into the hands of private interests- not only as remuneration for services rendered, but often as very large profits for landlords, developers, speculators, and other investors. Thus the value of public efforts to improve the community is not retained by the community. It passes to people who are for the most part outside of the community (1982, p.16).

Subsidization by itself cannot overcome the structural problems of private property:

> The question is how to apply these subsidies so as to serve both the shorter-term interests of needy individuals and the longer-term interests of their communities. Today, as public subsidies are being reduced and those that remain are being closely scrutinized, there is a rapidly increasing awareness of the importance of this question. City administrators, in particular, are looking desperately for answers (1982, p.16).

The land access needs of both individuals and communities are not adequately served by the distorted, simplistic division of property into private or public. A new understanding of property that tries to balance individual and community interests more effectively is needed. With the dynamic development of the economy new forms are already emerging, the question is "whose interests will they serve?" Advocates for the CLT cite examples:

> In an effort to stimulate a flagging economy, private real estate interests and lending institutions are attempting to reduce the purchase cost of homes through new kinds of property arrangements. With shared-appreciation mortgages, for instances, homeowners no longer receive the full amount of any increase in the value of their property; the holder of the mortgage receives part of it. Perhaps even more significant is the fact that some private developers have begun setting up landholding companies in order to separate the ownership of homes from ownership of the land and thus reduce the purchase price of the homes themselves.

> These are piecemeal efforts designed to serve the interests of lending institutions and developers. They may be helpful to those people whose income and credit ratings qualify them as potential homeowners in today's market, but they do not address the basic problems of communities or the needs of people who do not qualify (1982, p.17).

The CLT is thus set out as one model among a number of evolving alternatives to traditional property arrangements. It is a model that seeks to balance the needs of individuals and communities and specifically to address the needs of low income individuals and communities, whereas other models are mechanisms for expanding the opportunity for private interests to profit and helping individuals and communities only secondarily if at all (this contrast of emerging models will be discussed more fully in Chapter Seven). The ideas upheld by CLT advocates are thus clearly related to the tradition of land reform that seeks a more just system of land tenure than simple private property ownership mediated through a free market.

## The Community Land Trust in the Land Reform Tradition

Davis (1984) notes that three approaches to land reform have emerged historically: redistribution, restricting use, and reallocating equity. Each attempts to address a particular land problem: concentration, externalities, and speculation, respectively.

(1) Redistribution: This approach is aimed at the particular problem of concentration of ownership. Redistribution has been generally of limited effectiveness in U.S. history. If land is merely redistributed but the institutional framework of acquistion and

ownership remains intact it often ends up back in a maldistribution through the workings of the market. Also, land seizure by the government does not necessarily lead to progressive goals. An example is the use of eminent domain proceedings in the U.S., which are supposed to be for public purpose but have been frequently used to benefit a narrow range of private interests.

(2) Restricting use: This second model is the model most commonly used in this culture. This approach is aimed at the problem of externalities, that is, how private use of land can have negative effects on non-owners. There is an important difference between the two approaches which makes this second one more palatable within American political culture:

> While the redistribution of ownership relies primarily upon the power of the state to seize private property, restrictions on use rely primarily upon the power of the state to police the behavior of property owners - regulating the ways in which they manage, develop, or dispose of their property. Zoning laws and health and building codes are long-established representatives of this tradition (1984, p.212).

Restricting use alters the legal framework of rights in tenure: "Although this tradition does not produce a redistribution of property titles among social classes, it does engender a redistribution of property rights" (1984, p.212). But this redistribution of rights can be in either direction, either restricting the property rights of the powerful on behalf of the weak, or restricting the rights of the weak on behalf of the powerful - as is the case with the snob zoning common in many suburbs. It is again an inadequate solution to the structural problems of private property.

Restricting use is often aimed at the externalities produced by the workings of the market, such as pollution, overcrowding, destruction of scenic beauty. In Davis' words, it " allows the community to avoid costs that it did not create. The third tradition of land reform - reallocating equity- takes a different tack. It enables the community to reclaim value that it did create" (1984, p.213).

(3) Reallocating equity: Equity value in land is generally seen to be created by two factors: capital invested in the property and labor expended on improvements. These may be seen as "earned" increments inasmuch as they result from the activities of the owner. But there is a third factor that has not received as much recognition. Value is also created by what Davis calls the "social increment" which is "created by the investment and development of society" (1984, p.210). Society creates value through infrastructure development, through community ambience, through situation of favorable activities, etc. This is thus an "unearned" increment, which is nevertheless claimed as equity by the owner of a property, and this claim is guaranteed by the legal system (Davis is stating in more formal terms the same anlysis used by CLT advocates as discussed above).

It is this "unearned" increment which the reallocation of equity model is directed toward. It particularly addresses the problem of speculation, the holding of land as a profit-making commodity. The goal is to profit upon "turning over" a parcel of land. But each time the parcel turns over the profit builds upon the previous cost to inflate the price in an upward spiral. But profit is not the only

goal of land use. Socially desirable uses - such as housing, farmland, natural preserves - also exist alongside the quest for profit. The constant price rise in land turned over speculatively makes it more and more difficult to obtain land for these goals.

Speculators do not necessarily reside in a community, so absenteeism tends to be tied up with speculation. As the land base of a community is more and more held by absentee owners it becomes less and less available as a source of wealth for the community, the "commonwealth." It also makes it more difficult for a community to plan its own development, since many of the key decisionmakers reside outside the community and are concerned primarily with profit rather than the community good.

Reallocating equity addresses this by removing the incentive to speculate. There are two methods by which this has generally been done: through taxation and through the use of mixed forms of ownership such as the community land trust.

(a) <u>taxation</u>: The first approach is associated with Henry George and the idea of the "single tax" on land, which would deprive speculators of the gains due to the social increment while generating enough revenue to eliminate taxes on labor (the earned increment) which he opposed. Some tax approaches have utilized this theme; Davis cites the special capital gains tax on land sales enacted in Vermont in 1973 directed at rapid land turnover of land sales by speculative investors, as well as more extensive efforts in other countries.

(b) mixed ownership: This has generally taken two forms:

(i) public ownership of the land in conjunction with private ownership of any improvements on it and leasing of the plot from the government. The Ujamma villages of Tanzania, the ejidos of Mexico, and the Jewish National fund lands are examples, as are England's Garden Cities.

(ii) Private associations that combine organizational ownership of the land with individual leaseholds, such as the villages that resulted from the Gramdan movement in India and the community land trusts. All of the forgoing models inspired the CLT, as will be discussed in the following sections.

The CLT is thus heir to an extensive legacy of land reform and is an expression of that tradition that grows out of the particular conflicts over land and land-based social goods that occur in contemporary American communities. The following sections will discuss how the idea of the community land trust emerged out of the land reform tradition and how the idea was turned into reality in the formation of the first CLT.

## From Idea to Reality

### The Intellectual Evolution of the Community Land Trust as Idea

While the idea of the community land trust draws on a long tradition of debate over the land question, the actual crystallization of the idea in a form relevant to contemporary social problems is attributable to a specific person, Robert Swann. Swann drew on the cultural tradition for his own innovative contribution to land reform, worked with others to implement the first actually existing CLT, and continues to help to spread the idea. Once the idea began to catch on, of course, it became a social endeavor involving numerous people. But sociological analysis should not overlook the contributions of individuals: Swann stands as an essential link between two social processes, an individual filter through which a collective heritage passed and was modified by individual creativity to emerge again into the collective realm as a social process.

But before looking in detail at Swann's contribution it is necessary to examine the intellectual lineage between the tumultuous reform era of the mid-nineteenth-century and Swann's clarification of the CLT as idea and social organization in the late 1960s and early 1970s. This lineage runs from Henry George to a later generation of Georgist acolytes, including a little known social philosopher named Ralph Borsodi, and then to Robert Swann.

## 1. Henry George

Unlike Marx, whose critique of capitalism centered on the relations of production in the workplace, George focused on profit from the private ownership of land as the crucial failure of

capitalism. George saw the share of surplus extracted by rent to be an unearned taking from the productive efforts of capitalists and workers alike (in traditional political economy the term "rent" refers to the profit from sale of land as well as the temporary use). Society as a whole, through its productive growth, increases the value of land. But private individuals who own the land reap the benefits. Since land is a potential source of income through renting to those wishing to use it for productive purposes, owners could profit simply by owning a desireable property regardless of any efforts on their part, as George illustrates in a colorful passage:

> Take now ... some hard-headed business man, who has no theories, but knows how to make money. Say to him: "Here is a little village; in ten years it will be a great city - in ten years the railroad will have taken the place of the stage coach, the electric light of the candle; it will abound with all the machinery and improvements that so enormously multiply the effective power of labor. Will, in ten years, interest be any higher?"
>
> He will tell you, "No!"
>
> "Will the wages of common labor be any higher...?"
>
> He will tell you, "No, the wages of common labor will not be any higher..."
>
> "What then will be higher?"
>
> "Rent, the value of land. Go, get yourself a piece of ground and hold possession."
>
> And if, under such circumstances, you take his advice, you need do nothing more. You may sit down and smoke your pipe; you may lie around like the lazzaroni of Naples or the leperos of Mexico; you may go up in a balloon or down a hole in the ground; and without doing one stroke of work, without adding one iota of wealth to your community, in ten years you will be rich! In the new city, you may have a luxurious mansion, but among its public buildings will be an almshouse (1962, p.293-294).

George considered profiting from private ownership of land to be the cause of economic instability, as well as being socially unjust, because it inevitably led to speculation and eventual collapse of land markets, causing detrimental effects throughout the economy. In George's thought, this was the fundamental cause of the regular industrial crises that have afflicted capitalist societies. George's remedy was the single tax on land, a tax that would take all profit out of rents and obviate the need for other taxes. The land speculator would be taxed punitively as a socially useless parasite while relieving productive members of society (in George's view, workers and industrial capitalists) from the tax burden. This would take the profit out of speculation, leading to the redistribution of speculative holdings and a more even pattern of land ownership. The land tax would then be a single universal tax paid by all as a ground rent to society as a whole.

As an analysis of the dynamics of capitalism this is overly reductionist. But George's popularity stemmed not from the strength of his theory as science but rather as moral critique. George raised the issue of determining the just compensation due to the individual from that due to society, an issue which was not addressed in his time due to dominance of the simplistic notion of the unrestricted rights of individual private property ownership. This is George's enduring legacy to the idea of the community land trust.

## 2. Ralph Borsodi

Borsodi carried on the concerns of George and updated them for the economic problems of the twentieth century, particularly the insecurity and deprivation resulting from the Great Depression. He sought ways for people to regain the self-reliance and control over their economic fates that had been lost in the process of industrialization. Borsodi made two key contributions to the idea of the CLT: one was his analysis of what he called "the possessional problem," that is, the issues of ownershipship and access to the necessary resources for economic survival; the other was the idea and practical example of the land-based cooperative homestead as an alternative to dependence on wages in the capitalist economy.

### a. the "possessional problem"

Borsodi sought to steer a middle ground between what he conceived of as the extreme views of ownership fostered by both capitalist and Marxist ideology: "The classical economists who maintained <u>everything</u> should be treated as property were wrong, and so were the Marxist economists who said that <u>nothing</u> should be treated so."[2] Instead possessions should be sorted out by their different origins into two different categories: property as it is commonly understood, and what Borsodi called "trusterty."

The sorting principle is human labor: those things that came into existence through human labor can properly be considered property, whether they are material things such as manufactured objects or less tangible "things" such as skills, debts, or formulas;

things that come into existence by two other means are properly considered trusterty. The first of these consists of those things that are of natural origin, such as human beings, land, and natural resources. They should not be "owned" and considered property by individuals but can only be "entrusted" to them, as in the parent's relationship to a child. The second group are legal acts granting access to economic resources, such as titles to land and natural reserves, charters to corporations, licenses and permits, or laws upholding slavery. These cannot be owned because they are not created by the effort of those that seek to own them but are bestowed - either legitimately or illegitimately- by society.

In order for the two categories to be consistent, it is clear that no legal grant could be considered legitimate if it allows someone to own those things - such as human beings or, in Borsodi's view, the land- that cannot properly be considered property. Borsodi emphasized the ethical issue of tenure legitimacy: how could current legal deeds have any legitimacy, he asks, when the original accumulation of land came through violence or fraud inflicted on the native peoples who inhabited it? The natives never acknowledged their right to "sell" the land (since they did not feel they had any right to own it) even while being forced or cajoled by the white settlers and governments to do so:

> Even when the Indians signed treaties at the point of the white man's guns, they insisted that they had no right to "sell" the land. Land, they said, "cannot be sold; it is a gift of the Great Spirit to them and to their children to use, not to sell."

An endless series of legal documents backed up by the state cannot make ethically legitimate what was illegitimately obtained. A deed or title to land cannot grant ownership any more than a title to any other stolen goods. Legality cannot confer legitimacy.

Borsodi reviewed the full range of solutions to the possessional problem, finding that they fall into three categories:

1) solutions based on faith - such as the ancient Judaic doctrines and the Catholic idea of "sacred fiat" upon which the feudal system theoretically rested.

2) pragmatic solutions - which were, in spite of ideological rationalization, based on might. Borsodi included in this category feudalism as it actually operated plus the full range of modern approaches, including capitalism, socialism, and facism.

3) philosophic solutions - which try to base possession on principles consistent with his analysis of human labor as the sorting principle between trusterty and property.

Judged by this last approach, modern economic systems are all found wanting for different reasons: socialism (by which Borsodi means government ownership) because it does not allow goods created by human labor to become property, and capitalism because it allows things <u>not</u> created by human labor to become property instead of trusterty. Land is the most fundamental of these:

> [T]he only way to make possible a truly good life for mankind is to utterly abolish the principle of absolute ownership of land and other natural resources, and completely replace it with agreements of tenure in trust. No amount of legalization can provide an honest title to any portion of the earth.

Borsodi ends by examining several approaches to the possessional problem which embody this principle, such as the traditional American Indian beliefs, the writings of Henry George, the Sarvodaya movement inspired by Gandhi, and the evolving idea of the land trust.

b. the homestead model

Beside this intellectual history there was also a practical history of attempts to implement the trusterty concept. Followers of Henry George had set up prototypical land trusts toward the end of the nineteenth century, cooperative communities such as Free Acres in New Jersey, Arden in Delaware, and Freehope in Alabama. Borsodi, who was a practical as well as a speculative philospher, had himself set up communities in Suffern, NY during the Great Depression and later Bryn Gwelled, outside of Philadelphia.

These were based on the homestead concept, updated to reflect modern technology, of decentralized land-based home production that could be combined with commuter jobs or be a relatively self-sufficient alternative to involvement with the capitalist industrial system. Borsodi's homestead model, developed in reaction to the insecurity of workers of all types under capitalism that was dramatized in the Great Depression, is essentially an alternative to the modern industrial division of labor. By retaining an option of land-based direct production (making use of modern technology as applicable), the homestead puts a floor under the worker to prevent the "free fall" into destitution that workers routinely experienced before the advent of the welfare state. Private ownership of housing and produce along with cooperative land ownership and sharing of some

equipment and tasks, addressed both the ethical and practical aspects of the possessional problem.

Borsodi promoted his ethical and practical ideas through a "school of living" that was variously associated with several of the homestead trusts. The ideas of trusterty and the homestead trust as a practical semi-communal alternative to capitalism were thus added to George's legacy and passed on as the second stage of development of the idea of the community land trust.

3. Robert Swann

Robert Swann first came into contact with the various analytical and practical contributions of the broad American tradition of land reform and utopian community development under what might have seemed like inauspicious circumstances. Swann was imprisoned as a conscientious objector during World War II. A number of the C.O.s imprisoned together in Ashland, KY organized a study group in economics, centered on the Ghandian approach to economic development based on principles of non-violence, mutual aid, and local self-development. Following up on these interests, they came into contact with Arthor Morgan, a former administrator of the T.V.A. and president of Antioch College in Yellow Springs, Ohio.

Morgan had founded a non-profit organization called Community Service to promote community development and he taught courses at Antioch concerning the "small community" in theory and practice. He gave a correspondence course to the C.O.s in the Kentucky Prison on

this subject and in this course Swann learned of intentional communities which had been set up around the United States in the pre-war years. As a result of this contact, Swann was invited to go to Yellow Springs to work with Morgan in the years 1946 to 1949.

At the end of this period, Swann followed an interest in building and architecture which was to lead him to another influence, Frank Lloyd Wright. Wright himself espoused a decentralist philosphy based on the work of Henry George, making him perhaps the most famous Georgist disciple. As Swann recounts,

"Wright used to say 'Have you read Progress and Poverty?' If somebody said no, he'd say 'Well, I can't talk to you until you've read Progress and Poverty.'"[3]

Wright combined a land ethic taken from George, Borsodi's homestead idea, and his own interests in innovative low-cost architecture to formulate plans for an ideal community:

"One of the things that Wright did sometime in the 1930s, during the depression period, using Borsodi's idea of the small homestead - half-acre homestead - he designed a large model of how, using the automobile as a means of transportation, you could develop these half acre homesteads. And he called it Broadacre city. Well, that was all based on Borsodi's ideas."

Swann worked with Wright building houses on cooperative land in Kalamazoo, MI, using an innovative building technique based on a simple concrete building block called the Usonian block designed to make building possible with less skilled labor:

"At the Upjohn Chemical plant in Michigan, in Kalamazoo, there was a group of chemists there that hired Wright to do a design for them before World War II ('38 or '39). but shelved the plans because of the war ... They had bought two tracts of land on both sides of Kalamazoo and had set them up as cooperatives - not as land trusts, but as cooperatives. I don't know if they had any ties with Borsodi or not. They may have, I don't know the connection there..... I was already familiar with Borsodi's ideas on homesteading, the homestead

he set up in .... Suffern, New York. That was the first one that he set up, right in the middle of the depression. I don't think that these guys in Kalamazoo were particularly influenced by that one, but I knew about all of these ..... Morgan had also set up a similar cooperative down in North Carolina, Celo, not far from Asheville ..... And I knew about that. Morgan had looked upon it as experimental, tied in with TVA ... I think he was influenced by Borsodi in that he modeled it in a similar way to Suffern. It had the same kind of lease agreement. So I was very familar with the lease approach."

From these various influences, the idea of cooperative ownership with individual leaseholds which was to become part of the community land trust became impressed into Swann's thinking as a legacy from previous intellectual and practical projects in recent American history.

After working on the Wright project, Swann moved to Chicago where he continued to build houses. This, he says, gave him first hand familiarity with "the high cost of land and the high cost of financing. All of that was sort of grist for the mill. I kept thinking that something ought to be done about those costs."[4] He also became interested in integrated housing. A civil rights activist, Morris Milgram, had initiated a project in about 1954 on the outskirts of Philadelphia which was to be a model integrated housing project. Swann knew Milgrim from his work with the Workers Defense League, an organization which fought discrimination. Milgram knew of Swann's interest in integrated housing and invited him to come in 1956 to work on the Philadelphia project. Swann and his wife eventually moved into one of the houses on the development tract of 150 houses.

Milgram's development happened to be near a second Borsodi cooperative. Swann built a few houses there and became familiar with several of the people.

"We were just a couple of miles from the second project Borsodi set up, Bryn Gwelled, outside of Philadelphia in the town of Trevose. Milgram's project was also in the town of Trevose ... Bryn Gwelled was set up by Borsodi after Suffern. These were people mainly associated with the American Friends Service Committee ... They heard about Suffern [and] what Borsodi was doing there, so they asked him to come and help them set up a similar project. They had - my recollection is that they had 80 acres of land and they divided it into two acre tracts. Maybe it was 80 families with two acres, for 160 acres.... Anyway, they set it up on a typical Borsodi design, all leaseholds and such. But just as with Suffern, the only people involved were the people who lived there [who] actually had a home on the site."

Swann by this time had observed a weakness in all these projects. Celo, the Kalamazoo co-op, Suffern, and Bryn Gwelled were all innovative in that the land was held cooperatively and individual homesteads were held by leasehold. But only the people that lived on the cooperative land were involved. They were, in Swann's words, "enclaves" that had no mechanism to reach out to the larger society - either to change landholding patterns in the larger society or to allow input from citizens in the larger society. Swann began to conceive of the community land trust as a land cooperative that leased homesites but with a membership open to everyone in a defined locality:

"So it was out of that background that I had, a combination of all these things, I suggested [the concept of] a land trust with an open membership. The key to everything I've done is the open membership idea."

He called on his knowledge of foreign models such as the Gramdan movement in India and the Jewish National Fund in Israel to visualize the land trust as a social movement vehicle:

After Ghandi's death, one of his followers, Vinobha Bhave, began a movement in India which came eventually to be called the Gramdan, of Village Gift, Movement. What was interesting about this movement was that it was reaching out constantly and growing larger and larger, and had the element of true land reform in it. Vinobha wasn't just setting up enclaves; he was getting whole villages to adopt his

concept - that the land should be held by the village and leased to the members of the village - and that seemed to me to be what was needed.[5]

I had become familiar not only with the Gramdan movement but also with the Jewish National Fund, which had acquired large areas of the land in Israel and leased it to individuals and groups like the kibbutzim. I was interested in that situation because it not only had the communities like the kibbutzim, but a larger entity holding the land. There was a much larger process going on. [6]

"I heard about the Jewish National Fund somehow .... It might have been Borsodi suggested that I look into it. I just remember that by 1966 or '67 the idea of the community land trust had fully developed in my mind. That what was needed was a broad-based movement rather than have these enclaves. See, all of the Georgist colonies .... were similar in that they were all enclaves [with] limited membership .... So the difference was that I wanted to open it up to membership, broaden it out ....So that's how New Communities in Georgia [the first CLT] was first designed, almost the only unique aspect of it because to develop the first leaseholds and incorporation and so on we used Borsodi's legal documents."

My contribution was the idea that, if this was going to be a broader movement, a land trust should have an open membership.[7]

This was the third foundation pier of the community land trust idea.

Swann now sought to apply the idea to contemporary social problems with which he was involved. Three main strains of interest in Swann's social action work- the land cooperative tradition, civil rights, and the peace movement - were to come together in the late 1960s and early '70s to afford the opportunity to set up the first community land trust in Georgia. At the same time, Swann was to become involved in the founding of an organization that would eventually become a vehicle for advocating this new form of land tenure and for sponsoring the first existing examples in the United States.

## The Founding of an Advocacy Organization

Since Swann was by now concerned with promoting the community land trust as a vehicle for social reform and not just as another enclave, an organization to advocate for the CLT would be essential. A series of events somewhat serendipitously led to the founding of the Institute for Community Economics (originally the International Independence Institute) as a land reform advocacy organization promoting the CLT model. The organization grew out of a direct collaboration between Swann and the by now aged Borsodi.

Borsodi had gone to India in 1960 to teach at the College of Ahmadabad, and got the idea for an investment program for the Gramdan movement. Gramdan had successfully obtained many thousands of acres of land for poor farmers, but these farmers were so poverty-stricken that they did not have the essential tools to work the land. Borsodi at this time met Jayaprakesh Narayan, the founder of the related Sarodeva movement and a key leader of Gramdan who had been educated at the University of Wisconsin and served in the Nehru government before joining the Ghandian movement. Borsodi proposed to Narayan that they develop an international investment fund to funnel money in the form of real goods (fertilizer, tools, etc.) to farmers who had obtained land under Gramdan. This was to be set up in the form of a revolving loan fund.

Borsodi returned to the U.S. and began to seek collaborators:

"I met Borsodi just about this time. I had known of him for years and been reading all his stuff but never met the guy. So, Borsodi was so excited about this and wanted me to work with him on it ... So that was when we formed the I.I.I. [International Independence Institute]. That was formed in '67 .... So then I became more closely related to Borsodi in that connection too."

The International Independence Institute was to be a model for joint efforts in cooperative development between industrial and developing societies:

"Our thinking at that point was that the idea, this approach, would work anywhere in the world .... In India and other parts of the third world and in the United States, in the South ..... So these ideas began to interlock."

Borsodi convinced Narayan that the best way to raise the money was for Narayan to tour the industrial nations of the West on a speaking tour. But the scheme fell through. Narayan's health failed and he could not make the trip. Then Borsodi, who was in his 80s, also had to withdraw from his activities due to health. That left Swann to carry on the I.I.I.:

"I inherited the whole thing. Now we're talking about 1968 or '69, so at the same time I was working in the South. So I thought, okay, if we can't go international, can't go to India, whatever, lets start in Georgia and get a land trust going in Georgia. And so the land trust, in a way, in my mind anyway, was the Gramdan movement in the United States. We had said all along that [the investment fund and land reform] have to go hand-in-hand: the investment fund would bring money and needed supplies to the poor farmers in India, these would be farmers working in the Gramdan areas so Gramdan would get first priority .... When that fell through we were left with nothing except the land trust idea, or the Gramdan idea in this country, so all the energy moved in that direction."

A decision was made to limit the Institute's focus to establishing an American Gramdan movement within the civil rights movement, and the name of the organization was eventually changed to the Institute for Community Economics.

At the same time as the I.I.I. project was going on another series of serendipitous events had led Swann to become involved with the land problems of African-Americans in Albany, Georgia. Swann was involved in something of a proto-type land trust in Voluntown, Connecticut which was the base of operations for a group of peace activists, the Community for Non-Violent Action.

One of the focuses of the CNVA was the effort to bring together the peace movement and the civil rights movement, the non-violent aspects of them. In 1963 CNVA organized a walk from Quebec to Guantanamo - that was the plan anyway .... part of the purpose of the Quebec to Guantanamo walk was to break down segregation along the way. And one of the points where that effort came to be focused was Albany, Georgia, where one of Martin Luther King's co-workers, Slater King - in fact he was also a relative - had been leading an effort to break down segregation. Members of the march - and I wasn't on the march at the time- spent a month or more in jail in Albany and went on a fast, which helped to cement the relationship between the members of the walk in CNVA and the members of the black civil rights movement in Albany.

I became acquainted with Slater King through all of this, and I proposed to Slater that we start a movement out of the civil rights movement that would break the pattern of land-holding in the South. There was a growing awareness of the whole problem of blacks being pushed off the land.[8]

They came up with the idea of obtaining a large piece of land for blacks to settle and develop, based on the Borsodi leasehold but with an open community membership similar to the Jewish National Fund. The strategy of helping southern blacks maintain a presence on the land suggested itself for both economic and political reasons. As Charles Sherrod, a minister and a member of the group of civil rights activists involved in founding this first CLT, later recounted blacks in the South were in a state of near feudal dependency that made it impossible to assert themselves politically:

I guess the thing that prompted me to think in terms of self-sustaining capacity more than anything else was knocking on doors all over the country - whether it was in Mississippi, Alabama, Georgia, or in Virginia where I was born. I was hearing people say

the same thing time and time again. "What are you going to do if I'm kicked out of my house? You young people are talking a good talk - this is a good thing you're doing - but I live on this man's land, and what am I going to do if they take away my job, take my house? What am I going to do with my children?" (Institute for Community Economics 1982, p.40).

The ideals of civil rights activists had run up against the barrier of economic reality:

There they were. And there I was - with my commitment, but no power; my love, but no bread .....I couldn't employ nobody. So years of that - on dusty roads, thinking and talking, riding through and looking at people's homes on plantations, getting kicked off plantations myself, perilling other people's houses and sustenance myself, just being on their plantation. The only solution that one could come to would be that we have to own land ourselves (1982, p.40).

There wasn't much hope of looking to the government for help:

FmHA[Farmer's Home Administration] wasn't giving any housing loans - only for white people. The Federal Land Bank people weren't about to give any - they were controlled by the white farmers. The ASCS [Agricultural Stabilization Conservation Service] committees were all controlled by the white farmers, who were the same people who were part of the establishment that gave birth to the Ku Klux Klan. So we didn't look to the existing structures of government, or government programs (1982, p.40).

Besides political intimidation, people were losing their land-based livelihood at high rates through a combination of fraudulent methods and broad structural changes:

It wasn't just crop failure or a failure to get financing that was the cause - it was a calculated attempt to take land from these farmers. In many cases, we found people paying taxes on people's land and trying to gain land by adverse possession, and other methods: getting people that can't read and write to put their X here and there, and taking that land; getting people to become involved in some get-rich-quick scheme, and losing land that way ..... These instances are what led us to think in terms of how we could sustain ourselves, sustain people who were being kicked off their plantations. In our area there are large numbers of plantations. Absentee landlords in Michigan, New York, California; large companies that own large tracts of land; and now there's a big influx of foreign land ownership .....

[People were being displaced by] technology for the most part. Large machines. Monster tractors come into our area and do 500 acres a day. So no need for small tractors and tractor-drivers to work. The big cultivators and pesticides and herbicides we have - there's no need to pulling weeds and that sort of hand cultivation (1982, p.41).

The conventional market in land had, for many reasons, been a failure for African-Americans. The community land trust, which had taken shape in Swann's mind as an idea, was now discussed as a practical model for African-Americans in the South to achieve political and economic self-development through collective ownership of a land resource base. A group of interested activists coalesced around study and discussion of such a project and the effort to found the first CLT was underway.

## The Formation of the First Community Land Trust

Swann was able to organize a trip to Israel for himself, King, Sherrod, and several other civil rights leaders from Georgia in June of 1968.[9] They obtained a small foundation grant for three weeks to study the Jewish National Fund. While the activists disapproved of the discrimination against Arabs that was part of the practical working of the National Fund, they felt that the fundamental principles could be adapted to their needs and returned home with copies of the leases used by the Fund and ideas for the organizational form suitable to their land tenure goals:

The participants returned in July enthusiastic about experimenting in the South with a method of land tenure for landless sharecroppers similar to the moshav shitufi type of settlement in Israel that provides small plots for individuals as well as encorages cooperative farming. The moshav model was selected as the guide for

the land tenure model rather than the kibbutz, since the group felt the importance of maintaining the integrity of the individual family.

A variation of the moshav that the organizers hoped to adapt to a new community in this country would permit individual families to cultivate small plots of land on their own and farm large tracts of land on a cooperative basis, thus increasing efficiency through mechanization. Unlike the kibbutz, however, individual families would receive portions of the profit from the cooperatively farmed land on the basis of the hours they worked. The remainder of the profit would go toward the development of the entire community (Swann et al. 1972, p.17).

Having returned from Israel with a model, the organizers were faced with two essential tasks: (1) to codify the principles of their model in a legal form that would be acceptable to the broader civil rights community; and (2) to raise the money needed to finance the project.

1. legal incorporation

The first task began with a meeting of individuals and organizations concerned with civil rights and the land tenure problems of blacks, in Atlanta in July 1968.[10] Several key issues of debate were raised that were relevant to the balance of community and individual interests, issues that continue to be part of the CLT agenda. The ideal of balancing community and individual interests that has evolved as a central concern of the community land trust was first put to the test in these initial debates:

The initial discussion on land ownership raised both question and concern over the issue of control and of lease agreements. The idea of the leasehold principle - and trusteeship - can be expected to be resisted by individuals who have never had a chance to own land. Members of minority groups who have been excluded from land ownership over the years see ownership as the only way to gain control of both land and their own lives; the demand for "local control" is thus

understandable in reaction to generations of exclusion.

> Convincing some of the more militant blacks that the leasehold system was not antithetical to black control and ownership and that such a system could - and indeed, would - provide land tenure security presented a problem. The concept of land ownership and private property was and is strong (even though ownership is usually only nominal, with land often mortgaged by poor farmers and then lost to creditors). Although history has shown that the leasehold principle is needed to keep people from losing their land; to prevent land speculation, absentee ownership, and exploitation; and to assure land utilization for maximum usage, people would need time to learn to accept this form of land tenure (Swann et al. 1972, p.18).

The discussions resolved the issue by offering security of tenure subject only to safeguards against the abuses that the land trust was designed to eliminate:

> It was agreed in the meeting that there would be no subleasing permitted and that the land should be used productively to earn a living. The leasholder would only lose his lease if he did not use the land productively; he would not lose his equity in his house or other buildings and equipment, as would be the case under forfeiture of a conventional mortgage (1972, p.19).

As can be seen from the following chronology, events moved at a measured pace, reflecting the complexities of setting out a new tenure model alongside the usual issues of financing and acquistion. In September of 1968, a meeting was held concerning the details of the leasehold. Committees were formed and a five phase program was set out. In October another meeting was held to discuss the process of incorporation and adoption of the New Communitees, Inc. name. The resulting organizational structure included the essential aspects of the "ideal type" community land trust that distinguished it from previous cooperative land enclaves: open membership and a democratically elected Board of Directors with representatives drawn from the three interest parties: leaseholders, other members of the CLT, and community representatives.

In May of the following year, an interim meeting drafted by-laws and elected permanent officers, and began the process of looking for land:

> Buying a tract of land for a black-oriented community development project can be difficult anywhere, but particularly in the Deep South. The task had to be done quietly, since it was more than an ordinary business transaction. The NCI acquisition was thus considered something of a coup since it is doubtful the land would have been sold - at any price - if it had been known what kind of project was planned. The reason is obvious: land, especially in this agriculturally oriented area, means power, and since the project was to be run predominantly by and for blacks, it meant black power (Swann et al. 1972, p.22).

A farm was located and in late spring of 1969 the board decided to take an option:

> The property contained 4,800 acres; 3,000 acres were good cultivated land and the rest wooded. There were a number of buildings in varying states of repair, including six houses. The president of the corporation negotiated a one year option on the property at a total sale price of $1,080,000 for $50,000, which was put up by the National Sharecroppers Fund. At $225 per acre, the price seemed good. This left $1,030,000 to be raised within one year (1972, p.22).

The CLT had evolved from an idea into an existing social organization. Now New Communities, Inc. faced its second task: raising this large amount of money so that the organization could actually own and control some land.

## 2. Buying the land

The original hope was to obtain a grant for the land so that the CLT would not have to start out under a burden of debt. Twice this was within reach but fell through. A philanthropist who happened to know Slater King offered a million dollars to the project, provided

that the idea be presented to the Center for the Study of Democratic Institutions in Santa Barbara, CA (of which the philanthropist was also a major backer):

"The first tragedy - we had a verbal guarantee [for] a million dollars to buy the land .... Slater was the one that found the land. He was a real estate broker, for one thing. And he found the land and got all the details worked out and it all ready to go .... but [the philanthropist] said 'First I want you to go out to the Center and have a round table discussion with all those brain trusters out there and see what they think of the whole community land trust idea.' So Slater and I went out and we arrived about five in the afternoon .... As soon as we arrived [they] took us aside and told us that [the philanthropist] had just died that day!"

Swann and King left with the "brain trusters'" blessing for their project but the verbal agreement for the money died with their would-be benefactor.

They next turned to the Federal Government. Through a contact with John McClaughry, a Washington consultant interested in decentralist ideas who heard about the land trust concept, they were able to get a promise from the Office of Economic Opportunity to put up $1 million to buy the land. They were first given a planning grant of $100,000 to set up a training charette in which ideas of how to organize the land trust would be developed.

This produced a thick manuscript of proposals which were submitted to OEO's Special Fund, which had been set up by Robert Kennedy for projects which were to be funded without requiring the approval of local governors (to get around the segregationist Southern governments of the time). But now the Nixon administration was in office, national policy on community development was turning away from the activism of the '60s, and the OEO was phased out. A proposal to

set up an independent community of blacks was by now far less likely to make it through the funding process. Again, a grant slipped way.

The organizers persevered and were able to put together a complicated package of debt financing relying on various social investors, and there was a closing on the land on January 9, 1970. The first community land trust was now operational. But New Communities, Inc. was to operate under a debt service of almost $100,000 in interest payments per year, an enormous burden for a community of poverty-stricken southern blacks.

## The Struggle to Survive

The seeds of failure thus were present from the start, but were aggravated by other misfortunes.

"The bad news just kept [on. It was] one thing after another. In the first place, Slater King was killed in an automobile accident, that was number one. He was the key to the thing because he was one of the few blacks in the area that had the kind of business experience, managerial know-how to make the thing go."

The burden of leadership fell to Charles Sherrod, who was a minister with an activist background (an early founder of the local SNCC chapter) but lacking in business expertise. Sherrod and the other surviving leaders found resistance among the trust membership to bringing in outside expertise:

"The people down there, they just didn't want anybody, white or black, to come in from the outside, they were gonna do it themselves, they were determined to do it themselves. And that has its merits and I appreciate their determination - the problem was, it's kind of hard to substitute something for experience and knowledge .... So one

thing led to another and they got in trouble financially."

A further setback occurred when all four members of the farm committee (key participants in the early work of setting up the CLT) were severely injured in another automobile accident and the community lacked farm supervision at a crucial time in its development. Nevertheless, New Communities represented a hopeful turn for a new era in land tenure and was able to attract some attention among political activists:

> In spite of this second tragedy, substantial progress was achieved in 1970. During this first crop year 1,200 acres were utilized for various crops, including corn, peanuts, soy beans, watermelons, and hay. All of the existing houses were repaired as needed and seven families moved onto the trust land. One house was remodeled for a day care center and two others for housing volunteer workers. During that year of the highly publicized "Venceremos Brigade" of Americans who worked in Cuba on the sugar harvest, a less publicized "Georgia Brigade" - mostly students, some from as far away as Los Angeles and Boston - traveled to Georgia to swell the labor force. By the end of that year an educational program was launched for teenagers, utilizing another of the existing buildings (Swann et al 1972, p.24).

Plans for the future included both technological and social innovations designed to create a microcosm of a new society. As described in a contemporary account,

> Besides farming and education, various forms of industry are also envisioned. These include a horticultural greenhouse operation, catfish farming (three streams run through the land), recreational facilities, and processing plants for locally grown produce. There is a plan to establish ties between the local welfare department and New Communities community development corporation so that welfare families can participate in the community as worker-owners of the farm (Swann et al. 1972, p.24-25).

In 1981 a published account by one of the early members of the International Independence Institute group noted the progress New Communities, Inc., had made in the intervening decade towards sustaining itself:

It lays claim to being the largest landholding controlled by a black community anywhere in America. Its annual operating budget exceeds half a million dollars. Some 35 families are currently earning their livelihood from NCI, though most of these families do not yet physically live on the land. The major operation is agricultural, growing peanuts, corn, soybeans, cattle, hogs, and some vegetables. NCI also operates a roadside farmers' market/grocery store, a day care center, and a remedial education program. In its alliance with the Southwest Georgia Project, NCI conducts a variety of community organization activities such as voter registration drives, and sponsors occasional cultural events such as a black fashion show and an annual Fourth of July community outing (Gottschalk 1981, p.166-67).

But this account also listed in detail the major problems faced by the CLT as a social experiment:

1) debt: "The annual payments on the land of over $100,000 have been an ever-present threat to economic survival. Contrary to plan, the cost of these payments has had to be borne by farm operations. Yet, to date, the farm has not had a single profit-making season" (1981, p.172).

2) inexperienced management, inadequate planning, poor bookkeeping.

3) The failure of the OEO grant to come through, due to local and state opposition.

4) The use of volunteers during the harvest: "The institutional conflicts between local pople and volunteers on the one hand, and the cultural conflicts between black and white college students on the other, served as a major and dismaying source of disruption" (p.172-73).

5) labor conflict: "In 1974 a major confrontation developed between 'management' and 'workers.' The workers on the farm began to seek affiliation with the United Farmer Workers Union and to demand higher pay and better working conditions. Those in management positions and most board members countered with the argument that, in a community enterprise such as this, all are one: there is no place for labor-management distinctions in the traditional sense" (p.173).

6) slow progress in providing housing: "A social survey conducted in 1969 among a sampling of 92 rural black households in and near Lee County indicated that, more than anything else, these families hoped that NCI might be able to provide them with a better house (rather than a job, money, or social services). To date NCI has been unable to move toward meeting this major popular demand" (p.173).

7) suspected racial harassment: forest fires probably due to arson, dishonest commercial dealings by local merchants, and over-rigorous enforcement of local ordinances and permit regulations.

8) retreat from CLT principles: "In 1978, in response to the threat of creditors, the Board of NCI was forced to sell 1,350 acres of its land. The appreciation of land values over ten years accrued significantly to the benefit of NCI. Obviously, this sale was totally contrary to the principles and ideals of the CLT" (p.173).

These visible problems were, according to this analysis, not suprising in light of the underlying social difficulties faced by an experiment such as a community land trust trying to reverse a structural context of poverty in place for so long:

Probably most of the problems are unavoidable. How, for example, does one ask people to take risks who, because of their extreme poverty, cannot afford to risk? How does one gain the participation of the residents in a new town before there is a town? How does one avoid conforming to the dominant capitalist ethic of rewarding success and punishing failure? How does one select the first residents for a new town with complete fairness? How does one reaffirm the principle of social equality, while creating a complex community that requires the recognition of specialized talents and the selection of legitimizing authority figures? Finally, .... how does one remain financially solvent and not sell out one's ideals to satisfy the demands of those who have granted support? (p.172).

In the long run, the burden of debt combined with the poverty and managerial inexperience of the community proved to be too much. New Communities, Inc. went on for twenty years of struggle but eventually the land had to be sold off to private ownership. As the first CLT it did, however, demonstrate that the model could be taken from ideal to fact and inaugerated what has become a small scale land reform movement in late twentieth-century America:

Five thousand acres is a tremendous amount of land - a big piece to try to chew off. It was probably a mistake to try to chew off such a big one in the beginning, but the thought behind it, at least on my part, was that to get the kind of publicity and the kind of impact that we wanted we had to have something pretty big. You couldn't do it on ten acres. Even a hundred acres wouldn't make much of a difference. But 5,000 acres could make an impact. At any rate New Communities was the first project that could be called a community land trust project. It had the elements not only of the Jewish National Fund but of the Gramdan movement.[11]

New Communities at least attempted to embody the broad range of goals which were inherent in the idea of the CLT: community ownership of land, private homeownership, democratic decisionmaking and land use planning, direct production for use to increase the economic security of the poor, and community-controlled economic development. It did not succeed in the long run, but there was one main enduring success of New Communities, Inc.: by the time it went out of existence there were several dozen other organizations in the U.S. modeled on this original example. The CLT had successfully replicated.

# Chapter Three:

# From Model to Movement

## The Diffusion of the CLT as a Social Form

### Overview

In the several decades since the first community land trust was established in Georgia slightly over one hundred examples of the model (not all of which actually own land) have established themselves in various regions of the United States. Existing CLTs are loosely tied together by an ideological, financial, and organizational infrastructure and thus constitute something of small-scale social movement. This chapter will describe how the land trust evolved from an isolated social invention into a social movement. The stages of this development could conceivably be divided according to several landmark attainments. In this discussion, three stages of CLT development will be demarcated:

1) The 1970s: The pioneer period

This was a period of slow diffusion of the idea and practice followed the founding of the first CLT. As New Communities, Inc. experienced its birth pangs and struggle for existence, a few other community land trusts were set up in isolation from each other and struggled to survive, learning important lessons from their efforts to gain funding and legitimacy from the private and public powers-that-be. By the end of the decade there were several functioning CLTs, not all of which are still in existence. A symbolic end to this period, and a major growth step for the movement, occurred in 1979 with the advent of another social invention - the community loan fund - to give financial support to the struggling pioneer CLTs.

2) The 1980s: the formation of a CLT infrastructure

The Institute for Community Economics Revolving Loan Fund became an important part of a support infrastructure which developed in the 1980s as the CLT model began to spread more rapidly as a result of the housing problems that climaxed early in the decade. CLTs began to successfully develop affordable housing and establish relations with private funders and attract support from government agencies. By the end of the decade it was clear that the model had established a foothold in many areas and was not to be an emphemeral utopian experiment. This period symbolically ended in 1990 when ICE moved its operations from the town of Greenfield to the city of Springfield, Massachusetts, reflecting the increasing importance of urban CLTs as antidotes to the housing crisis.

3) The 1990s: consolidating a national movement

By the 1990s, CLTs had managed to carve out a niche in the affordable housing sector and gained access to several federal programs. While still few in number they were no longer isolated oddities but part of a social network seeking to advance as a social movement. ICE has worked to consolidate this decentralized network of CLTs and to build coalitions with likely allies to lobby for greater government recognition and support.

Each of these periods will be briefly reviewed in more detail in the first part of the chapter. The chapter will then give an overview summary of community land trusts in America today, and conclude with a description of how current policy initiatives have been developed and pursued.

## The 1970s Pioneers : Slow Diffusion of the CLT Model

Just as New Communities was setting up operations, Robert Swann and colleagues of the International Independence Institute published The Community Land Trust, A Guide to a New Model of Land Tenure in America in 1972, to publicize their work in Georgia and explain the ideological foundations upon which it was based.[1] The book contained practical as well as theoretical advice, including copies of the Borsodi and Israeli National Fund model leases. Its publication and the authors' speaking engagements helped to propagate the idea beyond the original circle of utopian thinkers gathered around Borsodi.

In 1970, Marie Cirillo, a nun and social activist, attended a workshop sponsored by Appalachian community organizers in which Robert Swann explained the CLT as idea and social experiment. Cirillo took the idea back to Claifield, TN and began working with local residents in antipoverty efforts. Floods in the area in 1977 caused considerable loss and suffering among low income people and led to discussion of land issues. Out of these discussions, the Community Land Association was founded in 1978. CLA continues to operate as a CLT concerned with affordable housing and management of land resources. The two concerns are tied together with a sawmill project that supplies employment while allowing for vertical integration of the homebuilding efforts. CLA became the second southern rural CLT.

Also in 1970, Lucy Poulin, an activist nun in Hancock County, ME, began a cooperative for unemployed shoe factory workers to make and market local crafts. This co-op, Homemakers Organized for More Employment (HOME), would spin off a CLT in 1978 that has utilized its land base in similar ways to the Community Land Association in Tennessee (a case study of Covenant CLT follows in Chapter Six). HOME met with skepticism and bureaucratic roadblocks it its attempt to work with government agencies to finance homes on Covenant land, partly inspiring the creation of a financial and technical support infrastructure by ICE and local activists in the '80s. These two CLTs continue to represent the rural land trust model established by New Communities, Inc. of using the land as a resource base for the poor.

In addition to these rural CLTs which followed somewhat the model of New Communities, an urban effort began in 1976 with the founding of the Columbia Heights Ownership Project in Washington, D.C. Although this did not succeed in establishing a permanent CLT, it was an early indication that the model would be as relevant to the problems of urban neighborhoods as to rural (this neighborhood is currently the site of a new and so far successful CLT). The problems of housing affordability, displacement, and redlining that inner city residents faced led organizers to find philosophical and practical relevance in the CLT model (several case studies of urban CLTs will be presently in later chapters).

By the end of the decade there were a handful of CLTs scattered throughout the north- and southeast. Many had engaged in pioneer efforts to gain acceptance by mainstream public and private funding institutions (an example is the struggles of Covenant CLT discussed in chapter six). The difficulties they faced suggested the need for a supportive financial infrastructure for CLTs. The establishment of the ICE Revolving Loan Fund in 1979 closed the period of slow diffusion of the CLT model and opened a period of more rapid growth and creation of a support infrastructure.

## The 1980s: Housing Crisis, Faster Diffusion, and Infrastructure Building

Many urban areas experienced housing problems of crisis proportions in the 1980s. Economic restructuring led to overheated housing markets in areas that were favored by the shift from a manufacturing to a service economy. The cost of both renting and owning escalated rapidly, leading to speculative investments that fueled the process even more. In areas not favored (such as former industrial centers) housing costs did not rise but incomes fell, so that the effect was the same: an affordability crisis.

The problem was aggravated by the Reagan administration's retreat from housing assistance. At the same time that costs were rising, federal subsidies were drying up. Deregulation of the private system led to chaos as resources shifted to investments offering the highest returns rather than to housing as a protected sector. Local communities became the site of activism and concern by local leaders for finding ways of coping with the affordability issue.

Many activists learned of the CLT model and saw it as a mechanism that directly confronted the issue of speculation. The poor were particularly priced out of neighborhoods undergoing gentrification. Increasingly CLTs began to become an urban phenomenon: indeed CLTs spread to cities and towns much more rapidly than they did in rural areas. As mentioned, the first urban CLT had been founded in Washington, D.C. in 1976. This was followed by CLTs in Cincinnati (1980), Minneapolis (1981), Trenton, NJ and Atlanta (1982), Dallas (1983), Burlington, VT (1984), Boston and Camden, NJ (1985), Norwich, CT (1986), and New York City (1988), among others.

The process of CLT development became more consolidated as ICE began to play a key role in trying to organize a movement through its publications, technical assistance efforts, financial support, conferences and other networking activities. The organization, which had been somewhat peripatetic in the 1970s, had set up a stable base in Greenfield, Massachusetts, while undergoing a change of leadership. Robert Swann left ICE to found the Community Land Trust in the Southern Berkshires (discussed in Chapter Five) in 1980, and was replaced as director by Chuck Matthei, a long-time peace and social justice activist who had been involved with Swann in the Community for Non-Violent Action. The CLT model began to gain acceptance by funders and by some government agencies, as well as awards and other signs of recognition, as it had proved itself to be a useful tool for addressing the problem of housing affordability which began to become acute in many regions.

1. the creation of a financial infrastructure

By the end of the 1970s the existing CLTs had already had hard experience in dealing with funding institutions. The strangeness of the legal model and the fact that it involved a low-income constituency caused problems in fitting it to bureacratic guidelines, whether those of private banks or government agencies. ICE responded to the problem with a second social invention: the community loan fund. At the same time as the CLTs were searching for money, ICE was becoming aware that there were many would-be social investors wanting to support exactly the kinds of grassroots community development

efforts that the CLTs represented, but had no convenient vehicle to do so and lacked the time and expertise to research potentially successful projects themselves.

ICE conceived of the fund as an effective bridge between three consituencies:

> Throughout [its] range of community investment activities, ICE has always been clear that it works with three different constituencies - all of which are crucial if community investment is to have a substantail impact in those communities that truly need it:
>
> Community groups that need help in planning for, obtaining and making use of project capital;
>
> social investors that need help in identifying and channeling investments to productive community-based projects; and
>
> conventional financial insitutions whose resources must be made available but who nee help in understanding the strengths and needs of grassroots community development projects. (Institute for Community Economics 1994, p.8-9)

The ICE Revolving Loan Fund was structured to accept loans from socially concerned investors - both individuals and institutions - for various interest rates chosen by the lender, from no interest up to market rate. This capital could then be loaned out as starter capital or "bridge" loans that would attract further financing from public and private sources. The first investors in the loan fund were Catholic religious orders, allowing for a quick start off in capitalization. The Fund experienced steady growth after its inception in 1979. By December of 1983 it had grown to over $1 million.

As it became apparent that the RLF was meeting a critical need and achieving stable growth, ICE chose not to simply concentrate on expanding its own fund but rather to engender a decentralized network of such funds as a more effective way to match capital to local needs.

It codified the essential characteristics of what it perceived a community loan fund to be into an "ideal type" definition: "a community development lending institution developing coalitions of potential investors, borrowers, and technical assistance providers within a geographical area" (Institute for Community Economics 1994, p.10). ICE then consulted with coalitions of community activists to develop CLFs in New Hampshire and Boston, and eventually provided technical assistance to at least fifteen of the many CLFs that developed around the nation.

By 1985 there were so many loan funds extant that ICE organized a national conference at which it proposed the creation of a national organization of CLFs. Conference participants unanimously approved and the National Association of Community Development Loan Funds (NACDLF) was incorporated in the following summer with a membership of 25 loan funds with $19 million in capitalization. For the first three years of operation, NACDLF was housed and staffed by ICE and continued to sponsor national conferences and expand the membership base. By 1989, the child had matured and was ready to leave the parent: NACDLF hired its first Executive Director (Martin Trimble) and relocated to Philadelphia.

2. ideological and organizational infrastructure development

At the same time as ICE was working to build a financial support infrastructure, it was also attempting to organize the CLTs as a social movement, through publications clarifying the ideology of the

model and offering practical advice; through national conferences and smaller scale gatherings of CLT members, supporters, and those seeking to learn about the model; and through consultation, workshops, and other means of offering technical assistance to local citizens wishing to start CLTs and to CLTs struggling to survive.

In 1980, Chuck Matthei led a workshop with Cornell professor Charles Geisler at a conference on economic democracy sponsored by Cornell's School of Industrial and Labor Relations. A "CLT book organizing project" grew out of this workshop eventually resulting in the second book on CLTs, the Community Land Trust Handbook in 1982.[2] The following year, ICE began to publish a quarterly newsletter, Community Economics, as well as frequent bulletins communicating the progress of CLTs and CLFs.

In October of 1985, ICE held a two day meeting of a Legal Task Force of ten attorneys to discuss the legal obstacles facing CLTs and the need to create model leasehold agreements that would stand up in court and could be made uniform for convenient local implementation. In 1987, ICE began work on a legal handbook with $35,000 from a Massachusetts Housing Partnership Challenge Grant. In that same year, it published The Community Loan Fund Manual, a guide for starting or managing a community loan fund (Institute for Community Economics 1994, p.10), to complement its technical assistance service to a rapidly growing networks of CLFs.[3]

ICE held its first CLT conference in October of 1984 with CLT representatives from seven states attending, as well as city employees from Burlington, Vermont who would return home to create what has

become the largest CLT in the US in terms of housing units. By the time ICE held what it billed as the "First National Conference" of CLTs in 1987 in Atlanta there were 24 established and developing CLTs attending, a number which doubled at the following year's conference in Long Island, NY.

As ICE learned from the experience of pioneer CLTs in different locales, it increasingly was able to offer consultant services to groups trying to get CLTs off the ground. In 1984, the city government of Burlington contracted with ICE for consultant assistance in starting the Burlington CLT, which, given the support of a progressive city administration, within two years became well organized and active enough to serve as a model that ICE could use to help other groups attempting to organize land trusts. In September of 1986 ICE organized a visit for members of the devlopment committees of several CLTs in Vermont and New Hampshire to view BCLT's operations (Burlington CLT's experiences are discussed more fully in the following chapter). By the end of the decade, ICE was able to pass on its codified experience in CLT development and to soldify interest in the model through a series of training workshops in various locations in New England, which was becoming something of a center of CLT activity.

3. local and state successes

The national growth of CLTs was advanced by the success of local efforts in CLT and infrastructure formation. State and local governments began to contribute to the support infrastructure for CLTs. In 1984, the Maine Housing Authority began to provide mortgage loans to leaseholders of that state's Covenant CLT. Three years later state legislatures in Connecticut and Vermont approved bills to recognize and fund CLTs. In the fall of 1988, Mayor Raymond Flynn of Boston offered what was perhaps the most dramatic mark of recognition and legitimation by granting the power of eminent domain to the Dudley Street Neighborhood Initiative which formed a CLT to implement this power. And as the decade closed, Maine voters approved by referendum a statewide fund for CLTs and other local organizations offering access to land and housing for the poor. CLTs in several areas had become embedded in mainstream social networks. Several local CLTs won recognition for their achievements in creating affordable housing, perhaps most notable being the Burlington CLT which was given an award as part of the United Nations International Year of Shelter for the Homeless (1987). This gave the CLT increased visibility and legitimation.

Connecticut became the first state to explicitly embrace as state policy the fundamental CLT tenet of permanent affordability and the CLTs as land control organizations to accomplish this. In 1988, ICE joined forces with the Rose City CLT for Housing (based in Norwich and the most active CLT in the state) to advocate for state government support for CLTs in order to preserve the opportunity for low-income home ownership in a state in which rapidly escalating land prices were a major factor in the inflation of housing costs. The CLT's ability

to "lock in" subsidies proved appealing to an administration caught between a housing crisis and cutbacks in federal assistance.

John Papandrea, the state's new Commisioner of Housing, strongly embraced the idea of permanently affordable housing. The Connecticut legislature appropriated funds for a "Community Land Trust/Land Bank Program," and Commissioner Papandrea committed his department to a policy of "Forever Housing": all state-subsidized housing projects were now required to maintain permanent affordability through creation of a land trust or similar legal vehicle of resale restriction. As Papandrea said at the National CLT Conference in the fall of 1988, "All of our housing programs have that very essential component - they must be, in so far as possible, permanent." [4]

Vermont has been, in terms of financial support and cultural acceptance, perhaps the most hospitable state for CLTs. The success of the Burlington CLT dovetailed with growing public concern about land use in a state undergoing rapid demographic change. A number of public and private sources of funding for affordable housing had emerged around the same time. The concern for the preservation of farmland and other open space merged with a concern for affordable housing in the campaign to gain state support for grassroots land planning. This initiative was led by a Housing and Conservation Coalition which included various conservation organizations, the Community Action Agencies, the Farm Bureau, the Low Income Advocacy Council, the State Affordable Housing Coalition, Vermont Tenants, and the BCLT.

The coalition successfully pushed for a bill to provide for a State Housing and Conservation Fund. The bill, initially appropriating $3 million, overwhelmingly passed and became law in June 1987. A Housing and Conservation Board was formed, which by the end of the decade had committed over $20 million in assistance to local organizations, including CLTs, developing projects to preserve land for social use. When CLT activists gathered in Burlington for the 1990 national conference, they learned

> with some envy, of the support provided to Vermont's strong CLT movement by such institutions as the Vermont Housing and Conservation Fund, the Vermont Housing Finance Agency's "Perpetually Affordable Housing Program," the Vermont Community Loan Fund, and the Vermont National Bank's Socially Responsible Banking Fund (Institute for Community Economics 1994, p.13).

## The 1990s: CLTs Establish a National Presence

The decade opened on an optimistic note with the largest national conference of CLTs to date. The Third National CLT Conference was held in Burlington on August 14 - 19, and turned out to be a dramatic demonstration of the fact that the CLT had become a national phenomenon and had achieved a certain degree of legitimacy in several areas. More than 100 cities and towns in 36 states and three Canadian provinces were represented by conference participants, half of whom were members of existing or developing CLTs. Interest in the CLT had clearly spread beyond its previous eastern base, as over 20 people attended from the West Coast and Rocky Mountain states and 50 from the Midwest.

The conference was addressed by Peter Clavelle, who had suceeded Bernie Sanders as mayor of Burlington, and Vermont Governor Madeleine Kunin, who was given an award for her support of progressive housing initiatives. National community activists also spoke, including Gus Newport, former radical mayor of Berkeley, CA, and director of the Dudley Street Neighborhood Initiative in Boston, and Native American activist Winona La Duke representing the White Earth Land Recovery project to regain tribal lands in Minnesota. The success of the Burlington CLT within a supportive environment of a progressive city administration symbolized the foothold CLTs had gained in several locales and in the broad field of community politics.

The CLT had become primarily an urban phenomenon concerned with affordable housing, a shift symbolized by the moving of ICE's operations from the town of Greenfield, Massachusetts to the city of Springfield, MA in 1990. In the same year Chuck Matthei left the organization and was replaced by Greg Ramm as the third director. The combined efforts of ICE and individual land trusts to introduce the unfamiliar legal form to housing agencies at various levels of government increasingly paid off in greater acceptance. By this point four states (Vermont, Connecticut, Maine, and Minnesota) had initiated policies or programs to support CLT housing activities. The state and local successes of particular CLTs made it easier to obtain access to federal programs.

1. a mature infrastructure

As an organization of organizations, NACDLF began to assist its member funds as the 1990s opened by attracting loan and grant capital to itself as a centralized investment vehicle, and then distributing this capital through a Seed Fund and an Equity Grants program. Indeed, the offspring of the ICE RLF was now able to assist its parent: in 1993, after receiving a Citibank commitment of $1 million to the Equity Grants program, NACDLF was able to give $50,000 of this to ICE. So a mutual support financial infrastructure has emerged out of the initial creation of the RLF in 1979. The NACDLF currently includes 41 member funds with over $140 million in capital under management.

NACDLF has also served as the national lobbying voice of the community investment movement. In 1992, NACDLF formed an Ad Hoc Coalition of Community Development Financial Institutions, including not only CLFs but community development credit unions, small business microloan funds, and community development banks such as Chicago's South Shore Bank. The Coalition (with ICE as an active participant) codified the practical and ideological principles of grassroots community investment and drew up a policy paper entitled "Principles of Community Development Lending and Proposals for Key Federal Support." With this policy paper as its mandate, the Coalition began to lobby the Clinton Administration and Congress, giving briefings to the Senate Banking Committee and organizing field trips to loan fund-supported projects in Philadelphia and New York. The effort achieved its goals, to some extent, as the Clinton Administration

introduced its proposed community development lending program in a form that was modified to adhere to the principles announced by the Coalition. Members of the community investment movement, including ICE's Greg Ramm, attended the announcement ceremony as living symbols of the legitimacy the movement had managed to gain in just over a decade. As ICE's ten year report published in 1994 notes,

> Ten years ago very few people - and these mostly associated with ICE and a handful of other "alternative institutions" - believed that nonprofit community development financial institutions could have any real impact. Yet these institutions have now gained such credibility that Congress has established a new federal program, with $500 million in initial funding, to increase their capitalization (Institute for Community Economics 1994, p.8).

ICE continues to play a key role in NACDLF. ICE Executive Director Greg Ramm sits on the NACDLF board and is chair of the Public Policy Committee, and ICE has been an active participant in the Ad Hoc Coalition. It is also a member of the Social Investment Forum, a trade association of social investment professionals, and has assisted in the devlopment of a community investment infrastructure in Canada, including helping to organize the Montreal Community Loan Association.

The success of the community investment movement has allowed ICE to reconcentrate its efforts on the original purpose of the RLF: strengthening the financial infrastructure for CLTs. While many CLTs benefit from relationships with member loan funds of the NACDLF and stand to gain from the strengthening of the community investment movement as a whole, that movement has moved beyond the influence of ICE and is not necessarily geared toward an emphasis on CLT development (this issue is discussed more fully in Chapter Five). The ICE RLF is thus still the major community investment vehicle concerned with promoting CLTs nationwide.

The ICE RLF continues to attract individual and institutional investors (over 400 to date), manages more than $11 million in loan capital, and has made more than 310 loans totalling $25 million to community organizations in twenty-eight states, the District of Columbia, and Puerto Rico. In 1991, the Ford Foundation agreed to make $2.5 million program related investment in the ICE RLF. Support from religious orders, the original institutional investors when the fund started, continues to play a key role. Forty-four congregations have investments of over $1.3 million funneled to the loan fund through a religious collaborative.

During the 1990s, yet another social invention expanded the opportunity for social investment in land reform. The Equity Trust was announced by ICE in January, 1990. The Trust is a program set up to accept gifts of equity from homeowners through an agreement known as the Equity Pledge. The Equity Pledge is a way for homeowners to donate part or all of their appreciation to the land reform movement. An agreement is generally signed designating the proportion to be consigned as a pledge (or is given as a gift at the time of sale). When the property is sold, the designated amount is paid to the Equity Trust Fund, to be used to finance acquistion and development by CLTs and similar projects. This is a way for supporters to go beyond investing in a CLF. As Chuck Matthei, who pioneered this model, states: "The Equity Trust Fund asks participants to go beyond reinvestment to examine the origins of wealth and acknowledge the 'social mortgage' on property" (1992, p.42).

The first pledge was made by a legal services attorney working with CLTs (including Covenant CLT) in Maine, who came to examine his critically own property ethics through exposure to the CLT:

"When you're working with community land trusts, you're struck with the contradiction - that you think land trusts are a good idea for other people but you're not doing it with your own property."

In thinking about the sale of their home, Fred and Anne have calculated the amount of the sale price that will represent "social appreciation" - or, as Fred calls it, "pure gravy." Some of this amount was committed to the purchase of their new home. Nonetheless, Fred says, "We talked it over and decided that we would keep a kind of ledger in our heads and would put that profit back over the years - and that we would start by pledging a part of it to the Equity Trust Fund." [5]

Other individuals working in the CLT movement have since made pledges, including the former director of the Burlington CLT, who designated his contribution to be given to that land trust.

When Chuck Matthei left ICE he took the Equity Trust program with him and has administered it as an independent program since then. In late 1994, the Equity Trust Fund reached $1 million in commitments. It has been able to attract support from the many of same sources as the community loan funds. The Dominican Sisters of the Sick Poor became the first religious organization to make an Equity Pledge on one of their properties, with the Holy Cross Brothers planning to become the second. The Fund has begun to make investments that help spread the CLT idea and assist existing land projects to suceed.

The Fund has made, among other investments, a loan to the HOME Community (discussed above) for Christmas wreath production by CLT residents, in part, and evergreen boughs from CLT land. Another loan went to the Food Project, and land-based youth program in which teenagers from inner city and suburban neighborhoods in the Boston

area work together to grow vegetables which they donate to food kitchens and sell at farmers' markets. The Project is setting up a food production lot in conjunction with the Dudley Square Neighborhood Initiative (also discussed in Chapter Six).

Another thrust of the ET is in the area of community supported agriculture (CSA). CSA is essentially another social invention, created to address the insecurity of the family farmer in a capitalist market.:

> CSAs transform one of the most difficult and risky economic ventures - a family farm- into a vibrant producer-consumer cooperative, with benefits for all.
>
> In a CSA, families buy shares in the farm's annual production. For shareholders, CSAs provide a substantial supply of fresh, organic food at a competitive price - along with access to the farm, opportunities to participate in social events, and the satisfaction of preserving open space and family farming in the area. For the farmer, a CSA provides operating capital and a guaranteed market - and the pleasure of personal relationships withy consumers. [6]

The Equity Trust estimates that there are a total of 400 CSAs nationwide. The Trust is currently working with family farmers who had established the first CSA in California, with over 100 families involved, in 1988. But they were operating on rented land. In order to build a more secure base they negotiated a purchase agreement on the farm, but couldn't afford the full market price. They also did not want to be conventional landowners but rather wanted to put it in some form of community ownership. The family

> chose a model in which they personally obtain financing for the agricultutal value of the property, while members and others make charitable gifts to finance the purchase of an easement and option by a land trust. Unlike conventional conservation easements, which only protect the land from development, these agreements will also control the transfer price to keep it affordable for farmers and reqire that, so long as it is possbible, the farm can only be sold to farmers practicing sustainable agriculture.[7]

Local conservation trusts were not willing to take on this added responsibility so the Equity Trust is performing a "land banking" role until local stewardship is available.

The Equity Trust has also been involved in the establishment of the first CLT in Africa. Working in a squatter settlement in Voi, Kenya, where the government planned to give title to the residents, the Equity Trust urged that the CLT model be considered. The government preferred simple private ownership but agreed to present the fundamental aspects of both forms to the township residents. After reviewing both options, the 3,000 residents voted by a 92% majority to establish a CLT.

> This is a relatively small squatter settlement by Kenyan standards, but when it is incorporated it will be the largest CLT in the world in number of residents. It should serve as an important model for other Third World communities, and there is much that U.S. CLTs can learn from this example. The community organizing process and social solidarity ... are particularly inspirational.[8]

Another approach to strengthening the land reform sector is a Community Builders program in which teenages from several states, urban and rural, and of diverse class and ethnicity, toured the country working on various community development projects, including CLTs. The students did construction and maintenance of buildings for CLTs in Yonkers, NY, New York City, and Covenant and Family Homes CLTs in Maine. And it has moved recently into community investment. The ET recently sold a donated house in Vermont, placing the land in the Brattleboro Area CLT, and is using the proceeds form the sale to start a revolving loan fund to fund projects in the Mexico/US border region.

2. Affiliate Program:

In August of 1990, ICE announced the inaugeration of an affiliate program as "a vehicle for individual CLTs to act collectively to address their common concerns" (Institute for Community Economics 1994, p.5):

> The program is designed to clarify and perpetuate the essential features of the CLT model, to encourage the sharing of information and experiences by local CLTs, to increase the visibility of the CLT movement, and to bring the affiliates together to articulate and support public and institutional policies that benefit all CLTs. The program also creates a means by which affiliated CLTs can help to shape ICE's land and housing programs (Institute for Community Economics 1994, p.5-6).

In October of 1991, the first annual meeting of CLT affiliates was held in Washington, DC. ICE through its affiliate program effectively becomes in part an organization of organizations. Affiliates elect four representatives to the ICE Land and Housing Committee and two of these serve on the Board of Trustees. Policy is developed by consensus, moving up from meetings of the Affiliates and then articulated by ICE. CLTs and other organizations directly concerned with CLT activity are invited to join the Affiliate program, which is the most direct approach to coordinating the far-flung CLTs (though for various reasons not all have joined). There are currently 43 affiliate and 17 associate member organizations (Institute for Community Economics 1994, p.17). The Affiliates continue to meet annually, either separately or in conjunction with the annual CLT conferences.

3. government recognition and support

In 1990, the Farmers Home Administration (FmHA) welcomed proposals from CLTs for demonstration projects through their 502 and 515 programs (previous CLT experience with FmHA had been negative, as in the example of the Covenant CLT in Maine, described in Chapter Six). In the same year the Department of Housing and Urban Development (HUD), after a year of negotiation, agreed to provide FHA mortgage insurance for loans by the Connecticut Housing Finance Authority to CLT homeowners. The Federal Home Loan Bank (FHLB) was established by Congress as part of the bill cleaning up the "savings and loan" scandal. In 1991 it began to pass on housing subsidies through its Affordable Housing Program. CLTs have been able to benefit through this program and have established a good working relationship with FHLB, with a number of CLT activists serving on the regional boards of the FHLB. The community land trust essentially achieved national recognition when President George Bush signed into law the Housing and Community Development Act of 1992, consisting of technical amendments to the National Affordable Housing Act of 1990 (which had been the first national legislation to specifically recognize CLTs) to allow loans for homes on CLT land. In theory, at least, community land trusts had become an accepted part of the welfare state's affordable housing delivery system.

Facts and Figures

Based on figures compiled by ICE as of January 1, 1996, there currently are an estimated 84 operating CLTs across the United States - operating in the sense that they hold property - and 23 that have formed organizationally but do not yet own property, giving a total of at least 107 CLTs nationally. [9] The growth of housing units provided by CLTs has been steady: from slightly less than 500 in 1985 to 1500 two years later, over 2000 in another two years, to almost 3,000 in 1994. There are now a total of 4,004 housing units on CLT land. Most CLTs are fairly small-scale housing providers, with the average number of housing units per operating CLT being 56. Vermont has the largest number of units (1,200 in 7 CLTs) and the largest CLT in Vermont, the Burlington CLT, has the most units for any CLT serving a single city or region (355).

The CLTs are geographically dispersed through 31 states and the District of Columbia (as well as several in Canada, not counted in the totals above). There are concentrations of CLTs in New England, upstate New York, Ohio, and the State of Washington. CLTs have formally organized themselves into cooperating networks in several states, including Vermont (7 CLTs), New Hampshire (6), Maine (5), and New York (5). At least one CLT owns parcels of land in two different states. In general, the East and South have spawned the earliest CLTs, with recent formation spreading to the Midwest and West. This geographical shift is demonstrated by the location of the majority of the five CLTs that completed their first units in 1994: Isleboro, ME;

Bozeman, MT; Jackson Hole, WY; Fort Collins, CO; and St. Paul, MN. In the Fall of 1995, ICE assisted in plans for eight CLTs to be formed in Oregon, funded by federal monies administered and matched at the state level.

CLTs exist in all types of communities: the largest percentage, 43%, are in towns and small cities (population 10,000 to 100,000), followed by 23% serving a single urban neighborhood, 10% serving a metropolitan area (over 100,000 residents), and 24% in rural areas (under 10,000 people). There is a similar variety in the types of projects developed. The largest percentage of housing projects consists of 4 or more units (42%), followed by single family housing (30%), 2-3 unit housing (14%), single room occupancy (6%), mobile homes (7%), and shelters (1%). Nine CLTs have developed commercial property and six have preserved farms. Twenty-four per cent of the housing units on CLT land are permanent rental, 27% are single family owned, 19% are rental with intent to convert to cooperative, 15% are cooperative, 10% are vacant or under construction, 4% are condominiums, 1% represent transitional housing. Twenty-three per cent were new construction, 64% rehabs, while 13% required no major reconstruction.

There are a total of 7,500 residents in CLT housing, with considerable variability as to type of household, age, income, and ethnic diversity: 28% are households of single individuals, 35% consist of single parents and children, 9% consist of two adults, 26% are of two parent families, while 3% are mixed households (intergenerational or non-related household). Forty-three percent of residents are under age 18, 38% are between 18 and 40, 16% are between

41 and 65, and 4% are over 65. CLT residents are overwhelmingly lower income. A majority (50%) of residents have incomes below 50% of the national median, 39% are between 50 - 80%, and 11% have incomes of 81 - 120% of median income. CLTs are also ethnically diverse. Residents are 63% white, 17% African-American, 17% Latino, 1% Asian-American, and 1% Native American. One percent of community land trust residents are people with disabilities.

## The CLT as a National Movement

The CLT movement is highly decentralized. Many CLTs operate in local isolation with few or no ties to other CLTs or CLT-promoting organizations. Other CLTs are loosely organized through intermediary organizations at several levels. Local intermediary organizations, generally community loan funds or community development organiztions, sponsor and offer ongoing support to CLTs in several areas. Examples include the Delaware Valley Reinvestment Fund, which offers support to inner-city CLTs in Philadelphia and Camden, NJ, and Commonwealth, a community development organization that promotes CLT development in Ohio. This is the first level of organization. In several states the land trusts have organized into statewide networks, sometimes through the effort of an intermediary organization, sometimes through the efforts of the pioneer land trust in that state, and/or have achieved explicit recognition by state legislation. Such networks exist in New York state, Washington, Ohio, and several New England states. This represents a second level of organization.

Advocacy organizations provide a third form of network organization that seeks to reach beyond the local or state region. Robert Swann, the originator of the CLT model, along with his wife Susan Witt and other associates, continues to promote the idea as well as assist developing organizations through the E.F. Schumacher Society, based on a land trust in the Berkshires of Massachusetts. The Schumacher Society consults with several American CLTs and is presently working with local activists in the Lake Baikal region of Siberia to introduce the model into Russia. In several cities the Association of Communities for Reform Now (ACORN) has established CLTs. There is something of a relationship between the ACORN network and ICE insofar as the ICE loan fund has rendered financial assistance to several ACORN CLTs.

But by far the broadest attempt at coordination of the far flung CLTs continues to be through the Institute for Community Economics, which operates Affiliate program that binds together many of the CLTs, and also renders technical assistance, organizes national conferences, gives financial support through its community loand fund, and works to develop policy on behalf of the national CLTs and lobby for such policies at the national level. ICE most closely approaches the role of national hub of the CLT movement. It acts as the essential link between the CLTs (and other community organizations) on the one hand, and a dispersed population of institutional and individual funders, donors, and supporters of the CLT model. ICE has acted as a vehicle for these latter interests to implement their support for the LT model by creating financial, ideological, and organizational infrastructures to support CLT formation and survival.

The community land trust is meant to embody an ideological critique of private property, on the one hand, and to act as a practical vehicle for community development, on the other. CLTs are local and of necessity highly decentralized in their quest for democratic local control. While there is an "ideal type" CLT, individual organizations adapt to local conditions and the goals of their membership, and often do not completely fit the ideal type or feel themselves part of a broad social movement. And, since the model is legally complex, unfamiliar to mainstream authorities, and runs against the grain of private property relationships, there are many barriers to practical survival and success for individual CLTs.

For all these reasons, the creation of an interwoven ideological and organizational infrastructure has been equally as important as the development of a financial infrastructure in promoting the model. ICE has worked to create this through several lines of effort, including: ongoing publications offering practical information, philosophical discourse, and policy analysis; technical assistance, both individually to CLTs and more broadly through conferences and training workshops; the Affiliate Program, which links CLTs together as a movement for mutual support; lobbying on behalf of CLTs; and coalition building as part of a broader movement for permanently affordable housing. There is now almost thirty years of experience with the CLT model which ICE can draw on to help local efforts avoid "reinventing the wheel." There are many intricate details involved in the process of non-profit land acquistion and housing construction that interested citizens (who come from all walks of life and may have no experience in the legal, financial, and social aspects of community organization)

need to either struggle to learn the hard way or be helped by those with expertise. The gradual buildup of expertise has made the present state of CLTs very different from the pioneer stage of the 1960s and '70s.

The direction for future work in strengthening the movement was outlined in a five year plan announced in ICE's Ten Year Report released in 1994.

> This plan includes new program initiatives, as well as plans for strengthening and focusing ICE's technical assistance and lending programs. In addition, we are committed to strengthening our capacity by working to achieve greater financial stability and an increase in staff capacity and diversity.
>
> ICE will:
>
> 1) develop and promote the CLT Affiliate Program and create new services and products to benefit a wide range of CLTs; 2) assist CLTs and other developers of community-based, permanently affordable housing to gain access to credit; 3) target increased technical assistance and lending to established and developing CLTs in two to four regions of the country; and 4) act on national level to promote the CLT approach to legislators, private and public institutions, public policy leaders, activists in the housing and community development movement, and the general public (Institute for Community Economics 1994, p.18).

The plan asserts the need to build on the organizational ties already constructed to develop a broad policy consensus around the fundamental issues of permanent affordability and government support. As a policy consensus begins to take shape, ICE has led the effort to lobby for the goals of this consensus. At present, ICE is working to organize a coalition of CLTs with other types of approaches to develop a unified voice to lobby for the emerging sector of housing that is community-based and dedicated to permanent affordability. The final section of this chapter will look in detail at the policy development process, and the coalition-building and lobbying initiatives recently

undertaken by ICE.

## Public Policy Initiatives

The present time represents a new stage in ICE's historical evolution. The 1960s and 1970s were the period of inception for CLTs, and the late 1970s and early '80s were a time of attempts to build CLTs as real institutions. The loan fund was launched in 1979 in order to get funds to the CLTs, but also took on a life of its own. As ICE director Greg Ramm explains, community investment in many ways dominated what ICE was about in the 1980s,

> "....for good reasons. Having a successful loan fund attracted capital. We put energy into marketing the loan fund, helping to set up other loan funds, helping to create the NACDLF and working with the Social Investment Forum. Community investment was a very central piece. But the NACDLF grew up and left ICE. It's been very successful, but it left a void, to the extent that ICE used to be the national voice of community investment, the national voice of community loan funds: we are no longer that. We in some way defer to the organization we created. ICE doesn't try to control everything we created: CLTs are independent, CLFs also. But what do you do when the child grows up? It got to be where we were the tail wagging the dog! The LF was created to serve CLTs, but ICE came to be seen as a loan fund [rather than an organization that promotes CLTs]." [10]

With the maturation of the loan fund movement has come (as it often does between parents and offspring) something of a parting of the ways. CLFs across the nation have taken on many concerns beyond the support of CLTs, and many are indifferent or even hostile to the fundamental CLT ideal of permanent affordability. ICE has thus decided to refocus on the original work of strengthening the CLTs. One approach will be to intensify technical assistance provision to individual CLTs to ensure their survival and growth, and the survival

and growth of CLT networks:

"So we decided to make CLTs central to ICE, our primary goal will be to build CLTs. We're going to reorient the loan fund to focus on that constituency and will build up technical assistance capacity and training, and use the affiliate program as a guiding policy voice. Second, we said 'We're still trying to build strong CLTs. We scattered the seed, some died and some survived. We need to stay less focused on creating new CLTs and concentrate on taking CLTs to the next level.' We're going to try to develop training focused on that level: groups trying to grow up. And also target our technical assistance and financing resources to several regions of the country. We'll pick a state or two or three and put some concentrated energy into building those."

But a second approach reaches beyond the inner world of CLTs to attempt to shape public policy, build coalitions, lobby the federal government, and campaign for a more favorable environment for the ideals and goals of the CLT movement to advance in:

"We will more forcibly be the national voice of the CLT movement. We'll redouble our efforts to remove barriers to financing and funding CLTs (by agencies like Fannie Mae, FHA, HUD, etc.). We'll focus on real things that get in the way of CLTs getting the resources they need to do projects. Then - How can we make the CLT concept more visible at the national level? CLTs are a small voice. The way we can be successful is to figure out who our key allies are, who develops housing that shares the fundamental principles - such as mutual housing associations (when CLTs are doing multifamily buildings there are often little difference between them) and other groups developing resident-controlled permanently affordable housing. We should try to bring together people who support the goals of third sector housing, that the goals of CLTs can best be served not by saying all resources should go to CLTs but that they should go to permanently affordable housing and that community loan funds should be a player."

1. The policy development process

The public policy aspects of the five year plan grew out of a process of collecting information from the field concerning obstacles to CLT success and formulating a strategy for gaining a more

supportive political and technical environment for their efforts. The process alternated between meetings of representatives of the affiliates, formulation of working agendas by ICE staff, resubmiting these agendas to the Affiliates, reformulating the policy agenda, and, where relevant, reaching out in a similar participatory process to prospective allies in the housing and community development fields as part of a broad public policy initiative.

The history of these events was given in capsule form to CLT representatives at the 1994 national conference in Hartford, CT at a workshop offered by Martin Hahn, ICE's director of Technical Assistance and Mark Pinsky, a consultant hired to advance the lobbying efforts on behalf of the policy. As Hahn related, the initiative had its origins in a somewhat free-for-all session at the 1991 conference in Washington, DC, at which representatives voiced their grievances, particularly against federal bureaucracies concerned with housing and community development:

"This was the first meeting of the Affiliates. The basic purpose was to draft a set of principles as to how community development should be conducted, to talk about what is important to us as we look at public policy and what we want to be promoting, identifyy public priorities - a lot of the focus was some hairpulling around 'we can't afford FHA mortgage insurance, we can't get CDBG, the banks won't lend to us' ... Land trusts were identifying some of the barriers and we came up with a huge chart listing barriers. Probably the most important message coming out of the 1991 meeting was that land trusts are coming of age, we're getting stronger, but we need to build a coalition. The land trusts moving on their own are not going to have an impact to remove all the barriers and to have a positive impact above and beyond that. Somebody from the National People's Action spoke and someone from the National Low Income Housing Copalition spoke, and I think that was the largest message."[11]

The meeting was in a large room in a bad location, the discussion was scattered, and it was on the whole not very successful in terms of group dynamics. The ICE staff, in preparing for the next year's Affiliate meeting, were determined to approach the discussion in an organized fashion. At that 1992 meeting, in Springfield, MA, Chuck Collins of ICE and Arlene Woolley of the United Hands CLT in Philadelphia drafted some proposals and submitted them to the assembled Affiliate representatives for feedback.

"The principles that had been discussed in '91 were thus prepared as a proposal and those principles were adopted by a public policy working group and then brought to the Affiliates for their endorsement, and the Affiliates unanimously endorsed the housing policy principles which ICE still uses. One recommendation was that a public policy steering committee be formed of CLT activists to inform ICE what our policy should be."

The need for coalition building was remphasized, but with an added mandate:

"Again, a renewed emphasis on coalition building, but there was a shift from not just that ICE should join other coalitions but maybe that we should bring people together ourselves, that we need to work with the National Low Income Housing Association, but we need also to work with people who are close to the type of work we are doing: Mutual Housing Associations, limited-equity cooperatives. And at that point, [people began to be] talking about the term 'social housing coalition.'"

The practical result of that meeting was an amendment to the Federal H.O.M.E. housing program to specifically acknowledge CLTs as eligible for project funding under that program. Rep. Bernie Sanders of Vermont, a long time CLT supporter, worked with members of the Vermont network of CLTs to formulate the amendment and successfully pushed through its passage. At the 1992 Affiliate meeting in Cincinnati, the process continued:

"The shape of the policy initiative had taken more form, a broad-based third sector housing proposal was submitted to the meeting. We started using the terminology 'third sector,' and asked the Affiliates 'Should we proceed, do you want ICE to get involved with this?' and we got the answer we wanted and the group came up with a list of goals and objectives for what this thrid sector housing campaign would do."

ICE, contemporaneously with and in relation to the discussions at the Affiliates meetings, was furthering its strategic planning process and public policy was identified as a priority for the organization. Staff time would need to be devoted to policy, removing barriers to CLT access to resources, and forming partnerships with other organizations to increase ICE's impact. A $10,000 grant was obtained from the Joyce Foundation and ICE hired Mark Pinsky, who already had some experience with the work of ICE and the field of grassroots community development through his positions as Coordinator for Public Policy of the Coalition of Community Development Finance Institutions and the National Association of Community Development Loan Funds (NACDLF) which, as discussed in Chapter Three, had successfully carried through a lobbying effort to convince the Clinton Administration to support the CDFIs.

2. The public policy initiative

Pinsky, working with Hahn, undertook the task of organizing the policy initiative, which required clarifying the policy principles through participatory discussion, coalition building, and lobbying once the principles were in place. The first target area was one of immediate concern to the CLTs themselves, barrier removal. Community

land trusts as affordable housing developers face the problem that all such organizations face in this time of fiscal retrenchment: namely, the lack of sufficient funds to address the scope of the problem. But CLTs face added barriers due to the unusual legal structure underlying the model. Federal agencies and private financial institutions alike are often reluctant to become involved with an model that utilizes a complex lease agreement that divides the ownership and financial responsibilities of the house from those of the land. Thus a crucial component of the ongoing strategic efforts of the movement involve overcoming such barriers.

One approach to lifting these barriers was to meet with federal officials. In August of 1994, representatives from ICE "briefed more than a dozen mid-level HUD officials on the community land trust model and described difficulties experienced by CLTs participating in some HUD programs."[12] A second approach that ICE has worked for has been to include language in federal legislation that specifies that government programs are indeed applicable to homes on CLT land. With the election of the Republican Congress, Pinsky reported that for the present this effort has reached a dead-end:

> "One of the things we wanted to do was to remove barriers, so we sought to have amendments added to the housing bill moving through Congress this year, to remove barriers such as with FHA mortgage insurance. We were successful in getting them attached to the Bill on the House side, but then the Housing Bill died, so that was not and ultimate victory."[13]

Many CLTs have been able to achieve FHA mortgage insurance by convincing bureaucrats of the soundness of the leasehold and resale agreements, but each case has involved a lengthy and difficult process of negotiation. The proposed amendments would have given guidelines

to expedite approval. Likewise the CLTs sought access to the HOPE 3 program, which encourages home ownership for lower income households, by allowing for their restricted resale formula to be used on projects funded by the program.

Along with the amendments, ICE sought to be considered for HUD funds for technical assistance providers to affordable housing groups and was exploring the possibility of funding for community land trust demonstration projects. ICE did benefit from the former initiative, as HUD in November of 1994 awarded ICE a three-year, $470,000 grant to provide technical assistance to CLTs. This funding was a welcome boost to ICE's five year plan to increase technical assistance to land trusts in order to build a strong movement. The latter goal, however, given the political climate of the nineties, seems unobtainable.

"There will be a Housing Bill again next year, so there will be an opportunity to go back and get these things in again. But we decided intentionally not to make a vast legislative effort. We ween't going to try to get a CLT demonstration project, and get $100 million!"

Somewhat stymied on this track, the policy initiative continued along a second track of coalition building within the broad field of locally-based economic development. One of the first opportunities to work with other organizations resulted from widespread anger in the field at the federal government's handling of community development funding. Many of the complaints crystallized around a national funding effort which bypassed the grassroots networks of organizations:

"There has been a lot of griping in different parts of the community development field about what's been called the National Community Development Initiative, which was a foundation-driven (initially) funding vehicle that worked through the Local Initiatives Support Coalition and the Enterprise Foundation. The original version

of NCDI was in 1991 or '92, about $66 million through these organizations to support CDCs in 21 cities. And then last year there was NCDI -2 as I will call it, which was a deal contingent upon a $20 million grant that was issued on a non-competitive basis by the Secretary of HUD, and that's when people started getting upset - NCDI, whether you agree or disagree with the way its being done, is eating up a lot of funds, and its taking federal money on a non-competitive basis, and other insitutions should be able to do it, its warping because all the money was going through this process which some people felt was too centrally located and not bottom-up enough."

The groups sought to prevent a similar experience in future rounds of federal funding, and met to clarify the principles they believe that the government should follow to ensure a fair and equitable funding process. Pamela Jones, Executive Director of the Columbia Heights CLT in Washington, DC and Vice-President of the ICE Board, represented ICE at the meeting. As Pinsky relates,

"What started in that meeting about NCDI, the point quickly became not to complain about what's past, but that there was a desire to try to develop a lot of growth in community development, a lot of different types of organizations and there was a desire to try to develop a set of principles for federal support for community-based development. And we now have 27 organizations including ICE that have signed on to these principles and we hope they'll be the foundation for a more inclusive, broader-based approach to Federal support, that by bringing diverse groups together - groups representing tenants, residents, community development organizations, national and legal intermediaries, there might be some ability to accumulate some power to effect what's being done at the Federal level."

The coalition sent six representatives (including Jones) to meet with HUD secretary Henry Cisneros on December 6, 1994. They presented a document describing five "Key Principles for Federal Support for Community Development," the product of eight months of discussion among the 27 organizations.

The paper urged an increase in federal funding for community development and that funding be applied according to the following principles: empowering local communities by supporting grassroots

organizations and democratic approaches; building strong local organizations by funding for capacity and organizational development as well as projects; seeking maximum impact by supporting small as well as large, and new as well as established, community groups; encouraging diversity in development rather than concentrating on certain inputs such as housing; and opening the federal funding process to all organizations and allowing no more than 20% of funding under any given program to go to one organization. Meetings were also held with the major players in the community development field, the Local Initiatives Support Corporation and the Enterprise Foundation, which continued to be resistant to the principles but seemed to sense a shift at least somewhat in the balance of power in the community development field.

Pinsky also continued along the other coalition building track, the social housing initiative, with a series of meetings, first within the Affiliates, and then with a broader spectrum of organizations similar in ideology and function to CLTs:

"First we held a number of meetings with the Public Policy Committee, a number of discussions about some of these issues: what do we really mean by third sector housing, what's the definition, who should be included, should we have a big tent and include everybody in, and through that process we made some progress and that led to a very tentative draft of a working agenda, a working paper. We decided to hold a series of rountables on the basis of that."

The working paper was then presented to a wider group of CLT representatives and then to a meeting with representatives of other models of permanently affordable housing:

"We held the first on July 21 in Springfield at ICE's office where we talked about that working paper. We then held another one on September 27 in New York City. The first meeting was more focused on land trusts, people we knew and people we felt comfortable with. We were in a sense going outside the Public Policy committtee, outside

ICE and we did it tentatively. The second meeting involved a broader group of organizations: a representative from ACORN, from UHAB [a group promoting urban homesteading], a couple of MHAs [mutual housing associations], as well as several LT representatives. So we had an equally productive discussion but we found we had to spend more time explaining to people what it was we did. Which was a good educational process but it also was an education for us because we had to put a lot of time in."

The meetings achieved a working consensus for a common agenda:

"Out of all this, to summarize the major points: First, there was a lot of support and enthusiasm for this notion of bringing from different sectors or different parts of this movement to try to work together. There was an interest in aggregating constituencies, accumulating power, to work toward a common goal. The second was that we don't try to make it too complicated, we don't need to make it too simple either. I was suprised at the first roundtable at how much agreement there was on very basic principles that I think were critical. Those issues, which I think we reaffirmed in the NY roundatable, what I think we're talking about is privately-owned permanently affordable resident or community-controlled housing. And that was a sort of subject of this third sector housing .... So we realized that third sector housing if it had a different definition it might not be the right definition."

The attempt to theoretically specify a "third sector" of housing distinct from either public or private housing involved treading carefully through an ideological minefield. The specification had to be narrow enough to meaningfully designate an alternative sector but broad enough to include as many potential allies as possible. And it had to deal with the image issues raised by the terminology:

"There was some not insignificant concern about the term: some people thought thrid sector housing implied third class or third world and that it was an inappropriate term and didn't do justice to what we were trying to do and raised issues for a number of people. So we came up with the working name "social housing"...."

The series of rountable discussions ended with enough agreement to serve as the foundation for future lobbying efforts and collaborative linkage between the different approaches:

"The other areas of agreement: we talked about increasing support for CLTs and other social housing models. We weren't talking about just bricks and mortar but more support for human development. There was a strong interest in documenting and demonstrating the cost effectiveness of retaining subsidies in the models we operate, there was strong support for continued collaboration, expanded and more formalized. And there was some sense, based on all of this, that something would be done in accordance with the original principles that the working paper would need some minor revisions. So we've done that."

The next step involved a presentation of the work accomplished to the national conference. After presenting the progress of the public policy initiative to the conference workshop, Pinsky and Hahn opened the floor to discussion, much of which centered around the ongoing problems of terminology in regard to the third sector or social housing initiative. The following selected quotes given some of the flavor of the issues raised:

"We have problems with the titles Third Sector and also Social Housing. With the type of legal and economic climate, those labels are not very useful. Though its cumbersome, we've had the most success with Permanently Affordable Housing and Neighborhoods - we've combined housing and neighborhoods."

"If this paper was given to my mayor or put on the ballot both the concept and the name would be laughed at as communist!"

"I think the radical right may be forcing us to do a lot of self-censoring, more than what may be prudent or necessary..."

"How do you describe this and present this and be true to yourself. It's all very well to sell this [the CLT model] but if you're giving up some core value..."

"We're trying to get across a lot of new elements. What I dis like about the Third Sector term is that people think of housing in America as either public or private. Third sector is an alternative.."[14]

It became clear from this, and from further discussions within the group of organizations meeting to implement the coalition, that the term Social Housing was likely to be a buzzword that would touch off conservative criticism, while Third Sector seemed to some to have

a vague connotation of "Third World, " or "third rate," which might be buzzwords offending liberal sensibilities. Eventually the coalition emerged with the somewhat awkward rubric of PARCC, standing for "permanently affordable resident or community-controlled" housing.

The initiative was announced in ICE's newsletter in the spring of 1995 with some information regarding the key structural aspects of the different organizational forms (CLTs, limited-equity cooperatives, and mutual housing associations) and a set of five principles that the coalition was able to find common agreement on.

1) Every household deserves access to safe, decent, affordable housing. Housing and land are community resources that should be accessible and remain available to all.

2) Permanently affordable, resident or community controlled housing empowers residents economically and encourages them to participate more fully in community and public affairs. Residents should have the greatest feasible degree of ownership and control, given their needs and skills and the community's need for preserving affordability.

3) Creation of an adequate supply of safe, decent, affordable housing requires not only that housing be subsidized for lower income people but that the affordability of subsidized housing be preserved for the long term. Resources contributed by the community should remain the property of the community.

4) [PARCC] housing offers diverse local communities a range of affordable housing models to address the varied economic and social circumstances of their residents. Government and for-profit interests alone cannot provide the requisite breadth. The range of PARCC housing models is a necessary part of the mix.

5) Local communities have a legitimate interest in the development, preservation and allocation of affordable housing. These community interests should be balanced with the interests of residents and with the provision of fair housing opportunities.[15]

PARCC housing was clearly differentiated from other types of housing, including many approaches used within the field of community development:

> What types of housing .... do not fit this definition? First, we should emphasize that we are focused on privately owned housing; "public housing," though an important resource, falls outside our definition. ....[also] Not included within our PARCC definition are (1) owner-occupied housing produced by nonprofit developers but sold to families without resale restrictions assuring permanent affordability; and (2) affordable rental housing that lacks explicit provisions for permanently preserving affordability. ....
>
> Our definition also excludes rental housing that does not give a meaningfuyl degree of control to residents or the local community. PARCC housing models vary in the emphasis they place on resident control and community control, but all seek an appropriate balance between the two.[16]

Behind the somewhat awkward title, the initiative had succeeded in clearly delineating its essential principles as a distinct ideological sector of the housing movement, and served thereby as a critique of much of the community development movement as a whole. It also staked out a claim for a greater role in the American system of housing provision for CLTs and similar forms of alternatives to private and public ownership.

### 3. The view from the top

ICE's policy initiative is, to sum up, an attempt to increase the impact of the CLTs at several different levels. At each level, ICE seeks to work for a broader constituency and with a broader range of allies, with increasingly different but overlapping goals and ideologies:

1) At the most basic level, ICE lobbies to remove barriers so that individual CLTs may benefit from federal housing programs. It has had mixed success, achieving recognition under the HOME program in

the Housing Bill of 1991, but failing to realize other goals as amendements to the Housing Bill of 1994 expired with that bill in the wake of the Republican victory.

2) At the next level, the PARCC initiative has succeeded in bringing together at least a nominal coalition of housing models most similar to CLTs, and has clearly staked out a theoretical turf within the affordable housing field for the ideals of permanent affordability and resident and community control.

3) At a broader level, CLTs are allied with CDFIs through ICE's participation in the Coalition of CDFI's lobbying effort. This effort achieved legislation recognizing the broad spectrum of CDFIs and creating a new federal agency to provide funding to them, but the Congress funded it at a lower level than requested by the Clinton Administration and then narrowly missed rescinding it altogether. The future of the program is uncertain given the current political environment.

4) At a broader level yet, ICE joined with a wide array of grassroots community economic development organizations representing a variety of approaches to lobby for key principles to guide federal funding for community development, including local empowerment, diversity, capacity enhancement, and an open funding process. It remains to be seen what effect this will have on the balance of power within the community development field.

5) At the widest level, ICE has joined 685 organizations nationwide in a campaign linking housing justice to economic justice, organized by the National Low Income Housing Coalition. The campaign seeks to establish a Federal Housing Trust funded in part by recapturing some of the tax money lost through the home mortgage deduction. This proposal was incorporated into the Housing Trust Fund Act of 1994, but its outcome is not favorable.

This five-track public policy initiative reflects the results of a participatory process of policy making and goal setting filtering up from below. But it also, in a sense, represents the view from the top. ICE, as the closest thing to the voice of the decentralized CLT movement, is attempting to link together the practical and ideological interests of CLTs in general. While in the near future the prospects for the success of such national efforts are not good, the combined policy initiatives lay the groundwork for a long term transformation of national housing policy which may gain momentum as policies based on the market fail to solve chronic housing problems.

The foregoing chapters have offered a history of the development of the CLT, from idea to existing model and then to burgeoning movement. The next task, to be taken up in the following chapter, is to present some examples of CLTs to demonstrate how they have been able to gain footholds in varied communities through their ability to deal with housing problems in a way that makes efficient use of subsidies. Success in housing provision has brought about a situation where CLTs face dilemmas that will have to be overcome eventually if the original goals for which the CLT was invented are to be addressed. This will be the focus of the chapter following the case studies.

# Chapter Four:

# Toward the Affordable City:

# the Community Land Trust and Affordable Housing

## The Burlington Community Land Trust

Burlington, Vermont was the first municipality to fund a community land trust. In the 1980s, the city was the site of what Soifer (1990) has called "one of the most interesting chapters in contemporary urban politics." Bernie Sanders, a self-declared socialist, served as mayor of Burlington from 1980 to 1989 and oriented his administration in a self-conciously "progressive" direction (Conroy 1990; Clavel 1986), during the same time that the Federal government was moving in an opposite direction under the leadership of Ronald Reagan. While Reagan represented a philosophy which saw an unrestricted market as the solution to social problems such as housing, Sanders was motivated by a philosophy which took the market to be the cause of many of those problems. These two ways of looking at the world interacted to shape the housing policy which Sanders' Progressive administration was to implement in Burlington.

Sanders took office at a time when Burlington faced seemingly diasterous housing inflation. Burlington, an attractive lakefront city graced by a university and high tech growth industries, was facing runaway development that was widening the gap between income groups:

> As Reagan was confidently extolling the virtues of unfettered markets, Burlington's own market in land and housing was stampeding out of control. Speculative pressures had been building for several years: a revitalized central business district, with the prospect of luxury redevelopment on the downtown waterfront; a burgeoning student population at the University of Vermont, with no accompanying expansion of on-campus housing; and a robust regional economy that was attracting thousands of newcomers to the area each year. By the early 1980s, average housing prices in Burlington for both rental and owner-occupied housing were rising at a rate roughly twice that of average household incomes .... Lower-income renters were being displaced as rental property rapidly and repeatedly changed hands from one investor to another. Lower-cost housing was being lost through conversion and demolition. New Housing was being built at a rate unmatched since the 1950s, but most of these units were pricey condos overlooking Lake Champlain, the city's western border. Few were affordable for Burlington's less affluent residents (Davis 1994, p.166-167).

The Reagan administration, meanwhile, was severely cutting back housing assistance expenditures, so the city was caught between a spiraling market and a retreating state. The Progressives were faced with the difficult task of finding a local way to deal with the problem. In order to attempt to increase local control over economic development, Sanders created a Community Economic Development Office to encourage equitable development approaches such as worker ownership, controls on speculation and eviction, and a comprehensive housing strategy funded by Community Development Block Grants. The Comprehensive Housing Program stated the need to proceed on a dual track: "empowering those without residential property and decommodifying residential property itself" (1994, p.169). The administration experienced mixed success on the first part of the

agenda. Some protections for renters, such as fair housing and condominium conversion ordinances were passed, while an anti-speculation tax was approved by city voters by rejected by the state legislature, and a just-cause eviction ordinance was voted down locally.

The administration was successful in revitalizing the Burlington Housing Authority and rehabilitating units under its control. This initiative paved the way for the success of the second part of the agenda, decommodifying housing, since the BHA, as Davis notes (1994, p.171), "straddled the line between protecting vulnerable populations and decommodifying valuable property." There were two aspects of the decommodification track: supporting alternative models of tenure, and supporting nonprofit organizations as housing developers. The Burlington Community Land Trust satisfied both criteria. The CLT idea was generated by members of Burlington's activist community. Discussions about the possibility of forming a land trust were underway at City Hall and in neighborhood council meetings as early as 1982, when ICE had sent representatives to explain the idea to Sanders. Sanders in fact did not appreciate its innovative structural reform implications at first (Soifer 1990).

A grant application was prepared requesting some of the city's Community Development Block Grant money, was extensively reviewed in neighborhood meetings and finally approved by the mayor and alderman in June of 1983. The BCLT proposal did not receive any CDBG monies, but was funded with $200,000 seed money appropriated from a general budget surplus. As Davis recalls, there was not much understanding of the implications of the CLT as a housing model, even by those who

voted for it at the time. The BCLT was conceived of as just another trial initiative, and was valued more for its potential practical advantages than for any social change implications: "Most of the public debate surrounding this proposal emphasized the homeownership aspects of this housing model, not its potential for 'decommodifying' private property" (1994, p.196).

A working committee of lawyers, homeowners, bankers, tenants, and religious representatives put the legal structure together and in April of 1984 the Burlington Community Land Trust was formally incorporated, purchased its first property in August, and in October hired Tim McKenzie, a member of the city's Joint Community Development and Planning Commission, as director. The new organization acquired its first property in the summer of 1984:

> Their first property was a single-family house which Tim described as a buyer-initiated acquisition outside of the BCLT's target area. "A woman who was very interested in the land trust came to the land trust at our very early stages and worked with us. She was willing to be the guinea pig as we got organized and dealt with all the outstanding issues."[1]

The buyer's patience paid off as she was sold the house for $42,500, though the market value was $55,000, a 23% savings based on removing the land from the ownership package and helping the buyer with access to subsidy money (Soifer 1990, p.242). In return, she agreed to realize no more than a 10% increase on her purchase price when she sold the home (BCLT's limit was later raised to 25%). The success of the first project indicated that the new model was likely to have popular appeal, in spite of its unfamiliarity, for its ability to extend homeownership opportunity to those who had been priced out of the market.

But the land trust realized that its efforts would be scattered if it simply responded to buyer appeals, so a policy of concentrating its acquistion and rehabilition in a specific neighborhood was decided upon:

> After negotiating this acquisition the BCLT came to the conclusion that its money would go farther if it acquired properties in the section of town that was subject to the most speculation, the Old North End. The acquisition committee has inventoried the properties in a 30-40 street area where speculation is most concentrated. The second property, located in the Old North End, is a duplex that was purchased and renovated by the Burlington Youth Employemnt Program. When the Youth Employment Program acquired the building, they approached the BCLT for funds to complete their financing package. The BCLT extended them a $5,000 no-interest loan in exchange for the first option to purchase the building.[2]

The BCLT commitment to revitalize the Old North End was to be something of a demonstration of how development could take place without displacement. It got off to a good start. The initial city grant purchased eleven single family homes and five buildings with fifteen apartment units, with not a single default. BCLT also received financing from the Vermont Housing Finance Agency (VHFA), as it began to gain a respectable track record.

BCLT was one of the key beneficiaries of the financial and technical support infrastructure that ICE had successfully developed, as described in the previous chapter. One of BCLT's first projects - a single family home and community health care facility - was financed with a loan from the ICE Revolving Loan Fund, but perhaps more importantly BCLT's formation occurred at a time when ICE was able to offer extensive technical assistance based on more than a decade of CLT experience. City employees had attended the first national conference of CLTs hosted by ICE to learn about how to actually implement the model. Then ICE was hired to consult with the city to

help develop policies linking the land trust to the city's comprehensive housing strategy and had a staff person, John Davis, on site with BCLT as it was being organized.

Davis was not only equipped to help with the practical tasks involved in setting up the CLT, he was also an articulate theorist who was able to offer an interpretation of the CLT's mission that made it seem legitimate to a wide crossection of the city's population. Like all CLTs, BCLT was organized around the basic land trust principle of removing land from the speculative market, but the BCLT specifically presented itself as an effective vehicle for delivery of affordable housing through the most efficient use of government monies. Davis, who eventually became a director of housing policy for the city, became a spokesman for this line of interpretation of the LT mandate, as exemplified in several published accounts of the BCLT:

> When talking to Davis, the words perpetual affordability, flexibility and housing tenure ladder inevitably come up. Burlington has filled the gap between renting and owning housing with a continuum of opportunities designed to keep housing affordable.
>
> At the bottom of the tenure ladder are options which serve the residents left homeless due to urban renewal and gentrification. The middle rungs include programs which serve renters. At the top are those serving homeowners, including some offering limited equity as a way to help those who otherwise would not develop some type of ownership.[3]
>
> "We don't want to put public money into the rehabilitation of housing that's going to enrich a local landlord" Mr Davis said, "You have to do the best you can to lock these subsidies in place."[4]

This ideological groundwork would quickly be put to the test, as the BCLT soon found itself in the middle of controversy and facing opposition. The city had negotiated a deal with a private housing developer in which the latter, in exchange for zoning relief, agreed to donate a number of affordable houses to be placed on land trust

land. An opposition group upholding property rights organized and picketed the Board of Aldermen. This coalition of homeowners and realtors saw the BCLT as a threat to rising property values (which, while untrue in a practical sense, was accurate in regard to its long term goals). The ideological lines were clearly drawn by one realtor:

> If I believed that there should be no private ownership of land, I would be bragging to the world that in Burlington, VT., my wildest dreams had come true. I would proclaim that a vehicle designed to remove a substantial quantity of land from private ownership is operational in Burlington, called the Burlington Community Land Trust .... If you believe that one of the most precious rights we, as individuals, have in our country is the right to own land, a right protected by our Constitution, then you should take a long, hard look at this land trust (quoted in Soifer 1990, p.247).

The administration was, however, able to convince a state senator and former governor to throw his support to the BCLT and was able to influence the Democratic members of the Board (not all of whom were strong Sanders supporters to say the least) not to veto the deal. The final result was a compromise in which BCLT received six units instead of the forty originally sought, but achieved recogition as a legitimate player in the city's real estate market, in spite of critics' charges that it would drive down city property values and was a local form of socialism.

After only two years of operation the Burlington CLT was the fastest growing CLT to date in terms of housing units and had survived the most organized opposition. Its success came at a time when the CLT model was spreading fairly rapidly to urban areas undergoing crises of affordability in housing, so it was a highly useful model of the CLT approach to this problem. In September of 1986, ICE organized a visit for members of the Central Vermont and Greenfield CLTs - two CLTs in the process of development - as well as several citizens of

Keene, New Hampshire interested in the possibility of forming a LT. In all over 25 people participated in a tour of BCLT properties, and meetings with city and state officials.[5] The BCLT had in a sense become a teaching laboratory for CLTs in the process of development in the New England area.

As BCLT began to achieve a level of success it attracted increasingly favorable notice, and perhaps more importantly the principles it embodied were increasingly promoted as central to the administration's economic development policy. A CEDO report issued in 1986 entitled Report and Recommendations of the Affordable Housing Task Force, urged the city to make permanent affordability a requirement of all its efforts to stem the loss of affordable housing. And, as Davis puts it, programmatic commitment did indeed follow on the heels of this increasing conceptual commitment to the CLT idea, and several efforts by the administration to strengthen the BCLT paid off in the following years (1994, p.176).

To begin with, voters indicated their approval of the city's dependence on non-profit providers of affordable housing by passing measures imposing a property tax increase and a condominium conversion impact fee in order to finance a housing trust fund for the city, which the BCLT would be a main beneficiary of. Municipal support for the BCLT took a second leap forward with the decision of the Burlington Employees Retirement Board in 1987 to invest $1 million in the land trust. The Burlington City Council had previously directed the Retirement Board to divest itself of South African holdings and seek out local opportunities to invest in projects addressing social needs. After discussions and negotiation the Board and BCLT came up

with an agreement that offered the $1 million line of credit to the land trust at below market rates, while ensuring that the pension fund would meet its mandate of investing for a secure return. Beyond the financial boost which this gave to the CLT it offered increased legitimation of BCLT as a vehicle for municipal policy and as a sound investment.

The administration also received some returns on its campaign to get the private sector more involved in its housing problems. In 1988, CEDO organized a statewide conference on the Community Reinvestment Act, the federal law requiring that banks make measureable efforts to invest in the communities in which they operate. An activist nonprofit organization, the Vermont Community Reinvestment Association, formed as a result of the conference and began to challenge bank policies under the CRA. The city also announced that it would place its accounts only in institutions that demonstrated the best performance in meeting community investment needs. The Bank of Vermont became an early ally, offering BCLT a $3 million line of credit, as the institution began to move in the direction of socially responsible housing investment. In 1989, Bank of Vermont worked with CEDO to form a community banking council to organized neighborhood investment among private, public, and nonprofit institutions. The practical success of nonprofit developers such as BCLT made community investment an easier sell.

The city also offered regulatory support by incorporating provisions into its ordinances that favored nonprofit developers such as BCLT, provisions that took two forms: "projects and organizations that promote perpetually affordable housing have been granted

privileges denied to others or they have been granted exemptions from conditions required of others" (Davis 1994, p.181-182). In regard to the first type of provision, BCLT was approved as a "designated housing agency" granted the first right to purchase buildings for tenants threatened with condominium conversion. Likewise, under the city's inclusionary zoning, BCLT and similar "designated agencies" are granted the first right of purchase of any units built to meet the requirements in any development project of five or more units. In regard to the second provision, BCLT was exempted from several fees, density restrictions, parking requirements and other aspects of the city's zoning codes.

BCLT began to be seen as the pacesetter of the CLT movement. Its forerunner image was enhanced by gaining national recognition and publicity for the CLT model through winning a Special Merit award from the Department of Housing and Urban Development and the United Nations as part of the International Year of Shelter for the Homeless, one of only 17 achieved by over 180 applicants. The Third National CLT Conference was held in Burlington on August 14 - 19 of 1990 and was the most dramatic gathering of movement activists to date. The success of the Burlington CLT seemed to symbolize the growth of the movement and the increased success it enjoyed in obtaining local government allies, as speakers such as Peter Clavelle, who had succeeded Sanders as Burlington mayor, and Vermont Governor Madeleine Kunin addressed the conference. The BCLT had also attained recogition at a regional level when its director, Tim McKenzie, served on the advisory board to the Federal Home Loan Bank of Boston. With the election of Bernie Sanders to Congress, CLTs gained an advocate on the

national level. Sanders promptly introduced the CLT model to national lawmakers by inviting McKenzie to testify before Congress and also arranged a field trip for federal officials to visit the BCLT.

BCLT had begun to branch out from its original base in the Old North End. In 1990, it developed the first affordable housing project in South Burlington (a higher priced suburb of Burlington). A entire new street was developed "with a pleasant variety of buildings including three styles of duplexes and two styles of single-family homes." [6] The land trust has also established itself on the city's scenic (and expensive) waterfront. BCLT had for some time been getting non-lakefront land from lankfront developers through linkage agreements. But the lakefront, which had been an enclave of the affluent, now became the site of a ten unit project of condominiums on CLT-owned land, which were sold for $70 to $75,000 to first-time buyers with less than 90% of median income ($25,000 to 30,000 at the time), with below market financing from VHFA. BCLT had carved out an affordable refuge on the lakefront for the city's lower middle class.[7]

By January of 1992, BCLT had placed 45 single-family homes and several multifamily dwellings with a total of 11 limited-equity condominiums and three limited-equity cooperative units on its land and was preparing to break ground for another co-op building of 28 units in the spring. The Progressives' comprehensive housing plan had been recognizeably successful. Thanks to the network of non-market housing providers, including the BCLT along with other permanently affordable examples (such as public housing and unrelated limited equity co-ops), the goal of the "affordable city" increasingly seemed

within reach. As one account noted "In all, more than 1,400 units of housing - or close to 10% of the total 14,680 occupied units in Burlington - are under one program or the other designed to control affordability."[8] John Davis estimated the number as 1,600, however, putting just over 10% under social control (1994, p.185).

In 1994 the BCLT celebrated its tenth anniversary. The city marked the event by presenting the land trust with a "Community Partnership Decade Award" and in addition Sarah Cole House, a community home for formerly homeless women developed by BCLT, won a Maxwell Award for Excellence from FMHA, the federal housing agency. ICE, in its regular newsletter, noted how the degree of community acceptance was to be emphasized with a series of celebration rituals:

> Plans include an art exhibit in county schools, commenorative cards, flying the BCLT banner over Main Street, a volunteer work day, a town and picnic celbration in the summer, a new video/slide show, and BCLT's Annual Homeland 10K Race and Annual Meeting.[9]

The community land trust, the tenure reform once feared as a socialist threat to property rights, was now a fixture on the scene, a part of the city's culture. This strong position has allowed BCLT to survive a conservative Republican administration (1993-95) and lead the resistance to an attempt (fueled by a coalition of private for-profit landlords, developers, and some banks) to rollback the city's "third sector" of housing provision.

BCLT has added to its ability to acquire housing stock with two programs that are buyer driven, in contrast to the supplier driven approach generally used by BCLT in which buildings are acquired and rehabilitated and then buyers are sought. The two buyer-driven programs - one countywide and the other focused on the Old North End -

offer purchase and rehabilitation subsidies to qualifying buyers who find houses for sale and need financial assistance for purchase and repair. In exchange for the subsidies, buyers are required to transfer the land to the BCLT and agree to the limits on their resale price. The countywide program benefited 33 homebuyers in 1994-95 (the Old North End program is just getting underway). Having such a buyer-driven program has made it easier for BCLT to expand its scope, as the buyers find the houses throughout the county.

Though in recent years it has moved beyond its original base in the Old North End and now operates as a countywide organization, it continues to act as a major development and planning agency in that neighborhood and has made an impact beyond housing. BCLT recently received a $3 million federal Enterprise Community grant to further its work in the Old North End, including projects in the following areas:

Environmental rehabilitation: BCLT has taken on a degree of responsibility for the environmental quality of the neighborhood. Recent projects have include cleaning up contaminated sites. In one case this included demolishing a decrepit industrial building to create a park. The abandoned building, a liability resulting from the collapse of the real estate market in recent years, was purchased down from the Federal Deposit Insurance Corporation for $21,000, with a grant from the Vermont Housing Conservation Board. BCLT is carrying on a local fund drive to develop the park itself, to be conveyed to the city Parks Department. The park adjoins a 20 unit limited equity co-op on CLT land, for which BCLT removed contaminated soil from a site and worked with the Champlain Valley Cooperative Federation to

develop a housing co-op on the site. [10]

Business development: BCLT is working to encourage enterprise development in the neighborhood by developing small business incubators at several sites. A former bakery of National Biscuit Company was donated to the BCLT which plans to develop it as an artists' cooperative with "affordable housing units mixed with work space, performance and education space."[11] BCLT met with artists and neighborhood residents as part of an inclusive planning process. Another building will be redeveloped for $2.6 milliuon as a mixed use Enterprise Center serving recycling, flexible manufacturing, and job training organizations among others. It continues to collaborate with the Womenbuild Project which offers women the opportunity to learn the building trades while rehabilitating homes for BCLT.

Social services: The land trust has increasingly collaborated with social services agencies to achieve a degree of horizontal integration in service delivery. In its tenth anniversary year, after a two-year effort involving nearly a dozen participating organizations, 15 units of affordable housing developed under HUD's "Shelter and Care" were completed on land trust land, to provide permanent housing and services for low-income special needs populations combined with programs for residents, including counseling, life skills training, job search training, advocacy and peer support.

Horizontal integration expanded with the inaugeration of the ReLIEF program, which included the construction of a facility to actually house the offices of service providers on CLT land. With a

$200,000 loan from the ICE RLF, BCLT acquired and renovated three commercial buildings to house local social service organizations. Altogether the buildings offer secure office space for six organizations, plus the BCLT itself. The third building - a food pantry - was completed in the spring of 1995.

Other social services located on BCLT land include "an emergency family shelter, a community health center, a transitional housing project for single mother-led families, three single-room occupancy houses for very low income homeless individuals." [12] Most recently, BCLT received a $30,000 seed grant from a federally funded state initiative to provide housing opportunites for families and individuals living with HIV or AIDS: "We will develop a small rental community with on-site services and programs which will allow the residents to maintain as much independence as possible throughout their tenure."[13] Services will be administered by another agency while BCLT manages the property.

The Burlington Community Land Trust is, in terms of sheer numbers of housing units, the most successful example of the use of the CLT model in providing affordable housing. It indicates the potential of the model in addressing the problem if given a supportive environment to work in. BCLT presently controls 355 units of housing and commercial space, situated on over 100 parcels of land and including almost 150 single-family homes and 7 commercial buildings. The scope of BCLT's work is such that it has a significant ripple effect on the local economy: since 1988, BCLT has rehabilitated over 91,000 square feet of housing in Burlington, over $2.3 million dollars worth, and the figures nearly double if commercial properties are added.[14]

In spite of its broad scope of development projects, the CLT continues to operate in a socially accountable manner, with a democratically-elected three-part Board of Directors and open meetings. With more than 700 voting members, BCLT is a sizeable forum for participation in planning the economic development of the city and surrounding county. It also has achieved some success in mobilizing and empowering its constituency as individuals. One BCLT leaseholder was elected to the city council while a tenant ran for the state legislature stating that "BCLT introduced me to the idea of housing as a right, and it has shown the value of third sector housing."[15]

The Burlington Community Land Trust (BCLT) has taken a similar approach to the goal of the affordable community as other CLTs, but illustrates the greater reach of such an approach give a more "progressive" supportive political environment. The particular political environment in Burlington was fertile for the success of this type of social innovation, and the CLT that was founded has become in many ways the prototype and trendsetter of the permanent affordability thrust of the CLT.

The tenure ladder image, espoused early on by John Davis, reflected the CLT's role in Burlington's comprehensive system of housing: it filled the gap between renting and unrestricted fee-simple ownership. The position of community land trusts as key component of affordable housing service delivery in alliance with government was something of a variation on the original land reform theme in CLT. The Burlington CLT, with its supportive municipal and state environment, was to become the foremost example of the CLT as housing provider.

The support and recognition of the city administration allowed the BCLT to flourish, but of course the city also benefited from the relationship. A private, nonprofit organization was able to accomplish many of the goals of the Progressive administration without having to deal with the political process. The present BCLT director and longtime Burlington housing activist Brenda Torpy has outlined the reasons for continuing city support of the land trust:

"The first benefit of the CLT is its ability to retain public subsidies. If we as a community devote federal funds, time and energy to developing affordable housing, it's a good use of public resources to have that housing on land trust land so that in the future we don't give away that subsidy with the first sale of the property.

A CLT is also able to do development without displacement. That's the thing that first brought about the land trust here. With our community development funds we were investing low-interest money in the Old North End. Howevere, if we loaned that money to landlords, it might upgrade the housing, but it was likely to put it out of the reach of the people that lived there.

Another thing is that the land trust properties can provide a rent control, a stabilization of housing costs without having a municipal ordinance. This is critical because about half of our housing is rental, and after a rent control ordinance was narrowly defeated here a couple of years ago, any mention of anything like rent stabilization or rent control has become very inflammatory.

Also in terms of open space and neighborhood protection, the CLT provides another level of planning that is private and is worked out contractually between the CLT and the people in the neighborhood surrounding the green space or waterfront that they want to protect. That kind of planning is more grassroots than the kind of planning and police power the community has.

Also, the CLT returns propertry to the tax rolls and puts land to some public purpose without taking it off the tax rolls. Another thing is that the land trust can tap private resources that the community otherwise can't. This benefits the community without public investment. Finally, the BCLT can increase buying power in the community as the percentage of household income dedicated to shelter cost is lowered."[16]

The conditions allowing for such a partnership, according to Davis, are: an administration that recognizes the difficulty of expanding public housing while recognizing the limits of subsidizing private development and homeowners; that shows a willingness to face up to runaway growth and housing inflation; and that recognizes the idea of a "social mortgage" in housing vthat is publicly funded.[17] The structural conditions that led Burlington's city government to create a land trust impinge on less progressive communities as well. And a consciously Progressive city administration is not a necessary condition for the emergence of a CLT that gains municipal support. As the next case study demonstrates, the housing inflation of the 1980s could lead to similar acceptance (in kind if not degree) of the CLT model in a more conservative political and cultural environment.

## Concord Area Trust for Community Housing

The state capital of New Hampshire, Concord, is similar in many ways to Burlington. Both are mostly white, small-scale New England cities whose white collar-based economies made them winners in the 1980s economic restructuring. Both, as a result, were faced with problems of runaway housing inflation during that period, resulting in a shelter crisis for lower income working families. The Concord area's housing problems were exacerbated by the fact it is within commuting distance of Boston, one of the most expensive housing markets in America.

There is clear contrast between Concord and Burlington in one important respect, however. While Burlington had a left-progressive administration during the time of the formation of BCLT, Concord shares the predominantly conservative environment of its state, a political culture that strongly upholds private property, minimalist government (including a part time legislature that is paid only a nominal stipend), and fiscal restraint. New Hampshire is a bastion of fiscal conservativism and over the years has consciously set itself up as an alternative to the liberal policies of its neighbor Massachusetts. There is no state income tax and only a skeletal structure of state programs to deal with social problems. Communities are expected to meet local needs -even for basic education- through local property taxes. The state was thus a forerunner of the fiscal conservative policies that are currently sweeping the nation.

The formation of CATCH resulted from the confluence of several factors. First was the rapid escalation of housing prices that occurred in the Concord area in the 1980s. This stimulated the second factor, private citizens and local government agencies seeking ways to deal with the resulting affordability crisis. The third factor was the NH Community Loan Fund, which was seeking to implement an innovative local approach to housing affordability. All these factors crystallized around a particular incident that offered the opportunity to turn the idea of the CLT into a concrete action. A brief discussion of the immediate history leading up to the formation of CATCH as a community land trust will be necessary in order to understand how CATCH was able to achieve success in establishing itself as a key housing provider in the relatively conservative New Hampshire environment.

The idea of a loan fund grew from two separate inquires that ICE received from New Hampshire in the late fall of 1982. The first was from the director of the Community Action Program for the three northernmost counties in the state

> ... who indicated that Tri-County CAP had an opportunity to receive $32,000 in federal funds to support cooperative housing and business development in its region. Because it was clear that the chances of getting substantial additional federal funding were not good, Tri-County CAP wanted to use the money not for one-time grants but as a revolving fund from which loans could continue to be made. However, the organization was concerned that it lacked the management structure and experience to operate such a fund, and therefore asked whether ICE could serve as the management vehicle - with CAP turning the money over to ICE's Loan Fund as a loan restricted for use in the tri-county area. [18]

ICE suggested that this might be a possible short-term arrangement, but that the CAP should consider the long-term idea of a loan fund based in New Hampshire. At the same time Michael Swack, who was a ICE Board Member as well as director of the Community Economic Development Program at New Hampshire College, was discussing with local banks the possibility of channelling loans to community groups that were experiencing difficulty getting loans through standard channels. The bankers were open to the idea but needed an organization to administer such funds.

These two initiatives came together and established a base of support in the legal, financial, and especially the religious community in NH. ICE offered technical expertise in structuring the LF based on its previous experience sitting up its own fund. The NHCLF began operation in 1983 and was to be the first of many spinoffs that led to a national network of CLFs (as discussed in Chapter Three). Between ICE, which was able to offer technical assistance and its own loan fund, and the NHCLF operating locally, the infrastructure was in place to support the emergence of CLTs in NH.

The NHCLF originally began its affordable housing work by helping low income mobile home owners threatened with displacement by conversion of their parks to more upscale developments. Using the limited equity principle, NHCLF organize the owners in various localities to buy out the parks and convert them to cooperatives. This issue drew a certain amount of public attention, and one particular buyout campaign moved even the conservative state legislature to act to support this approach. This situation dramatized the housing affordability problem in New Hampshire and the

effects of speculation. Since this raising of public awareness played a role in creating a climate of acceptance for the introduction of the CLT as an innovation in property tenure it is worth a detail discussion.

In December of 1986, the ICE Revolving Loan Fund made its largest loan up to that time in order to save a mobile home park in Milford, NH, the residents of which were threatened with eviction in order to convert the park to condominiums. Ninety percent of the residents were low income and half of them were elderly on very low fixed incomes. The retiring owners had sold an option to an outside developer for $5,000 in 1984, giving him management control and an option to buy at $625,000. The area, in the meanwhile, was affected by the economic boom in the Boston region and became a heated market for commuting professionals. The developer planned to convert the park to high-priced condominiums for that market at the expense of the existing residents.

The residents were not informed of the sale to the developer but only learned about it through a notice in the local newspaper in October 1984. Immediately after the sale they were issued rent increases ranging from 86% to 143%, and those unable to pay were given eviction notices. The residents staved off the increases with the help of a local attorney, but the threat of conversion loomed over them still. They contacted the NH Community Loan Fund and together they began to investigate the workings of the local real estate market in regard to mobile homes. Mobile home parks, they discovered, with their cleared lots and already available infrastructure, were ideal for conversion to condominium sites and were being targeted throughout

the region.

They discovered that mobile home owners were not in a strong position in the market. As was noted in an account of the events published in the ICE newsletter,

> ... mobile homes are not very mobile. The newer ones are no longer built to be moved and the older ones often have additions. Relocation, if possible, would be damaging and expensive. [19]

The same situation that made the property ownership highly valuable for the speculative developer destroyed the value of the residents' property. As an organizer from the NHCLF relates "One resident called to say she'd had her home appraised for $23,000, ... But after the notice of sale went up, the same appraiser told her she'd be lucky to get $3,000 for its salvage value"[20]. It was not simply that the homes were difficult to move, but that it would be almost impossible to find a site to put them even if they could be moved. Most other parks in the state were filled, and there weren't many to begin with as many communities zoned them out in deference to higher income residents' aesthetic views. A house site outside of a mobile home park would typically cost $40,000 to 60,000 in the area - well out of reach of the low-income residents.

This lack of options forced the residents to organize and seek to purchase the park collectively. They incorporated as the Souhegan Valley Manufactured Housing Cooperative, soon achieved 100% membership, took their story to the news media, and began to lobby the state legislature (they were able to take advantage of a breathing space offered by a prolonged legal case between the old and new owner). Their effort, aided by the NHCLF and the NH Mobile Home

Owners and Tenants Association, suceeded in gaining favorable legislation requiring 18 months advance notice of sale and good faith negotiations by mobile home park owners. The law did not come into effect until May 1987, so the Souhegan Valley group did not benefit from it but their effort has led to a number of further buyouts in which the balance of power was more equal.

They, however, were faced with a developer who would not budge on price. After settling his legal wrangle with the prior owners, he exercised his option to purchase in late 1986. After some evasion he finally agreed to sell the park for the speculative price of $1.35 million if completed by the end of the year (only days away) or 1.5 million after the New Year. The NHCLF had eleven days to raise the money. They contacted ICE, which was able to raise an unprecedented $750,000 loan by consolidating the loans of 30 investors, but the smaller NHCLF did not have enough money on hand. It rushed out a public appeal and had a gratifying response: half a million dollars was raised in five days, half of that from the NH Charitable Fund and the rest from 24 individuals. The NHCLF was able to contribute a total of $600,000 and the deal was closed on December 29, 1986. The residents took control and as one resident said "This was the first Christmas in three years that didn't come with a rent increase or an eviction notice"[21].

The short term financing provided by the two community loan funds was eventually replaced with long-term financing through state and federal sources. The park was saved, but the incident provoked outrage within the community development community. The developer, with a two year investment of $5,000 and a one month investment of

50,000, and with no improvements made, was able to realize a profit of $700,000 from a resale to low income tenants, with the help of social investors and taxpayers. This windfall profit at social expense provoked an angry editorial in the ICE newsletter:

> Such a profit is illegitimate in and of itself. But worse still, it sends a message to other speculators: "Buy mobile home parks. The residents are not mobile; they must accept your terms ... and now the 'bleeding hearts' have enough money to enable them to pay extortion." .... In fact, the successful purchase of the Souhegan Valley Coop's park would noty have been possible without our loan funds and public grants funded by taxpayers - and therein lies our dilemma and the source of our frustration. .... This developer at first refused to negotiate - and he was never willing to accept a "fair price" or "reasonable profit," despite the best efforts of residents, their advocates and attorneys. [22]

The extreme figures involved made it clear that a private market solution was impossible, and the resulting legislation was a landmark recognition of the need for modifying the market. This particular incident, and the campaign for the mobile home park cooperative ownership policy in general, raised public awareness of the separate interests involved in property, the complex rather than unitary nature of property, and the inability of the market to meet the interest of all those with a stake in property. It also demonstrated how innovative social institutions such as community loan funds and limited-quity cooperatives could address problems with the functioning of the private market without the kind of government involvement that was antithetical to the local political culture. A community land trust could then be seen as just another such useful innovation.

As real estate prices continued to escalate rapidly in NH, it became clear that the problem was not just one faced by mobile home owners. Tenants, for example, faced average rent rising from $380 to over $630 per month in the Concord area. The NHCLF and many local

citizens were united in their awareness that the state faced a generalized affordability crisis. As John Hamilton, the founding and current director of CATCH, recalls

"They got to the point, back in the late 1980's, when the real estate market, not just land prices going up, but all real estate was going out of sight, and communities in New Hampshire were wrestling with how they could respond with affordable housing and looking for a tool and noticing that there's nothing really at the local in towns in New Hampshire. There was no infrastructure in place with the exception of some public housing authorities .... "[23]

The LF was reluctant to take on the task of directly managing low income housing and dealing with the legal complexities in many different communities, so it sought to spinoff local organizations.

"They [the LF] realized that they wanted to bring the same sort of philosophy and approach to residents of apartment buildings but thought that in dealing with mobile home park co-ops all you're dealing with is buying land underneath people's homes where they already own the homes. The complexity is much less with that. One organization based in Concord could give technical assistance throughout the state. But apartment buildings, there's lots of local code issues, more communitry support needed as opposed to a sort of industry-wide mobile home knowledge."

Through the connection to ICE, LF organizers were aware of the CLT model and hired Hamilton as a staff person to seek ways to implement the model in NH.

"So correctly another decentralization happened, analagous to the I.C.E., community loan fund decentralization, and that was for the loan fund to look for opportunities to support, incubate, spinoff, whatever, community land trusts and CATCH was an example of that."

At the same time, private citizens in Concord were in touch with government officials with their concerns about escalating housing costs in the city. Together they formed a task force to explore solutions. As part of this search they contacted the loan fund.

"The task force was groping for a productive way to advocate.... the loan fund became the solution, and it was their idea to do community land trusts. The task force was only studying the problem,

they were not "can do" actors, just people in city government and private people... an ad hoc committte formed by the mayor."

Two of the interested parties that were to form the CLT were now in place. The third interested party, prospective residents of such a CLT, soon came along.

The committee had gotten to the point of tapping into state CDBG funds and hiring a consultant. The consultant, in researching the housing problem of the community, found the issue that was to bring all these actors together. The owner of a 14 unit apartment building on 5 acres of prime land indicated an interest in razing the building to build a condominium development to profit from the housing boom. The fourteen residents, however, were low income and would be displaced. They approached the loan fund to discuss the possibility of buying the building. The loan fund saw this not just as an opportunity to help these particular residents but as a way of initiating their CLT plan.

"Basically we had three actors whose interests overlapped: the task force wanted to solve housing problems in the city, the loan fund had its community development mission basically, and was looking to diversify in a new direction and put some resources toward the startup of something. And the residents needed to solve their housing problem!"

The NHCLF applied to the ICE RLF for initial financing and dedicated John Hamilton's time, gaving him a demanding series of tasks: to develop the refunding package so all loans could be repaid to ICE and NHCLF; renovate the building to code; work with the fourteen residents to form their own co-operative to eventually own they building; and in addition, to lay the groundwork for a new CLT to eventually assume ownership of the land and develop the surrounding

acreage for affordable housing. CATCH began with a community meeting in February of 1989 and was incorporated in June of that year, just as the housing boom was peaking in the Concord area. Hamilton organized the meeting to bring the core group of concerned citizens together with a representative from ICE, who explained the theory and practice of the community land trust. The group gained confidence from the ability to use ICE as a resource that could explain the CLT model clearly and promise some financial support and technical assistance. The group went right to work:

> "At the end we broke down into three separate working groups, one on membership, outreach and fundraising, one on housing production, and a third on legal and policy issues, the structure of the organization. What was beautiful was that we didn't hand pick who was on the Board. We let self-selection find the leaders. At the end of six months, with the original taks complete, each of these groups were able to nominate someone to the Board, and that's how it was chosen - it emanated from the committee work."

The formation of an active Board and committees was crucial to the incorporation of the CLT as an active organization: "That's what you need in the beginning, because you have no staff."

At this point all of the financing was within the community sector. But the ICE and NHCLF loans were considered "bridge" loans until permanent equity financing could be obtained. This required Hamilton to approach both government agencies and the private financial sector in Concord and to gain their willingness to become involved in this innovative plan. Faced with the task of introducing an innovative (indeed quasi-socialist) organizational model to the conservative area, Hamilton sought to develop a community consensus around the project:

"I spent 2 to 3 months meeting people with diverse backgrounds - the tenants, city councilors, bankers, community groups, realtors. No one was [considered] an enemy. It's a tough task to do something creative with very little public support, you need all people."

Hamilton had to cultivate three potential sources of support: (1) the task force of concerned citizens, and more broadly volunteers from the city's middle-class professional community who could serve on the Board of Directors and committees, supplying skills and contacts; (2) the financial community, which would need to supply long-term funding to replace the "bridge" loans from the community loan funds; and (3) political operatives in the city and state governments who could tap into the few public sources of funding (CDBG monies and state Housing Finance Authority loans and grants).

The professional constituency was the first that needed to be cultivated in order to set up an organization that could approach public and private funders. A pool of willing volunteers was available to become the first members of the CLT:

"They were professional people with a can-do spirit, but they didn't know how - so when we came along they latched on to us. We needed them for legitimacy in the community, and they needed us because they wanted to do something, so we worked together. They gave us entree to who we need to talk to."

With a core of respected local citizens supporting the CLT idea, Hamilton was able to begin outreach efforts to the banking community:

"You have to start top down with banks, first the president then the loan officer... I built relationships with four banks and got them gradually to see the benefits of what we were doing doing and actually it wasn't that hard a sell. I've had a much harder time with some bureaucrats than I've had with bankers."

Hamilton found that the unusual approach was palatable because the banks had something of a self-interest in community well being, since

they couldn't sell mortgages if the housing was too expensive ("Their own tellers couldn't afford housing!"). CATCH was eventually able to get a consortium of four banks to join together in setting up a capital pool to finance its limited-equity housing.

CATCH needed subsidy money to make its housing affordable for the tenants it was representing, so the political authorities were another constituency that had to be brought on board. Hamilton was able to gain political support by posing the CLT as an alternative to approaches that local authorities had previously had bad experiences with: public housing, on the one hand, and subsidizing private market owners on the other:

Public housing clearly did not sit well with the New Hampshire philosophy of local control:

"The way I talked about it was 'look at public housing - here's government out of Washington deciding what should be done in Concord- designing and funding and planning, writing regulations conforming, you know, Concord, New York City, and Texas all into one design plan. Why not do something that was emanating from Concord and designed at the local level?' So .... that was another aspect that appealed to the NH mindset. They had their own frustration with public housing, all you had to do was look around and see the quality. So I think that's how it was actually quite easy to express the desire and create a vision for this. But clearly I didn't go around focusing on this [the collective aspects of the CLT] ... I focused on that [the comparison with public housing]."

But CATCH's approach also contrasted favorably with a recent experience the city had had with a for-profit developer as well:

"The Vegas building highlighted cost effectiveness. About three years before CATCH was formed, the city, downtown revitalization interests, and social service agencies collaborated to renovate using $375,000 in CDBG money, to create [the Vegas building] as a resource for low income people. Two years down the road the private investor decides to sell on the open market and that affordability is wiped out."

There was clearly a contradiction between the belief in private market solutions to the housing problem and the belief in fiscal conservatism, which Hamilton was able to use to gain support in the community:

"CATCH gave presentations to the city, Kiwanis, Rotary, one on one, emphasizing that they were not going to be like this .... People could understand because they were frustrated by the Vegas incident. There is a deep-seated Yankee conservatism, but there are aspects of the CLT model that fit that very well: permanent affordability. There's nothing worse in New Hampshire than to have government money wasted, and portraying the private developers getting subsidies and then having that affordability lost, that really hits someone from New Hampshire as being a sortsighted solution.

The CLT as a model was sellable to the conservative public of Concord because it fit into a niche that was not as overtly governmental as public housing, but avoided the wasteful tax giveaways of privatism:

"It's still private ownership when you compare it to public housing. We pitch ourselves as an alternative to public housing. An alternative to that was supporting private investors, well you look at the Vegas building ... So they had two negative examples and we were the third, which was really to combine the best of both worlds. You've got the public sector commitment to affordable housing long term, and you've got the private example of not being a bureaucrat from Washington but a local initiative. So we really did have the perfect answer to this community grappling with it - the environment was supportive."

The community land trust seemed like a reasonable third way between the loss of local control in public housing and the lack of social return on investment with subsidizing the private market: "Definitely - a local theme and a cost effective approach to affordable housing, those are the two things I stressed most."

Once the first project was completed successfully, CATCH gained legitimacy as a leader in the community's effort to maintain affordable housing. Though less than seven years old, CATCH has established itself as a larger than average CLT in terms of total housing units. With seven different properties in three adjoining towns, CATCH will have almost 120 units of housing when all its current projects are completed this year. The housing is a mix of rental (some in transition to cooperative ownership), limited-equity cooperative, limited equity condominium, and supported housing for the formerly homeless and the elderly. CATCH has achieved a noticeable impact on the housing situation in the Concord area by addressing the needs of particular populations, and has gained broad community support in spite of (or perhaps because of) its use of the CLT for community land ownership.

Three aspects of CATCH's work in the Concord area have enabled it to achieve its goals with minimal opposition: (1) concentrating it efforts on niches in the housing market where needs were unmet, (2) using a inclusive approach to planning its projects, and (3) avoiding confrontation and presenting itself in a pragmatic way. Together these have allowed the CLT to become an part of a conservative community.

(1) Concentrating on unmet needs

In general, CATCH has not met with much in the way of opposition from private housing suppliers because it does not compete with them ("We gotten donation and volunteer help from realtors - we're not big enough to be a threat to them"), preferring to work in market niches

where private sources were not meeting needs. As the housing market collapsed in the 1990s, some landlords did resent subsidization of new construction such as the cooperative project CATCH was planning (East Side Village).

A greater issue of competition was with landlords, though we're still not a threat. Where we're building new units, that's where it got to them.

But CATCH's analysis of the housing market made it clear that developers were not meeting the needs of low-income people with children.

"But the problem was there was a lack of three-bedroom units. Mostly what was built in the 1980s were one bedroom rentals. Landlords complained about our new buildings, but I don't see the problem- there was a huge pent-up demand for three and four bedroom units, so we set our sights on that and back when there was a condo market for one bedrooms we were focused on three bedrooms. So our development plan, unlike other developers, continued and went forward, while other developers shelved their plans because the market dried up."

CATCH was orienting their construction to a market niche that private landlords and developers wouldn't or rather couldn't fit:

"It's not that they didn't see the demand, [but rather] they couldn't make the numbers work - they same way we can't unless we get grants. Landlord greed is not the problem we don't have affordable housing today, its a structural problem. Every time property is sold, the incoming buyer has higher costs because he has to pay the outgoing owner's equity. As properties flip back and forth these expenses keep increasing. In the end I guess there is some greed, because they often buy it for $100,000 and sell for $125,000 and don't put any money into it and only own it for a year or two and make $25,000!"

CATCH was obviously not competing in the high end of the market and, without the subsidies that a nonprofit builder like CATCH could attract, private developers where not competing at the low end of the market. Several newer projects also stick to non-competitive niches.

CATCH has taken over an old SRO hotel downtown (the Endicott Hotel) to be rehabilitated and operated for the formerly homeless in conjunction with local social service agencies:

"This is a program to help people in transition from living in a shelter to being independent and self-reliant. We noticed that transitional housing had the shortcoming of the fact that after the transition period, whether that be eight weeks or eight months, you're still in the same place where you don't have permanent housing, and often you're uprooted from an environment that has been supportive, and that'e difficult. So we've designed the Endicott Hotel so that a person living in a shelter can move in and get the same level of supportive services as they would living in ashelter, you know, case manager, sort of a coach. CATCH does not provide the services itself but coordinates with relevant social service agencies, We help them fundraise from a government agency, the Department of Mental Health. ... The beuaty of this is that as they improve and become more independent, the social services just recede but they don't have to leave ever .. they can continue to live at the Endicott for as long as they want, they also don't have to stay."

This is a step toward horizontal integration of local services similar to a number of projects that the Burlington CLT has expanded into. CATCH's latest acquistion will fill another niche in the housing market. As a result of a successful outreach effort by a volunteer, the CEO of a local company running health facilities met with John Hamilton to discuss the possibility of creating affordable housing opportunities for elderly persons in need of support services. The company agreed to sell (at a bargain price) a building that it had formerly used as a nursing home. With a bridge loan from the NH Community Loan Fund and long term financing from the NH Housing Finance Agency, CATCH will remodel the building into fifteen one-bedroom apartments with common space, and is working with a local social service provider to develop a support program for the elderly residents when the the project is completed in late 1996.[24] In moving into the field of supportive housing for the elderly, CATCH is again working with the demographics of the area, which has a rapidly

expanding elderly population whose housing needs are not being met by the private market.

(2) a commitment to inclusive planning

One of the key tasks that CATCH has set for itself is to redefine the image of low-income housing: "We do this by creating affordable housing that shatters its negative stereotypes."[25] To do this, projects have been carefully designed in an inclusive process that seeks to bring in neighbors and prospective residents rather than presenting them with a fait accompli. For example, in one of its first projects, CATCH successfully developed a 26 unit limited equity cooperative (East Side Village) on the site on which the building that they first worked to save was located. The townhouse-style development was carefully designed to enhance the CLT's legitimacy in the community. CATCH was committed to bringing together prospective residents, neighbors, and the professional community in the planning process. This diffused many of the opposition that might ordinarily been expected.

The planning process climaxed in a day long planning charette which received favorable notice in the local newspaper.[26] A dozen architects, donating their time, formed design teams that produced different configurations of townhouses based on several possible outcomes of an application for zoning changes before the city. The architects were recruited through the state chapter of the AIA, which had a committee concerned with affordable housing, and were part of a broader advisory group that included an attorney and a planner that solicited input from prospective residents and neighbors. Resident

input resulted in design changes that would not have occurred to the architects:

> For instance, they told the architects where top put the closets for washers and dryers.
>
> "It was on the second floor, where the clothes are," said John Hamilton, director of the housing trust. "It saves you going up and down the stairs."[27]

East Side Village was developed with many small town amenities, such as a central common, front porches, and garden space. The project made clear the extent to which CATCH's approach differed from public housing and strengthened its reputation, even more so when it was given an award for excellence by the Federal National Mortgage Association (Fannie Mae) Foundation that included a $25,000 grant.

CATCH has used the same approach in the face of opposition to its most recent project, Family Village, a condominium development. The NH Conference of the United Church of Christ (UCC) had solicited proposals for developing a piece of land it owned in Concord and wished to dedicate to affordable housing. CATCH's proposal was approved and the land trust and UCC formed a partnership to develop the site. But the CLT ran into organized opposition, as a group of neighbors raised several thousand dollars to fight the project. The concern was for the character of the neighborhood, as a member of the group explained:

> "We're not against low-income people. That was never an issue for us .... It's just the type of housing they want to build isn't appropriate in this neighborhood, which is mostly single-family homes."[28]

Catch and UCC consciously set the process of debate in motion, since they announced the project before plans were even drawn up in the hopes that including neighbors early on would avoid a harsher conflict later:

> Almost immediately CATCH and the UCC were faced with a dilemma. Should the two organizations announce their intentions to neighbors of the development right away, before details about the development were available? Or should they wait until plans were drawn so that neighbors could know what to expect but have less opportunity for input?
>
> CATCH and the UCC chose the former. Two weeks after deciding to work together the two organizations hosted a neighborhood meeting to announce their plans and invite input from neighbors.
>
> The initial reaction was a lesson in the strength and depth of the stereotypes about low income people and affordable housing. CATCH learned that we must do more than rely on our strong track record of creating attractive and affordable housing. We must earn our reputation in each neighborhood where we work.[29]

Based on the East Side Village experience, and incorporating the concerns of the neighbors, CATCH's architectural team was able to come up with a satisfactory design:

> Neighborhood feedback did inform decisions about the design of the Family Village. When presented. the architectural sketches were, for the most part,, met with the approval of the community at large and most neighborhood residents. The Planning Board was unanimous it its final approval of the plans.[30]

The plan was selected to for a $120,000 direct grant through the Federal Home Loan Bank's Affordable Housing Program, with the UCC donating the land and sponsoring a statewide fundraising drive, and HUD approving a demonstration use of Section 8 funds (usually used to subsidize rents) to be used to support mortgages payments for the condominiums.

(3) non-confrontational approach

It was clear right from the start that CATCH would have had nothing to gain by taking a strident stance or by clearly promoting the more collectivist aspects of the CLT model in a conservative social and political environment. Rather it has tried to build a constituency by toning down its rhetoric and letting the practical advantages of the CLT speak for themselves. It has found that community members that may never have been able to accept the CLT based just on theory are willing to accept it based on its advantages in practice, as was discussed above. Each aspect of the CLT model, Hamilton found, had its complementary side that appealed to the mindset of local control and fiscal conservatism. Limited equity, for example, was presented not as an ideological tenet but as a practical way to "capture" public outlays:

"Limited appreciation is unusual - but that directly relates to cost effectiveness. There's a direct causal relationship: the more profit you have the less cost effective you are because you're not having affordability for future generations. So they grasp that first, then there's the thought that you don't get a profit. We didn't tell them that 'we don't think you should make a profit.' We sold them on the basis that this is a cost effective approach to affordable housing, oh yes, by the way you don't get a profit."

Presenting a innovative model in a favorable light also led to acceptance of the limited equity co-operatives built on the land trust land. Organizing individuals into a collective organization to obtain housing can also be fitted to conservative values if presented rightly:

"I don't focus on the communalness, although now focusing on a sense of community is now a positive thing. But even in the Reagan years with the emphasis on individualism, what I focused on is that these are people who are willing to be held accountable and take steps to become involved in the solution of their housing needs ... 'oh, yeah, what it looks like, it's a co-op...' These are people who

instead of taking a handout .... are helping to craft the housing solutions themselves and doing whatever it is to be held accountable."

While not minimizing the need for loud rhetoric and confrontational activism (CATCH, like other CLTs has been the beneficiary of the work of CRA activists, for instance), Hamilton has positioned CATCH to be a needed, pragmatic part of the local economy rather than an organization that shakes things up:

"My own style is not toward rhetoric. I try to appeal to people in their own language, so if they're business people I'll talk to them in a business language, and I don't see that as counter to my political beliefs. My theory of organizational development is that there are Tree Shaker types of organizations and Jam Maker types of organizations. Tree Shakers are activists, raising people's consciousness: 'There's a homeless problem, an affordable housing problem,' they picket the bank and they shake the tree - and because of that shaking the fruit falls to the ground. And then a Jam Maker comes and says, 'Alright I'm going to take those pieces of fruit and I'm going to make something productive with it, I'm going to make jam, something really valuable. Every CLT has to define whether they will do both or one or the other. Our Board defines CATCH as a jam maker. That's not right or wrong, that's just who we've become. I think it works for this community. I think it's difficult to be both a tree shaker and a jam maker, because ... say, I'll go to the bank with a real estate deal where I need a $1.2 million construction loan on real estate while they're already taking a hit on a lot of real estate - and I ask them to open their door and really understand what I'm asking for. If, two weeks ago, I had been picketing outside their bank, raising all this fuss about the CRA, they wouldn't open the door!"

By maintaining an apolitical stance, CATCH has been able to draw on support from individuals from all parts of the political spectrum:

"One of the strengths of the CLT is that we generate a lot of local support and we tap into that constantly. Because of the numbers we're swimming upstream, so the way we transcend these obstacles is to broaden our partnerships. We can't get access to capital, so we form a bank pool. We have Republican and Democrat supporters to lobby on our behalf, depending on what is needed, so we work both sides of the aisle at the city level and at the state level. Each time there's an issue it's an opportunity to broaden you partnership."

This pragmatic approach obviously had advantages in gaining operating space in local communities, but the need to balance Tree Shaking and Jam Making is a dilemma that in the long run must be clearly faced by community land trusts (as discussed in the following chapter). What seems clear is that CATCH, by involving a wide range of residents in its successful projects, is in a sense resocializing the community to find community ownership, cooperative relations, and public planning "natural" rather than threatening, and useful complements to the private market. It is a living example rather than an abstract agrument. Inclusion has achieved results for CATCH that would not have been possible if people were driven away by criticism:

> "We try to create a culture within the organization that really dignifies and honors everyone. We don't make a banker feel bad because they're a capitalist, and we don't make a resident feel bad because they're low income. That's the kind of environment where diversity thrives."

Local acceptance was symbolically demonstrated when CATCH's first five years of operation were capped with an award from the Corporate Fund (a collaborative program of corporate givers and the NH Charitable Foundation) for excellence in management. CATCH is likely to attract continued support from both public and private sources for its operating funds, as well as construction and mortgage funds from NHHFA and the bank consortium. The city of Concord recently awarded CATCH $665,000 in CDBG funds, partly used for the Endicott Hotel project and partly to hire a full-time Director of Housing Development as a step toward meeting its goal of creating twenty-five units of affordable housing per year. Other challenges for the future include diversifying its funding and increasing resident involvement and empowerment.

Part of the approach to funding diversity is more direct fundraising. For example, CATCH has a several "Comedy Night" fundraisers, the most recent of which netted over eleven thousand dollars. Another approach will be to charge public agencies for its role in meeting public responsibilities for affordable housing:

"We're also trying to market ourselves to public agencies, to see ourselves getting paid for services we provide. That is like a business, we're providing a service for cheaper than you could do it yourself. Just because we're a nonprofit doesn't mean we don't need to get paid! That's part of the way to become sustainable. Our goal is to get 50% of budget internally generated, from fees we've earned, and 50% from external funding sources. I never expect 100%, otherwise the private sector would be doing this. Anyway, it keeps us accountable to the community when we have to fundraise."

Resident involvement has been more difficult to achieve than housing production. Part of the problem is cultural gaps between middle class and lower income members of the land trust:

"Our mission is both housing production and resident empowerment. The latter is more difficult. We haven't gone far enough. One third of the Board is made up of residents. In the early years, in order to be established and become credible, you have to have a lot of white collar people and the complexity of issues that you're dealing with you need high level technical skills, and they're not used to working with the residents. They actually find it easier to work with working people, but the working people are intimidated into just clamming up. So if you just say you're committed to resident empowerment, and then do nothing more than just invite them to a meeting, nothing's going to happen. There needs to be a proactive and consistent way to live that out, and there needs to be training for residents, and [middle class] volunteers, and there needs to be a sensitizing of volunteers to the issue."

The community land trust itself is an organization that requires a lot of effort and participation, but most of the residents are also trying to create and maintain limited-equity cooperatives, another complex and demanding organizational form:

We're [also] using the limited equity co-op as a model, and that itself is labor intensive- they've got there own meetings ... and here's someone [the typical resident] without a lot of time."

The experience of the Concord Area Trust for Community Housing illustrates several factors that have allowed CLTs to gain a foothold even in conservative areas. CATCH is somewhat less than one third the size of the BCLT in terms of housing units, but like BCLT it has achieved notable success in gaining local acceptance and support for creating a stock of permanently affordable housing. Like BCLT, it has accomplished this with a mixture of limited equity cooperatives and special needs housing in collaboration with social service agencies. But it has done so in a cultural and political environment very different from that which has nourished BCLT.

CATCH's experience demonstrates that the similar socioeconomic forces operating locally during the 1980s led to similar outcomes in very different types of political cultures. Various interested parties - hard-pressed local officials, private citizens concerned about their neighbors, and financial institutions worried about their future investment climate- facing situations where market solutions were not at hand and government cutbacks restricted freedom of movement for public initiatives, were willing to try an innovative approach in property relations that seemed to have the potential for solving their housing problems.

Structural factors by themselves would not have made the CLT an acceptable solution. The cultural climate had to be taken into account and the model presented in such a way as to get a fair hearing. And it had to have, within its philosophy, elements that would gain it a fair hearing. CATCH's experience indicates that one strength of the CLT model is that it draws on a number of different strains of American cultural values, some of which are likely to fit

the values of any given community. With the proper interpretation, a CLT can be presented either as part of a socialist program of transformation, or as an "apple pie" American, locally-based, community institution.

## The Holyoke Community Land Trust

Holyoke, Massachusetts is a formerly thriving manufacturing community on the Connecticut River that has suffered greatly from deindustrialization. The city lost thirty-four manufacturing operations between 1950 and 1964, resulting in a net loss of fourteen firms and 3128 jobs. [31] As population declined and jobs disappeared the city was largely abandoned by the middle class. Much of the housing in the working class neighborhood of South Holyoke, consisting of tenements and row houses built when the city was undergoing industrialization, became vacant. Ethnic change occurred as Hispanic immigrants moved into the community in the late 1960s. As in so many other cases, the flight of the middle class and the presence of of low income minorities resulted in a cutback of services by the city, exacerbating the economic decline of the neighborhood.

The policies that the city followed in order to revitalize the area led to community conflict. The city's plans for reindustrializing have consistently treated both the low income population and the housing they depend on as obstacles to the city's future. A 1968 master plan called for "phasing out" of the neighborhood's housing stock as well as its public school and library (Bratt and Harden 1989) to make room for enlarged industrial sites. The plan stirred neighborhood organizations to activism as it encouraged absentee landlords to allow their properties to deteriorate in the expectation that they would soon be sold off at higher value for industrial use. Community groups charged that the city was

selectively enforcing the building codes, leading to increasingly unsafe conditions. Banks redlined South Holyoke as uncertainty seemed to cloud the neighborhood's future.

Events came to a head in the late 1970s and early '80s with an arson epidemic: "Between 1976 and August 1981, thirty-one people died in Holyoke fires attributed to arson. The rash of arson peaked on August 24, 1981, when seven people died in a blaze" (Bratt and Harden 1989, p.221). Between demolition and arson, South Holyoke lost more than half its existing housing units by 1984. The city's response was in line with its analysis of low-income people and housing as obstacles to development:

> Until the arson problem became a source of bad publicity late in 1981, the city exhibited an attitude of tolerance toward the problem, as if the fires were inevitable. The city appeared willing to let South Holyoke burn. For tenants displaced by fire, relocation assistance was difficult to obtain, and attempts to provide emergency shelter were resisted by the city. The burning of South Holyoke served city goals, displacing minority residents and giving the city title to land. It allowed landlords to walk away from slum properties, pocketing the insurance payments. (1989, p.222)

In the midst of the arson epidemic the city cut back on fire department funding and manpower, refused to support arson education programs, and dragged its feet in forming an arson squad to investigate the blazes. Members of the community began to fight back following the fires of summer 1981, with a series of protest marches, legal action charging the city with discrimination, and the formation of a community development corporation, Nueva Esperanza (New Hope). As a result of these struggles, over time the CDC and the city have grown into a working relationship that has made for effective, if uneasy, combined efforts to redevlop the neighborhood in a more equitable and participatory manner.

Nueva Esperanza has been able to become a strong force for the development of the neighborhood by gaining the support of the community by standing up to city hall, using ties to state development agencies to push the city in the direction of cummunity participation in development decisions, and building citywide legitimacy through the visible success of its projects (such as over 100 units of affordable housing created to date). With its position as a neighborhood developer solidified and with a track record as a developer of affordable rental housing, Nueva Esperanza began to look at the possibility of creating opportunities for homeownership in order to stabilize the neighborhood's working population.

The community land trust grew out of Nueva Esperanza's efforts to revitalize the South Holyoke neighborhood where it operated. As the HCLT's current director, Eric Gross, recalls:

"The land trust got started in 1990 by a group of people that worked at Nueva, a big advisory group. Some people that still work there were the original trustees. They though it was a good idea, and approached ICE. It was started as a separate corporation, separate 501-3(c). But the by-laws were set up in such a way that the Board of Nueva appoints a majority of the board of the CLT and there's a provision in the by-laws that as the CLT beins to obtain its own capacity it could start to break away and become its own self-sustaining agency." [33]

HCLT and Nueva Espenarza remained closely tied together as community organizations:

"Nobody is really pushing for independence because our base lies with Nueva, they're the original CDC in South Holyoke. They started when this whole area was scheduled for demolition to become an industrial park."

Nueva Esperanza is a much bigger multifaceted agency working on drug and crime issues as well as their own low income housing. They've developed whole city blocks into new apartment buildings. The division of labor is such that NE concentrates on rental housing while HCLT is geared toward homeownership (thus serving a somewhat higher income population). As of yet there has been no plans to turn the land under the CDC's rental apartments over to the CLT. Nueva Esperanza's housing gets built using low income tax credits and turning over the land to the CLT would involve complications in an already complicated syndication package. The guidelines for the tax credits direct the housing toward Section 8 clients that would not have sufficient income for homeownership.

"The by-laws of the land trust say we're not allowed to rent houses, not to be landlords, that's not what the land trust is trying to do. We're trying to just own the land and get people to own the houses, not just to be housing developers. We do homeownership; we do rents or leases with options to facilitate it, but we're not here to collect rent but to make them owners and taxpayers."

After a year of organizational development, the Holyoke CLT began to buy property. When their first rehabilitation effort was successfully completed the land trust gained legitimacy as a branch program of the CDC and attracted Community Development Block Grant money from the city as well as a $50,000 Neighborhood Development Program matching grant from HUD. By the end of 1993 HCLT had completed five houses and started another four, all of which were sold by 1994. At this point the HCLT was able to attract $170,000 in CDBG money on its own and began to establish a measure of financial independence from Nueva Esperanza.

The Holyoke CLT is faced with a different situation than either of the land trusts discussed in the previous case studies. Rather than attempting to tame an out-of-control housing market, HCLT has opened up homeownership opportunities in the South Holyoke neighborhood by creating a market. It has done this by acting as something of a social broker between three constituencies: the city, which, having been forced to recognize a community voice in the redevelopment of the area, seeks a vehicle for utilizing CDBG grants from the federal government in a way that is acceptable to the community; a local bank, which was willing to sell mortgages in the neighborhood but needed a secure vehicle; and working class would-be homebuyers, predominantly Hispanic, who had incomes that were steady but too low to accumulate down payments and who faced a cultural gap in dealing with the bank. The land trust, as a nonprofit with a particular approach to housing - separating the land from the housing- has been able to bring these constituents together in a market.

The positive side of operating in a depressed market is that the Holyoke CLT has access to relatively cheap housing stock in the depressed neighborhood. Thus they are able to rehabilitate and sell houses for relatively low prices:

"The houses that we do, we sell them for about $55,000. They cost more than that earlier ... but we're getting more efficient and we're buying them better, buying them at $20,000."

The use of the subsidy in conjunction with a conventional mortgage makes the HCLT an intermediary in a public private partnership with the city and the bank:

"What we did is we took the $128,00 we got from CDBG in one lump and deposited in the bank, then the bank gives us a $256,000 line of credit - doubles it - and we use that and when we get to the end of

the process, the four houses we're now finishing, we'll sell the houses but we'll be short because they cost more to produce than what we actually sell them for. So on the last loan they'll just take it out of out account of CDBG money."

The bank is a local bank and sees its future in encouraging the local market in Holyoke, both as a source of future mortgages and to protect their other investments that would be adversely affected by further urban decline. They also need to meet obligations under the Community Reinvestment Act and the HCLT assists in that by taking the burden of organizing the market off the bank's shoulders and kicking in the subsidy to bring prospective homebuyers to an affordability level to take on the mortgage.

"We structured it so we get the houses appraised when they're finished for $55,000. We do all the marketing, buyer selection, get a credit report. The bank will lend 80% of the appraised value mortgage. So we sell the houses at 55 on paper, the bank lends 44,000 and we come back and make a gift of equity (which the bank lets us do) of the $11,000 down payment, so there's no down payment involved. They're very straight conventional mortgages - they're good mortgages, no points, fixed rates, and lower interest. The bank actually has been kicking in $450 toward each closing cost. They're now funding construction as well as the mortgage."

As a community-based institution, HCLT is able to mediate between homebuyers and the bank by pre-qualifying and preparing the prospective homeowners:

"It's a form they're comfortable with: they're getting 80% mortgages on appraised value with buyers who we pre-qualify. We lose a lot of people because they don't have enough income or bad credit, some of whom we can work with by getting letters of explanation, explaining mistakes. We walk people through the process with a buyer's checklist that we give them and a lot of handholding. We make it less scary for both the bank and the buyer. And we stand behind the loan as well."

The CLT also has the land to put up as collateral. But since it also maintains a buyback option on the houses, in the event of default it has the opportunity to find another buyer, thus ensuring continuity:

"But what we do is pledge [the land] (which we had to do anyway in order to get a mortgage) - ultimately we could lose our land if the bank forecloses, but we have the right to go back in if the original buyer defaults and take over payments and look for another buyer."

The CLT thus offers a relatively safe market for the bank, giving it an opportunity to meet its CRA obligations while helping to create a future market for itself through redevelopment of the neighborhood. On the other side of the relationship, the HCLT uses the CDBG subsidy creatively to offer the buyers an affordable mortgage. Instead of simply using the subsidy to mark down the price of the houses, with the buyers assuming the responsibility for the down payment as well as the mortgage, HCLT sells the houses at the true appraised value but assists the homebuyers by using the subsidy to buy out a part of the equity that represents the value of the land.

"[HCLT] used to just sell them for less money. What I did is raise the price and then give it back to the buyers as equity but had the bank credit the gift back. So instead of selling this $55,000 house for $48,000 and asking the buyers for $4,000 and try to get a 90% mortgage, we turned that around and raised the price back up to 55,000 which is the appraised value."

The clear financial separation of the land from the house in the total package gives the CLT an effective ethical basis for restricting the resale value:

"What we're really doing is trading the down payment for the right to keep it affordable. There's a marketing perception of the land trusts which had a lot to do with the '80's in terms of explaining values. There was a sense that we're holding on to the land and the buyer of the house is giving up their land. When its structured and presented this was, we're in effect partners with the buyers: we're putting up the land as the down payment. They'll be

limited on the resale, because we're buying that going in."

The resale restriction is, in effect, the payback for the government and community assistance offered the homebuyer in the beginning. The resale rate is pegged to the labor rate so that future buyers in the same relative labor market position will be able to afford the house:

"So all we're asking is that we don't have to do it twice, that their return is limited based on the resale formula, which is based on the labor rate in Springfield - so it its affordable now for someone making 80% of the median wage, the housing price will track up with the median wage in the Springfield metropolitan area, and not house prices. So that the guy making $8 an hour can afford the house now. If labor rates go up to $12, the house will go from 55 to 75,000 dollars. So the same income will support the same level of housing all the way up. I think there was a lot of discussion at the beginning of what the formula should be. The people in Holyoke came up with the labor rate. If it tracks with the labor rate it has to stay affordable. Home prices and labor can rates vary considerably. So if the whole general trend of labor rates goes up people don't become disqualified for land trust housing."

The HCLT is thus directed at the working class rather than the poor or the middle class, people who are usually caught in the middle: too well off for subsidized housing but too poor to qualify for a standard mortgage. Government guidelines bind the HCLT to serving this group:

"That's our target market. We're committed by the city money to go with 80% of median income, which in our area is about $31,000. They work in factories, they both work. Holyoke's a working class city, the whole middle class is gone. So the people who are going to repopulate it are Hispanic working families."

The available subsidies, the income of the homebuyers (enough to carry mortgage payments), and the price of raw housing stock in the neighborhood all come together to allow for homeownership opportunites with the help of the tradeoff of restricted equity for the down payment:

"The housing prices are cheap enough so that it's a good time for this, there's a surplus of housing. ...The $55,000 house price is very affordable for the median income, about $450 per month."

The Holyoke CLT is much smaller than either BCLT or CATCH (less than a dozen houses) and it is only beginning to implement its long-range goals. But it is an interesting demonstration of the range of applicability of the CLT model. HCLT is one of a number of CLTs that have been set up in areas which do not fit the "gentrification" situation that led to the quickening rate of formation of CLTs in the 1980s. While CLTs such as the Burlington CLT and CATCH were conceived as antidotes to gentrification, Holyoke CLT is operating in a very different environment, one of deflated house values. CLTs such as BCLT and CATCH may be said to represent an "anti-displacement" use of the CLT model, wherein a portion of the housing stock in a inflated market is set aside and preserved as affordable housing for low income people. Holyoke CLT, on the other hand, represents a "resettlement" use of the model. In a depressed market, the "resettlement" CLT takes on the task of creating a viable housing market and seeks to keep upwardly mobile working-class people in the community.

The advantage of such a situation is obvious: there is a lot of inexpensive housing stock available, unlike the "ant-displacement" situation where CLTs must put together complex packages of subsidies to buy very expensive houses and market them at affordable rates (often requiring the use of the cooperative or condominium form in order to be affordable). The disadvantage of the "resettlement" model would seem to be the flip side of the advantage: in an area with low prices, why would anyone give up their full equity and the privileges of "fee simple" ownership and buy a limited-equity house on CLT land?

According to Eric Gross, this has not been too much of a problem. Since homebuyers are unlikely to gain much speculative advantage in a depressed market, they are not giving up so much:

"It sort of works in a declining market ... The land trust is an easier sell in Holyoke and it's an easier sell in the 90's because nobody has made money on a house, and that gives you a way to say buying a house shouldn't be speculation on the residential real estate market."

Without the lure of speculative gain, the "resettlement" CLT can play on other emotions, such as neighborhood loyalty or a pioneer spirit, to lure homeowners:

"You come up with another motivation to get them back into the city, other than 'you can get a house for $10,000 and sell it for a huge profit.' ... When you take out that money motivation it creates problems but it also creates its own capacity."

The CLT thus seeks to re-valorize the land and housing in an area at the same time as it decommodifies it. Unlike the situation of gentrification, it must raise property values in the short term, to a point where people will want to buy houses in the neighborhood, at the same time as it seeks to limit the long-term rise.

"Holyoke is so far in the opposite direction [from gentrification] that it's all theoretical. We don't want our people to buy these house for 50 to turn around and sell them for 30. Some people don't need our help and we don't want to actually compete with homebuyers who just want to buy houses. If we can do two houses on a block and people can see that there's a real sense of the city coming back and the other people come back in and buy the other six houses on the block, you have a wonderful block of new houses."

The land trust, far from simply removing property from the private market, finds itself caught up as a market player in its attempt to socially construct a renewed housing market:

"We're always playing both ends. We sort of have to beat down the market when we buy them and help the market when we sell them, all within the same time frame. When we buy houses we have to convince someone that Holyoke's on its way down, and then two months later

convince someone that it's coming back, to make a sale."

Ironically, if the HCLT's efforts are successful, it may find itself facing a tougher market for its own purchases, as the neighborhood improves and property values rise: "We're hoping that this is a window in time where we can acquire a lot of houses." By keeping purchase and rehabilitation costs low and with continued subsidization by the city, the Holyoke CLT hopes to actually make some money on future house sales to sustain itself as an organization. Future plans include reaching down to an even lower income constituency by developing limited-equity condominiums in some of Holyoke's many abandoned large apartment buildings. The land trust will continue to focus on low income neighborhoods because its subsidy is limited and there is not a philosophical mandate to compete with private homeownership. It sees itself as rebuilding a neighborhood rather than changing property relations.

# Chapter Five:

## CLTs and the Dilemmas of Social Reform

In the quarter century in which the CLT has been a part of American life it has moved from being a utopian experiment to becoming a recognized (though still rarely used) tool for the delivery of affordable housing. In certain areas at least (Burlington being the clearest case) CLTs have carved out an important role in the housing system. But this level of modest success has brought with it certain dilemmas for CLTs. They often achieve success in one of their goals at the risk of failure in another, thus presenting the CLT with choices that seem in some way to be opposed and yet must somehow be balanced or synthesized if the CLT is to accomplish its goals. They are therefore dilemmas rather than clear choices. This chapter will discuss four related (indeed, overlapping) dilemmas that CLTs face:

Dilemma 1: Housing versus land reform. CLTs have come to be recognized as housing organizations but this can distract from their original goal of land reform. Yet housing is one of the important aspects of land reform, and the successes that CLTs can achieve in this area have opened up opportunities that may not have been available to a land reform organization.

Dilemma 2: "The tenure ladder" vs. the critique of private property. Within the particular area of housing, CLTs have played an important role in filling the gap between renting and homeowning for many people. They have gained legitimacy by positioning themselves as a "rung" or stepping stone (to mix metaphors) on the way to "full" homeownership, and thus part of the American way of life. But the original CLT idea was to a great extent a critique of "full" or "real" homeownership.

Dilemma 3: "Bricks and mortar" vs rebuilding community: CLTs are by definition community organizations. But they depend to a great extent on public and private funding sources outside the community both for their projects and day-to-day operation. Local communities may or may not have exactly the same goals and expectations as outside funders. CLTs must somehow balance the needs of both constituencies.

Dilemma 4: "Tree shaking" vs. "jam making".. The CLT originated as a critique of capitalist social relations. But existing CLTs have had to operate within a capitalist system. To accomplish practical results they must work harmoniously with both the market and the state. But community activism that directly challenges both market and state institutions is usually necessary to get both market and state agencies to move beyond "business as usual" to work with social innovations such as the CLT.

It is clear that these are only conceptual separations of one basic dilemma: to what extent is the CLT a social change agent and to what extent is it a practical economic development agent. Or rather, how can it find the balance that will allow it to move forward in

achieving both goals. If the CLT is unable to establish a "track record" as a pratical tool for local development, it is in danger of disappearing as just another utopian dream. But if it loses sight of its utopian goals, it is in danger of being incorporated into the larger market-state system of goods delivery with its goals subsumed within the goals of that system. The rest of this chapter will examine these issues in more detail, drawing on the experience and insight of several community activists.

## Housing Provision or Land Reform?

The first dilemma CLTs face is in a sense the result of their relative success in establishing themselves in the quarter century since the founding of New Communities, Inc. Community land trusts have been able to occupy a niche in the complex system of affordable housing delivery, with much of their appeal having to do with two aspects of the model: one, their orientation toward homeownership, which is always a popular issue in American culture, and two, their ability to "capture" public subsidies, which is an advantage in a climate of fiscal conservatism. As ICE director Greg Ramm explains,

> "One of the reasons I think community land trusts (this socialist idea!) have caught on has been because throughout the '80s when the government was cutting back it was a non-governmental solution and it had an appeal to fiscal conservatism (the permanent affordability). You can do more with the buck."[1]

An affordable housing model that extends the opportunity for homeownership while making efficient use of the taxpayers' money has a

certain amount of appeal, even if it involves strange notions of community ownership of land and restrictions on the ability to profit from the resale of the property.

But as CLTs position themselves as housing developers they can lose sight of the main goal of the CLT model, which is to be a vehicle for land reform and democratic land planning. Since government authorities generally share the housing goal but not the land reform goal, becoming involved with government money can limit the range of operation. One critic of this tendancy is Susan Witt, the director of the Community Land Trust in the Southern Berkshires. Witt is married to Robert Swann and and they currently live on this CLT, which Swann founded after leaving the Institute for Community Economics. The CLT in the Southern Berkshires (hereafter referred to as CLTSB) has tried to hold fast to the original ideas passed down from Henry George and Ralph Borsodi, and has avoided government funding in favor of a slower approach that stresses reliance on local support, converting local people to the CLT philosophy, and being a general advocate for grassroots land use planning and local land-based economic development, as well as affordable housing.

Witt feels that the misdirection of CLT efforts starts with the very structural form which the organizations often take. By setting up as 501-3(c) corporations the land trusts structure themselves to be part of a social service delivery system rather than to be political actors seeking structural change:

"If you set up the CLT as a tax-exempt corporation its not broad-based. Its just saying, poor pople have to not speculate on land but its okay for wealthy people. Because of the structure as a charity organization you haven't set up an organization that suggests that wealthy people's land should be in trust as well. So we

purposely did not organize as a 501-3(c) corporationn, but as a simple not-for-profit, so that we could truly be land use managers and not specifically housing developers."[2]

This does not mean that a CLT cannot address housing needs: housing can and should be a social product created on CLT land. But the CLT must clearly present itself as concerned with land control and management foremost, with housing just one of a number of uses in an integrated land use plan.

Rather than becoming housing providers themselves, community land trusts can form alliances with affordable housing providers. A tax exempt partner organization can be set up to work for low income housing (CLTSB works with such an organization, the Fund for Affordable Housing). This organization assumes the risks of housing development so that the land is never put at risk. Witt explains how this partnership worked on one project:

"A donor concerned about the high cost of land donated land to the Fund. The Fund turned it over to the CLT to manage. The Fund is set up to get the job done and leave, the CLT to manage resale restrictions, collect lease fees, insurance, pay taxes, make sure it doesn't become rental property. Whereas when you deal with the land itself, your prime concern is with developing an approapriate land use plan for that land."

Another seemingly small point, beside the question of organizational structure, is the importance of the land use fee, the fee paid by the homeowner to the CLT for the lease on the land. Witt emphasizes that this fee should reflect the basic principles of the model:

"The other critical thing we did also shows the difference with other land trusts: the land use fee is not relative to the mortgage on the land. If we're given a piece of land we still charge a fee for land use. The fee isn't collected primarily to pay off the mortgage and then it ends. The land use fee is collected because it represents the fair market value of that type of use year round. And that can go

up in time. Here we started at $50 per month and its gone up top $75 per month per site. And what do we do with the fee? It goes into a pool to purchase more land ..... So it's not a charity, people pay a fair value."

The full fee represents the rights of the community as the legitimate landholder and also reflects the social change nature of the CLT, specifically its long-range goal of bringing more and more land under community control:

"It should not just be the families living on this land that should benefit. They pay all the up-front costs then they pay the fair market rent for the land ... That's very critical. When they pay that lease fee they understand the why and wherefore: it's not going to administration (there's a separate fee for that) it's going just into a pool to purchase more land. We don't offer necessarily the best deal, we don't subsidize land costs. People can get on the land without a huge down payment because of the land use fee, but over time they're paying perhaps not as much as market rates but market rates for year round residents. That makes it tougher: we're not such an easy sell. You have to be committted to the concept. ... Some CLTs don't collect 'ground rent,' it's rather a marginal fee they collect for the lease of the land and that often goes down when that piece of land has been paid for. So the concept of land for the community, rather than land for the specific group of individuals, is lost. ...Our ground rent fee is kept up, even after the mortgage is paid. We can for charity purposes forgive it or subsidize it, if necessary."

These matters of organizational structure illustrate the need for getting the right fit between what Witt calls "storytelling" and "accounting." Witt sees these two as being the fundamental skills of community organization: "Storytelling" refers to the presentation of a group's underlying ideology, philosophy, or ethics in a manner that speaks to everyday human concerns. "Accounting" in her sense refers to both the practical function that is usually meant by this term, but also to a broader issue of organizational structure: does the way the organization is set up accurately reflect its "story":

"Storytelling, as a vehicle for explaining these new concepts. To get them out into the community, one of the best ways is not to tell the concepts but the human stories, what it would mean to people

in their human condition. But we also have to understand accounting, so that the accounting doesn't redirect the administration."

In CLTSB's accounting, the land it owns is not capitalized (that is, it is not carried on the books as having a market value), because by being put into trust the land has become decapitalized, decommodified, and devalorized in regard to "exchange" value:

"So with the land, we never capitalized the land as a value in our report, we keep it in the inventory decapitalized. We bought this land at $2,500 an acre which was market rate in 1980. It's now evaluated at $30,000 an acre. But we don't put it in our CLT books at $30,000, it's kept in at the $2,500 paid off, since the lease agreements devalued it.:

This may seem like an arcane detail, but in Witt's view wrong accounting tells the wrong story: that the CLT is a low-income housing provider rather than a land reform organization, that it is for the poor rather than for everyone, and that the lease fee represents the price of a particular plot rather than the "rent" due to society for the use of a common resource.

One of the most important functions of the CLT, in Witt's view, is to establish the CLT as the best model for combining development with careful land planning. Control of a piece of land gives an existing CLT the opportunity to demonstrate how this can be accomplished, thus gaining legitimacy for the model in the eyes of various interested parties in the community: town officials responsible for growth management, citizens concerned about both housing and conservation, and banks eager to finance development but often restrained by zoning considerations:

"Our second project, eighteen units clustered over twenty-one acres, is an example of one of the best land use planning that the town has seen for a planned residential development (PRD). Then, because we worked with a local bank that understood local building

they recognize that a PRD approval on that land meant that the land was very valuable because if they got in they could come in and do condominiums for second home communities."

The land trust also has the ability to improve on the often rigid bureaucratic aspects of local zoning, because its collective ownership makes it one plot rather than several individual plots:

"What we can do here since the CLT owns the land is to create house sites that are better reflective of good land use - it's a zoning in addition to local zoning. The local zoning has to be by the book, it can't look at each individual plot and suggest the best use. So that's why a land use planner is so critical to the CLT movement. The land use plan is for us almost the most important part of the lease, because it relects how you're going to use the land. It's attached to the legal documents and registered with the county registry of deeds, it's that much of a bible. What you establish is minimum and maximum use of each piece: what can the land hold? How do you balance the ecological concerns with the human concerns in a truly sustainable development."

In the CLT's planned development, land use planners met with potential residents to discuss the possible uses of the land. At first they designed two clustered neighborhoods in response to prospective residents' two key objectives: privacy and safety for their children. But bringing in two septic lines and two water lines would increase the cost, so the residents said they'd like the houses moved together. The land use planners chose a part of the land that had already been hurt by improper cutting and logging to use for building and by doing this were able to set aside more conservation land than the town conservation commission would have required.

This planning process overcame the usual polarization of housing developers and conservation activists:

"We're neither left nor right. With business we try to balance costs of regulation with the need to build for poor people. How can we create regulations that don't push taxes or costs of development too high, that are rational yet keep in consideration the characteristics of the land, not to abuse it."

Through the community land trust efforts these two interests were brought into cooperation and partnership. The land trusts can be an advocate for both, which are usually opposed. To minimize costs there is an imperative to build as much as possible, but good land use planning can cluster the buildings in such a way as to achieve an efficient level of production while still setting aside open space.

Interpreting the CLT mandate in a broad way, CLTSB has also use the leasehold concept in a flexible manner to gain the balance of public and private interest even when the land is not actually held in the land trust. Their expertise in using the leasehold legal concept has been useful in accomplishing conservation agreements, thus gaining legitimacy in the eyes of another influential constituency, citizens concerned with preserving open space. Their office building is on the banks of the Housetonic River. One of the Board members noticed that the riverbank was strewn with junk and rubble from a fire in a building next door. "We couldn't be a land trust and have a mess like that!" The Board of Directors cleaned up the river bank and built a public path to the river. People began to call for advice on cleaning up other sections of the river, and this led to a local movement to clean up the riverbank between two bridges in the town.

The CLT concept of the balance of community and individual interest suggested lease agreements to safeguard the longterm community interest in the newly revitalized river bank:

"This, I realized, meant an improvement in people's equity, but without any money [invested]. I said, you can't do this without some security! Let's have the river walk sign something like our lease agreements. ... It took a long time to negotiate those leases with different types of landlords. The Catholic Church was the toughest! Everyone else gave a 99 year lease but they were only willing to give a 5 year lease, which we all assume to be renewable."

The lease agreements were adapted so that the local land conservancy with which the land trust works closely now owned a lease on all the landowners for the trail, while the CLT provides access to the trail. A permanent trail has been installed with state money and a major cleanup the length of the trail is underway. The leases protect the long term use by the public of the privately owned land - an innovative application of the lease agreement.

As the CLT gains recognition through such projects it can acquire a role as a local land use coordinator even when it does not own the land. In another situation, CLTSB was able to broker an agreement between someone who needed access to land and a landowner that had more land than she could practically use. The CLT was able to negotiate an agreement that could be a model for using the leasehold concept for local economic development:

"Three quarters of our neighbors are here only seven weekends a year. And that ties up a tremendous amount of productive land that is not available for agriculture, forestry, grazing. So we were approached by an organic nurseryman who said 'I'd like to lease some land, but I need to have ownership of the perenniial stock and I understand that the Community Land Trust can do that.' The land trust land was too far from town and too steep to use, so we negotiated with a private landowner to lease five acres of land not being used, in town. We just essentially applied the lease agreement tailored to her particular concerns and wrote those details into the lease, same for his concerns - 15 years to be renewed to 99 years. As it turned out he moved and didn't renew, but during the period of the lease it worked fine and at the end of the lease he took out the perennial stock. So it ended as a good example of what can be addressed."

The key point, according to Witt, is for the CLT to see itself as a land planning organization and not a housing or other specific kind of development organization. Rather, by holding fast to the original concept of separating land ownership from improvements and the payment of a fair rent to society for land use, the CLT can in a sense be the

broker for land-based economic development:

"It's important to be flexible with the concept, understand what your ultimate objective is, and create not what the IRS tags are about, but work with a combination of orgaizations to achieve your objective rather than just getting tax exempt staus..... You need a neighborhood plan that can deal with all types of uses, businesses, etc. That's how the neighborhood is going to get control of its land."

Economic development, using community land as a base, was another goal of the original CLT model which CLT immersion in housing provision has distracted from, according to Witt:

"When Bob [Swann] started the CLT idea it included community economic development. The whole idea originally was to work with the CDCs. The land trust would hold the land and the CDCs would take on building businesses on the land, so it was never seen that the CLT would be the engine for that development. It would hold the land and collect the ground rent...It took another form in large part because of the IRS code."

Witt's criticism of the housing provision approach is clearly friendly criticism. Housing provision is an important contribution of the CLT model, but in her opinion it has been overstressed to the neglect of a broader mandate:

"...I don't want to undervalue the significant work that's gone on in terms of affordable housing and giving people a stake. I don't want to underestimate that, but I think there's been a losing sight of the economic place of land and how to create a structure that could be envisioned as a future institution for landholding... I'm not going to spend a lot of time getting comparatively few people into housing without some vision of a new economic order. This is for the long term, you have to be committed to your community for the long term, to this concept of ninety-nine year lease agreements."

Strict adherence to the principles of the CLT also dictates a clear attempt to confront the issue of land reform in a clear ideological manner: to attempt to convert people to a new ethic and new way of thinking, rather than downplaying the issue while speaking to the narrow self-interest of potential homeowners. Given the CLT

philosophy, which sees present land titles as invalid given that the land was originally acquired from the Native Americans by illegitimate means, one direct approach is to ask for donations. CLTSB does this and thereby directly confronts landowners with the ethical issue of speculation:

> "One thing that happened when we formed the CLT is that we stopped a lot of discussions. We had people complaining about the land speculation, but the fact of the CLT means people now have an option -they can not speculate on their land. It's a public statement that they're not going to speculate. The fact of it calls their bluff, it stops a lot of discussions!"

Such an approach requires patience and long-term commitment. After over fourteen years of waiting the CLT in the Southern Berkshires recently received its first gift of land.

By establishing a niche as one rung of the tenure ladder, CLTs have been able to legitimize themselves and achieve an organizational presence in many communities. Their success in making affordable housing available has allowed for the spread of the model. To this extent the concentration on affordable housing has been beneficial to the movement. But as Witt's critique suggests, the original roots of the movement can be ignored in the process and the CLT absorbed into the logic of the corporate welfare state unless an effort is made to keep the broader ideals alive and active. As the CLT becomes incorporated as part of a broad "housing" system rather than as a land reform movement, its specific concerns have tended to disappear into a less controversial quest for affordability and the efficient use of subsidies. This leads into the next dilemma, one that arises within the narrower field of housing provision itself.

## Rung on the Tenure Ladder or Critique of Private Property?

As affordable housing providers, CLTs have found a niche as one rung of the "tenure ladder" leading from public housing tenant (at the bottom) to full homeownership at the top of American society's list of options. From this point of view, the restrictions on property ownership that are part of the CLT structure are minor because they affect only those low income homeowners who couldn't afford to otherwise own but may in time "move up" to unrestricted ownership as the most desireable tenure choice. The CLT thus replaces the "missing rungs" that disappeared with the housing inflation of the 1980s, those inexpensive starter homes that allowed working class families in the 1950s to escape tenant status.

As Davis (1994) points out, the simple progression from renter to homeowner has become more complicated by the appearance of various social innovations responding to the broad crisis of affordability that has become chronic in the field of housing. A detailed analysis shows a whole series of intermediary steps such as nonprofit rental housing, mutual housing associations, limited equity cooperatives, limited equity condominiums and community land trusts, that fit between private rental status and fee-simple homeownership. The private sector itself has pioneered many of these types of innovations in an unlimited equity form (condominiums are the most common example) in order to expand the market within the middle class and the nonprofit housing sector has adapted them to extend affordability further down the income scale. Davis explains the spectrum of

interests that results from this array of housing tenures:

> The "occupant's interest" not only differentiates these models of social housing but positions each in relation to the rest along a tenurial continuum ....Toward the homeowner end of this tenure line, most of a property's bundle of rights are held by its occupants: only a few "sticks" have been removed from those traditionally possessed by the homeowner; only a few "sticks" of use and control have been conveyed to someone else. Toward the other end of the tenure line, most of these rights are held by someone other than the occupants - typically a corporate landlord. Only a few "sticks" of the property's bundle of rights are possessed individually and exclusively by those who make that property their home (1994, p.77).

Davis stresses that this should be viewed as a tenure continuum in which each model fits a particular need but is neither inferior nor superior to any other. But it is clear that insofar as the "sticks" of rights are differentially distributed (and given the reality of American society in which homeownership clearly privileges its beneficiaries in comparison to renters), those at one end of the continuum are disadvantaged comparable to those at the other end. The "tenure ladder" may indeed be the more useful metaphor. It accurately describes the practical situation that many CLTs find themselves in. As a rung on this ladder the CLT becomes merely a way station on the path to "real" homeownership, with its maximum allocation of "sticks" to the individual and the fewest to others.

The tenure ladder image closely fits the situation CLTs find themselves in today, but it clashes with the original theoretical basis of the CLT model. The CLT was not conceived as a social service program designed to aid lower income people on their way to full homeownership status with private ownership of land and no restrictions on resale. Rather it was designed as a critique of that staus. The idea was not that lower income people should give up private ownership of land and a commodity approach to housing (because

they can't afford these) but that all homeowners should be denied these because they were illegitimate. By concentrating on affordable housing delivery the CLT has become a program for the less affluent rather than a social institution that should be applicable to all. It restricts the rights of the poor rather than those of the affluent and concentrates on filling a niche rather than raising broader issues of land use. But, given the fact that only a minority of Americans has so far come to accept the critique of "full" owenership, CLTs must fit in where they can if they are to have a chance to establish themselves at all. Therein lies the dilemma, which the following example illustrates in more detail.

In New Hampshire, where CLTs have been able to establish themselves in spite of a conservative political culture by underplaying the critique of private ownership of land, they have found themselves faced with several aspects of this dilemma. As discussed in the study of CATCH in Chapter Four, the model has been able to fit in to a prevailing fiscal conservatism by stressing homeownership as its goal, and by its ability to "capture" subsidies and make the most efficient use of taxpayers money. Michael Lafontaine, the land trust coordinator for the NH Community Loan Fund, analyzes the success of the CLT in that state as due to these appealing aspects:

"My sense is that the land trust model was developed to introduce the ownership element into what had been a public sector model of serving low income families. To that extent it would be compatible with the politics of New Hampshire however radical the form. You have the two extremes of for-proft ownership and public housing. With the land trust falling in-between, groups like CATCH can say 'We're not really like public housing, we're more like the traditional.'" [3]

Unfortunately, in spite of the appeal of its promise of homeownership, in New Hampshire the model has run up against economic reality. Costs are such that without greater subsidies than are available at present the CLTs cannot offer much in the way of homeownership opportunity.

"The problem that land trusts in New Hampshire have encountered is that the economics of making that happen are extremely difficult. While in concept the model was created around ownership, in practice the CLTs in New Hampshire have had to go to multi-family rental to make things work. It's been too expensive to create single family ownership with the subsidies available."

Community land trusts in the pursuit of affordability have utilized other social inventions: limited equity versions of housing cooperatives and condominiums. These add two further niches to the affordable housing environment, but also requires an added layer of complexity beyond the CLT structure itself, as well as time and money that must be spent on training the residents to run the co-op:

"The multi-family limited equity co-op was even very difficult to achieve because of the training component, so many groups as a matter of practical economics said we can't do the model because we simply can't get it financed with the subsidies available and we don't have the staff or the resources to hire the staff so we'll do multi-family rental until times change, until our staff gets bigger, until we're more financially able at least to move in the direction of multi-family co-ops."

So of the two aspects of the CLT model that had appeal in New Hampshire - expanding the opportunity for single-family ownership and stretching the taxpayer's money through permanent affordability only the latter has been achieved to any great extent:

"So what you have are land trusts in New Hampshire, with the exception of CATCH, that are doing multi-family rental. So permanent affordability, not ownership, becomes the hallmark of the land trust in New Hampshire. The mantra of security, legacy, equity? Well, the emphasis is on security in the multi-family rental. What you get out of the land trust model is a guarantee that rents are not going to go up any faster than operating costs."

But the ability to offer low income people permanently affordable rental housing has in itself only a marginal appeal. Given the lack of interest in the CLT ideals as a whole, a strong constituency for the model cannot be built on this limited appeal:

[Permanently affordable rentals], "which to my mind is an enormous asset - you would think that at income levels where raw shelter is a desparate need that that alone would sell the model. I'm told that in marketing land trust properties that's not the biggest consideration. We have the model on one side and the market on the other.... You have to approach a number of constituencies: the public funders, the banks, to get the thing up and running, then the people who are going to occupy them. My sense is that it's been more difficult than we would have thought to market to those various segments what we think of as attributes of the model."

On the supply side, permanent affordability, in the light of political pragmatism, seems like overkill:

"The public funders, while they like aspects of the model, have not embraced it, at least in New Hampshire, as giving it an edge over for-profit developers, for example. There's been a real resistance to credit the permanent piece of permanent affordability. Their timeline runs about thirty years. They can get that out of private developers anyway: they get fifteen out of low-income tax credits and HOME [the federal program] is good for 20 or 30. And that's about as far out as they care to look. The image is 'so this means you're going to have this little apartment building in the middle of a community where they want to build a skyscraper and you're going to just sit there when time has moved on...,' and we try to explain that it's a very flexible model. But there's this image that beyond thirty years no one is going to understand what the world is going to look like anyway so we don't want to pay for that [permanent affordability]."

As for private funders, the CLTs in New Hampshire, like CLTs elsewhere, have had to contend with the lack of enthusiasm that stems from the strangeness and complexity of the model:

"The banks, except for those familiar with the community land trust (and then it's still a hard sell), have problems because its unusual, and anything that's not familiar is hard for the banks to absorb!"

As for the demand side: the low-income population that the CLT is designed to help, in the absence of an ideological allegiance to the model, often treats it as a simple market decision whether or not to rent from a CLT.

"On the resident side, the people are still looking for low rents. If the rents are low this year they'll take your place. But if somebody else is lower, they'll take the other place. And saying to them 'but next year its not going to go up more than it has to' does not seem to be the draw that I thought it would be. The permanent affordability is more conceptual than real to folks for whom a difference of ten dollars per month is a real difference. There are people who see [permanent affordability] as a plus, but I'm told by the people that market these units that it's not the first question that comes up or even the third. Rather, 'how low are the rents? how nice is the property?'"

Prospective homebuyers are also hard to attract, given the lack of subsidies to make the CLT a clearly preferable alternative to private ownership, the restrictions of the resale formula, and again a lack of ideological allegiance. To attract buyers, CLT advocates have to struggle to find a degree of resale restriction that makes the housing more marketable while still remaining within the spirit of decommoditization:

"As to ownership, somebody who is within striking distance of home ownership, even if they're not quite there, feels that if they <u>are</u> there, by God they want their equity! An issue for us is how to <u>draw</u> the line that makes the properties marketable to that population (let's say 80% of market rate income) that can bring a sizeable ability to carry the mortgage to bear on making it work but who are willing to settle for less than 100% of the equity. How far less than 100% can still be sold - 50%, 75%, 79% - at what point have you crossed the line when its no longer affordable. Even if you save something its still beyond reach after 20 years. .... You're simply not going to sell it with a limited equity formula that reaches too low for the owner."

Because the CLT seeks to accomplish a combination of goals it is a relatively complex legal structure. Like any housing provider, CLTs seek to make housing affordable and available, but they also seek to

make it permanently affordable, and separate the land ownership from the housing, and have a participatory decisionmaking structure. The resulting complexity is not a major barrier to establishing a foothold in the world of affordable housing provision but it does make for somewhat higher "up front" costs even though it may save money in the long run:

"The land trust model -the complexity of it - is an obstacle. It's an expensive way to develop housing for a public funder ... Good legal talent costs a great deal. Reviewing a ground lease is a very time consuming process, as well as the other documents that go along with the land trust model. ... You're going to be very careful and it's gonna be a lot of billable hours before you say to a public agency 'You're not going to get into trouble legally or in any embarassing poistion by subscribing to this document.' It becomes a very expensive process and adds, you know, a few more hundred or a few more thousand dollars to the closing costs. Well, you're talking a very narrow window of affordability for these projects. It doesn't take much to trip you up from an affordable into an unaffordable one! Legal costs aren't going to be the only factor to consider, but the complexity of the model is a burden when you're trying to do housing in the cheapest way. Now I wouldn't say people don't want to get involved with it because that aspect of the model doesn't come to the fore when people are thinking about whether they're gonna use the model. It's just another practical difficulty of using the model, but its not a make it or break it thing. It presents some extra cost and some additional difficulty in marketing 'cause you've got to sell the concept of the ground lease."

The added cost is essentially a reflection of the difficulties of operating a social invention in property ownership within a legal system which presupposes a different -and even antithetical- system of ownership. The complexity of the CLT model is not inherent, but arises from the need to work around the broad common law restriction on restricting property ownership:

"Now it's my understanding that the whole ground lease issue only arises as a result of the peculiar nature of the rule against perpetuities, the fact that we have in property law this rule against perpetuities. I thought I'd never see it again after law school! But what it does is restrict your ability to restrict free transfer of land over time. There is some fear that if you don't have right in the deal a property interest, an ownership interest that you can assert somewhere down the line, you're going to lose the ability to

restrict equity. And so the ground lease is a mechanism to assure permanent affordability so far out that you're not comfortable in relying on other legal mechanisms to do it. But at least in theory, you don't need the ground lease to assure permanent affordability, you could do it in any number of ways that would be less complex than a ground lease, assuming that those ways carry as great a liklihood of enforcement as the ground lease. .... There's also the philosophical side of it which is that the community wants to own the land..."

The CLT needs the ground lease, instead of a simpler mechanism such as a deed restriction, because it may need to assert itself as an interested party in any future legal proceedings. Thus, the community land trust is handicapped in the competition for funding in a situation where many non-profit and for-profit developers are chasing after scarce housing funding. Those not burdened by the CLT's scruples about permanent affordability and community control of land are able to tap into a wider variety of programs, for one thing:

"We have a situation where the state housing finance authority has approached us to work with them to help put some federal money under the HOPE Three Program for single family ownership. That entails some very limited restrictions on recapture -not even shared appreciation - but recapture of subsidies over time. And it's a way of creating wealth in low income people. There's two poles of opinion: permanet affordability stretching the subsidies over time versus wealth creation in low income communities. This particular program stressed the latter. The finance authority approached us and said 'We're having trouble putting this money out the door, we're not equipped from a central location to market the properties that we'd be involved with. Can you help us?' And some of the groups said "Great, we'd love to!' and some said 'Let's talk about the restriction and how far we can stretch it.' And some said, 'It looks as though all you can do is recapture and as much as we'd rather do something rather than nothing, we cannot consist with out philosophy .....Our mission was written right into our 501-3(c) document'."

The CLT model's appeal to activists is still strong, because it is based on a clear and cogent structural critique of the capitalist system of land ownership and housing provision. But its more limited appeal to public and private sector decisionmakers is based on its pragmatic advantages, and in times when these seem to be less of a

consideration its complexity weakens its appeal in the absence of a broader social commitment to its fundamental ideas:

"My sense is that it's easier to get a land trust started [because of the appeal of its clear philosophical critique], than just another housing group in town. But having started it, it entails a lot more care and feeding.."

CLTs thus find themselves in the ironic situation of being handicapped by their land reform philosophy while at the same time successful enough to be inhibited about forthrightly pushing a land reform agenda. The effect is to confine them to a rung of the tenure ladder - and a slippery rung at that. For while the economics of housing in New Hampshire are still such as to make homeownership (even on CLT land) unaffordable for the low income population, the market is depressed relative to the boom of the 1980s, so that even that aspect of the CLTs that <u>had</u> made them somewhat appealing in this conservative environment -their ability to "capture" scarce subsidies and save tax money- has lost some allure. With market prices seeming to stabilize, there is less of a sense of urgency around the state, and the importance of capturing subsidies is less apparent:

"I think that just as soon as things seem to stabilize at however bad a level of stability it had reached, that the old time religion - in the sense that there are no atheists in foxholes- the shelling had stopped and even though the place looked cratered and you didn't know when it would start again, the fact was you didn't have to deal with that issue - let's get on with it and not deal with ideology .... "

As a result of the squeeze play of all these factors, the NH Community Loan Fund has had to become more flexible in its affordable housing efforts. While the CLTs that currently exist in the state have established themselves as stable fixtures on the housing scene, the momentum of CLT formation has slowed and the Loan Fund has broadened its attention:

"It wasn't very long before we [the NH loan fund] realized that there were groups out there other than land trusts that were doing affordable housing and that needed technical assistance and were potential borrowers of ours, so very quickly what had been the land trust network became the affordable housing network. My own position and the focus of my energies has really moved away from land trusts to non-profit housing in whatever form it takes. I don't even make the distinction now, mentally. .... So for me to tell you that the land trusts are going to do this as distinct from non-profit housing providers, no I can't make that distinction in New Hampshire. The land trusts probably have a stronger philosophical underpinning, but that's not gonna differentiate them as a movement in New Hampshire. They will work as part of a broader coalition and the only question will be how broad that coalition will be. Will the coalition be non-profit housing developers? will it include social service agencies for whom the shelter element is important whether they provide it or not? ... That's the question about what the movement will look like. Land trusts per se are not distinguishable."

The dilemma is clear: CLTs can reach a level of success if they assume a pragmatic approach and downplay the underlying ideology. But in the absence of a supportive ideological environment they are likely to lose support when the structural conditions that they successfully address seem to change. And even when they retain the support of the state, they tend to become absorbed into the general field of social service delivery, albeit as an idiosyncratic form within the complex spectrum of state, non-profit, and for-profit agencies that make up the loosely structured welfare state in the U.S. But the ideological environment cannot become supportive without an overt politicized campaign to change prevailing beliefs about property and convert a constituency to the CLT point of view - an effort that cannot begin if CLTs downplay their ideological message. The political culture would have to shift in order for there to be an approach to permanent affordability that avoids the legal complexity of the CLT while offering a level of subsidization that allows the principle of permanent affordability to spread to the middle class:

"I think the carrot will have to come from the broader society. Canada has a lot of mutual housing with no equity appreciation whatsoever, but what you get out of that is flat rent in exchange for no appreciation. But you get to put the savings aside for whatever you want. Makes a lot of sense. It's a different model from having to wrestle with how much equity can we afford to allow the limited equity condo owners to get. It's a less complicated formula, 'cause it starts and ends with zero! You're not in this for appreciation, you're in this for flat rent - or reasonable flat rent - and what you do with the savings is your own business."

New Hampshire is perhaps an extreme test case, given that the political culture is strongly skewed toward privatism and away from collective approaches to social problems. But the tendancy to become incorporated into the prevailing system as housing providers seems to be a problem confronted by many CLTs. Practical delivery gives the model more legitimacy in the eyes of the public so that it's not just an ideological curiousity, but it can also distract from the ideology by the temptation to concentrate on just building houses. Taking money from the government helps individual CLTs to establish themselves and set out on their agenda, but it makes it awkward for them to challenge the fundamental assumptions of the state and private sectors. Again, some kind of balance must be found.

Even in states that have been more enthusiastic than New Hampshire in embracing the principle of permanent affordability, that principle is singled out from the bundle of principles inherent in CLT philosophy. In Connecticut, for example, a state which enacted legislation encoding permanent affordability into its official housing policy and specifically supporting CLTs as housing providers, there is much less interest in CLTs as vehicles to empower communities to institutionalize democratic land planning. Rather, the legal form is utilized as something of a legal gimmick to stretch government housing

subsidies while CLTs struggle to get the funding they need for ongoing operations. As ICE director Greg Ramm explains,

"To the extent that Connecticut articulated a perpetual affordable housing policy, [land reform] was not at the base of what they were doing. They said, rather: we have limited public resources here, how can we use them more effectively. .. Connecticut is a real interesting place to look at that whole issue because we worked with the state to articulate their Forever Housing policy. But it was only the affordability issue - it had little to do with whether you're a community-based organization, who's on your board, so what you wind up with are groups that call themselves community land trusts that are essentially straw organizations for for-profit developers, because the only housing subsidies in Connecticut flow out to these institutions [CLTs]. Traditional developers just adopt the form to play the new game in town, create ground leases, restrict affordability, etc. It's a half victory. The policy said 'We support community land trusts,' when they were just interested in affordability."

The balancing act between state support and local empowerment is not impossible, however. Vermont, for example, has also enacted legislation favorable to land trusts, but in a different political culture. The impetus for Vermont's legislation came from local activists concerned about land use and housing as a land-related issue. Government support went to local organizations as activist land reformers, rather than in simply attaching legal forms to housing developments to insure permanent affordability:

"Compare Vermont. Their policy doesn't even mention community land trusts by name. It says 'We will support long term affordability,' and what wound up getting support was some very grassroots, community-based land trusts. Half of this type of program is in the implementation. In Vermont, it's the activists, in Connecticut it's top-down imposed rules which didn't change the relationships or the actors."

Much of the enthusiasm for CLT formation has recently shifted to areas in the west, which now face the gentrification and displacement that communities in the east faced in the 1980s:

"A reason we [ICE] are looking at those far away places is that's where the real estate market is hot right now: Missoula, Jackson Hole, San Juan Islands, where population shifts, resort communities,

second homes - a whole sense of property prices out of control, no relevance to value."

As mentioned previously, markets in the east have become relatively "cool" in regard to housing. But ironically, in cool market areas, where CLTs could afford to but many more houses and have a more noticeable impact, there is less spontaneous support for the concept of limiting equity. If gentrification does become an issue, the support will increase but it becomes harder to preserve the housing:

"It shouldn't require that to make a land trust relevant, but history has shown that in those communities it's much easier for people to understand why you would want a CLT, why you'd want to preserve affordability, as opposed to, say, Youngstown, Ohio. The problem is then it's often too late. You're then trying to preserve affordability after you need a bigger subsidy. But on the other hand, to lure people in Youngstown, Ohio and control equity it's not very easy."

To complicate the situation, a split is developing in the community loan fund movement over the issue of resale restrictions. Several large funds serving urban areas are drifting away from the concept. In ares where the real estate market has leveled out, ther are often practical objections to equity limitation such as practised by CLTs because of their added complexity :

"... even people we considered strong allies like [names a loan fund director], who were advocates of permanent affordability, are now working hard to eliminate any restrictions in the housing they support ... basically arguing that the real estate boom has come and gone, that you need to create homeownership opportunities, do whatever you can to bring people to invest in some of the neighborhoods. It's a hard issue. ICE is staking its claim on the long run control of community economic resources and I think the CLT does offer a nice balance."

But there are also deeper ideological concerns. The effect of the CLTs becoming part of the tenure ladder has been that lower income people who gain houses through CLTs are subject to equity restrictions

not imposed on more affluent homeowners. This raises an issue of fairness:

"This will be a debate because there are people within affordable housing that are conservative on this ... [Question: Because they feel it shortchanges the poor?} Right. If you look at issues of race and poverty you see a huge disparity between the net worth of whites and blacks. It's appalling. Housing is one way to build wealth. So some say this is second-class ownership for the poor."

While many grassroots advocates for the poor take such an ideological stand against equity limitation, it must also be seen to be influenced by the overall climate of funding for community development in which major players are unwilling to support approaches that fundamentally challenge the system of property ownership in America:

"The second problem is with large intermediaries that are corporately funded, such as the Enterprise Foundation, Local Initiatives Support Corporation. Their boards would be completely uncomfortable with supporting policies whose goals challenge the market, who see community development as charity not as social change work. In Atlanta, when Enterprise came to town and created their intermediary they cut out grassroots CLTs, which is one reason why some became troubled: all the resources went to groups that were less grassroot. You can get money as just another community group, but if you raise policy issues the funders scatter like leaves."

There thus exists a diversity of philosophy in the community finance sector. The ICE loan fund requires measures of permanent affordability in the projects it lends to, other funds forbid them, and many of the funds fit between these two poles in that they lend to both restricted and non-restricted projects. These are essentially divisions that have emerged with the success of the community investment movement that lay the groundwork for possible ideological conflict as the various community agencies compete for a relatively small pool of funds. This was one reason for ICE's third sector housing initiative (discussed in Chapter Three).

It is clear from all of the above that the CLT movement cannot ignore the ideological issue. If the CLT is to maintain its philosophical identity in the long run its advocates must work to organize support for it based on a clear critique of private ownership and commodification of housing while continuing practical efforts to fit into the existing economy as possible. Pragmatism can lead to an aloof technocratic stance unless balanced by efforts to build a base community of informed and committed supporters. This leads into the third major dilemma faced by CLTs: what balance will CLTs need to strike between the visible successes of practical "bricks and mortar" community development and the more subtle successes of community organization, which may in the long run gain a more supportive ideological political culture for the CLTs to operate in.

## "Bricks and Mortar" vs. Rebuilding Community

The goals espoused in the original theory of the community land trust included, besides land reform and the decommodification of housing, the economic and the social redevelopment of communities. Greg Ramm of ICE thus uses community organization as one of the benchmarks for measuring the success of the CLTs on the whole:

> "Another measure of success might be organizing communities: to what extent have CLTs helped to rebuild the social fabric of the community, in addition to building units of housing. They do it to a greater of lesser extent. Some are indistinguishable from other non-profit housing developers, others clearly have a strong community base."

But this goal is generally ignored by private and public funders, both of whom have their own bureaucratic mandates to "get results" in the form of quantifiable accomplishments - "bricks and mortar." It is clear by now that all of these dilemmas are aspects of the same need for balancing short-term ameliorative reform and long-term structural reform:

"There's an element that says 'Production is the goal!' and these other things - community organizing, community-based organizations, are dismissed as irrelevant or harmful. In the short run you do less production by devoting resources to organization. There's a middle road which will always have tension: you have to produce, but you miss a large piece if you just focus on production."

How much of the organization's resources can be devoted to organizing the community behind the CLT's ideals as opposed to the practical accomplishments of "bricks and mortar" community development? This is not simply a question of ideals. The establishment of a base in the community seems to influence the practical success of CLTs to a certain extent. Reflecting on the quarter century of CLT history, Greg Ramm notes that the ability of individual CLTs to survive seems to depend on their attaining a critical scale. CLTs seem to have problems when they grow so fast (in terms of units of housing developed) that they outgrow their base and when they don't grow fast enough to attract ongoing funding:

[Several CLTs] "overdeveloped beyond their capacity, acquired property very quickly, but collapsed under debt and development pressures - probably loans we shouldn't have made. The house of cards, one approach to failure. The other is just sort of never reaching scale- groups that are well-intentioned but never manage to create a organized base, never institutionalize themselves, and just dissolve. None of them reach the point of having staff, offices, never really reached the scale... The loan fund movement at its last annual conference did a session called 'Grow, Change, or Die!' If you do two units a year, it's very hard to sustain the funding - where will you get the operational support it you just try to get by chasing after developer's fees- most groups chase foundation money, competing with other local units. It's hard to convince funders, you know, for

$50,000 a year funding you can just go out and buy a house and get it debt free. So if your staffing budget exceeds you development budget in any particular year, it's not effective."

Michael Lafontaine, from his vantage point as land trust coordinator for the NH Community Loan Fund, agrees with this assessment:

"One of the things I find very interesting and spend a good deal of my time on is the intersection between the concepts and the making it happen, the management of a small business. One person housing non-profits, whether CLTs or anything else, have an awful hard time making it. Just doing land development in a one-person office - you'd never think of doing that if you were a for-profit. Now you have the advantage of the board behind you, unlike for-profits, but then the board requires tending: running the board, supporting the board takes as much time as running the development side of the business. The bottom line is any group that doesn't have at least two staff people is really asking for trouble. They're either going to burn their person out or they're not going to achieve their potential and they're going to use up that grace period of three or four years when the locals want help and foundations want to give some startup money. After three or four years you're not a startup anymore! So it's hard to qualify for the foundation money that's out there."

CLTs, as nonprofit organizations, depend on foundation and other donated money to get the organization up and running. After a track record is established and a substantial amount of housing has been built, the CLT is able to sustain itself by attracting funding from a wider spectrum of sources, since it gains legitimacy by bringing forth a visible amount of "bricks and mortar". The funding sources upon which CLTs depend, whether private or government, are not willing to finance any given CLT for a long term without visible practical results. The visible developments are thus necessary in order to avoid the "never reaching scale" pathway to failure.

But in order to avoid the other pathway to practical failure (the "house of cards" problem of outgrowing a community base), CLTs must put some time and effort into community organization - patiently building a local constituency behind the CLT ideals, nurturing participation in the organization, and structuring in accountability to the local community. The problems that one notable CLT ran into illustrate the perils of neglecting this.

One of the most successful land trusts to spring up in the 1980s was the South Atlanta Land Trust (SALT). The organization unfortunately lost touch with its community base, and became a dramatic example of the "house of cards" approach to failure to the extent that it was used as a case study in a workshop on community organizing at the 1994 national conference. The workshop was given by Houston Wheeler, a community organizer currently working to restore SALT's standing with the community. He began by relating its early success:

"Let me tell you about SALT. It was born in 1982 after a process that lasted eight to ten months, in which the South Atlanta Civic League (SACL), which was the neighborhood organization, decided that the community land trust was a viable option to deal with the issue of affordable housing. The leadership of the SACL became the leadership of SALT and as a result of the forming of that organization, with the assistance of ICE, the first house that was rehabbed was in the spring of 1985. Between 1985 and 1990, sixty-eight units of housing were either rehabbed or built in the neighborhood. This was unprecedented in Atlanta, that a community-based organization, and a foreign term -a community land trust- you know, people, banks were confused, foundation didn't know what it was and particularly the tax department in Fulton County didn't understand how they would be able to relate to community land trust, particularly when people went down to apply for homestead exemption."[4]

ICE held its annual conference in September 1987 in Atlanta and an article was written about the event in the local newspaper. However, things began to unravel:

"The staff lost contact with the community so the relationship began to break down. The staff began to function autonomously from the community, from the civic league, even though there was participation on the SALT Board, and there were connections between the Board and the civic league. The Board members were oblivious to a lot of operational decisions that were being made. There was a lack of accountability between the Board and the community and the staff. There were several pitfalls as a result of those relationships and that accountability breaking down: they lost foundation dollars and they lost loan money. The money had been there, people had given money, people trusted what the land trust was doing, but it fell apart. There were foreclosures. The organization basically stopped functioning around 1990 or '91."

Previous to SALT there were no CLTs or community development corporations (CDCs) in Atlanta, so SALT was breaking new ground. Three CLTs came into being as spinoffs of SALT. But SALT's failure created something of a ripple effect, with a loss of legitimacy for CLTs and community groups in general in the eyes of previous mainstream supporters, leading to a slowdown in funding, in turn leading to a rollback of many of the improvements SALT had managed to make in the community:

"The organization lost credibility, not only in the community of South Atlanta, but also in the community at-large, with the banking community, with foundations, and as a result the entire neighborhood has suffered..... Whereas in the previous five years new families had been moving in. For the first time in forty years new homes had been built, but all of that came to a screeching halt. There was a loss of confidence in the capacity to create a safe and viable neighborhood. It's been a painful experience, and as a result the racial issue has been exacerbated because there were white staff involved. Whether the issue is legitimate or not, it raises the issue of how African-Americans relate to Euro-Americans, who do bring expertise as well as money to the community. It had a negative effect on how business and city government and foundations even looked at other community development organizations in Atlanta at-large."

In 1992, the Board completing its study of how things got out of control and released a short account. It lists five specifics:

1. The S.A.L.T. Board of Directors believes that not enough time was spent educating the Board and South Atlanta residents about the community land trust model.

2. The South Atlanta residents had a vision for S.A.L.T. to develop one house at a time, whereas the S.A.L.T. staff pushed the organization to do several houses at one time.

3. The S.A.L.T. staff didn't follow the vision and moved the organization too fast. There was a heavy emphasis on the production of housing and raising the financial resources to do so. The S.A.L.T. Board was not prepared to oversee these duties. The staff was left alone to carry on the duties of the organization and the board of directors gradually lost touch with what was happening. SD.A.L.T. also lost touch with the South Atlanta Civic League, the resident-based neighborhood association.

4. When S.A.L.T. began to receive a lot of attention in the community at large and nationally, the spotlight was on the staff. The spotlight needed to be shared by the community as well.

5. When conflicts arose between residents, board members, and staff, the Board of Directors was ill equipped to handle them. A stronger board of directors would have had a working knowledge of the day to day operation of the organization and thus could have better handled the conflicts.[5]

Wheeler felt that the second and third items were crucial:

"The South Atlanta residents had a smaller vision than the staff did. There's an issue of control and of relationship. The residents had a vision of SALT to develop one house at a time and when they got into developing and rehabbing a lot of units it required the skills of a highly professional staff and this was way over the capacity of the resident leadership to handle that. One of the things the staff could have done was to bring trainers in to gradually teach, have workshops or teams for the whole empowerment transfer of control. Control shifted from the community to the professional staff and in hindsight this is their assessment."

Ironically, the professional staff, supposedly skilled in the technical aspects of housing development, put together a financial house-of-cards that stronger community oversight might have seen to be flimsy had not the responsibility been turned over to the professionals. Financial accountability systems were not in place,

financial reports were not being produced in a timely fashion, money was borrowed for one project and then transfered to another without adequate safeguards and accounting. The lack of financial reporting meant the Board had no way to check on the staff. The debacle had repercussions within ICE, as money from its loan fund was at risk and there seemed to be cause for self-criticism for lack of closer oversight. As a result, ICE began to be more stringent in its criteria for lending and more emphatic in training CLTs to manage their finances.

The community rebuilt the Board, strengthening the organizations ties to the community, and worked to heal the wounds. Displacement of residents was avoided in spite of the foreclosures. It is not clear whether SALT will survive as an organization. But the cases of several problem-ridden CLTs like SALT made the issue of keeping touch with the community a key part of the movement's agenda, and ICE has worked to encourage the CLTs to deal with the issue, learn from past failures, and inaugerate continual organizational self-evaluation of the extent to which they are meeting participatory goals.

Representatives of CLTs attending the national conference in Hartford, CT in November 1994 were subjected to some friendly criticism in a keynote address by Bill Traynor, a community activist and consultant with experience working with land trusts and other grassroots community development efforts. Traynor warned CLTs to avoid the situation that many CDCs have found themselves in of evolving into technocrats plugging commodities (whether housing or shopping centers or whatever) into communities rather than organizing the community to determine through democratic process what its needs

are and how to fight for them. Involvement with government and corporate funding tends to push organizations in the direction of "getting results" rather than making social change. Housing units built becomes a facile measure of success and soon the organization assumes a technocratic attitude. Traynor suggests that CLTs, in attempting to balance practical results with organizing a supportive community, should consider a "neighborhood strategy" of helping to rebuild community ties and a sense of safety, hope, and renewal.

In an interview, Traynor elaborated on his concerns. In his consulting work he has indeed found that the ideological enthusiasm for CLT principles tends to wane as market pressures diminish:

"Groups using land trusts really struggle, even with their colleagues and fellow travelers, when market conditions change, to the extent that people are really looking for value and have other choices."[6]

Traynor gives an example of one CLT that built several units of housing before completely structuring the organizational and legal aspects of the project as a CLT. Because of a depressed housing market they have been unable to sell the buildings and began to feel that in order to compete with fee simple housing they would have to drop the restrictions of a CLT so as not take a major loss on the houses.

"What it meant to me was that there wasn't a clear commitment throughout the board to the concept of a community land trust, the loftier philosophical underpinnings. Most people probably felt it was a good idea because it meant perpetual community ownership and control with some equity for the property owner. Community control, I think, people would see in a narrower sense: 'We want this to continue to be a good neighborhood so we have to have control over the transfer of the property.' But as far as [a crtique] of property being a commodity, thinking along those lines, I didn't see a very strong attachment to that, as opposed to the narrower principles of community control and then finally the kind of reality of the economics of the deal. All those principles crumbled in the face of the economic

realities of the deal, fairly quickly, like in the span of twenty minutes of discussion."

The group tried to market already-built houses with equity limitations to a general public rather than to a target group already convinced of the importance of equity limitation for neighborhood affordability. No effort was made to socially construct a market of committted buyers. Traynor suggests a co-housing approach as more appropriate, drawing on a form of organization that has appeared in recent years among middle-class homebuyers (discussed further in Chapter Seven):

"...you may have to do what the co-housing people are doing and organize the demand before you work on the supply. They're organizing people who are into co-housing as a concept and then they're looking for land to do it. You may want to look around for people who want to be in a land trust or co-op and then hook those people up with the properties that are strategically located."

The successful experience of a CLT in Worcester, MA (named Common Ground) convinced Traynor of the need for CLTs to consider a neighborhood strategy rather than a general market strategy:

"The other experience I had which was related to CLTs was in Worcester. I did a lot of work with Common Ground, helping to do some strategic planning. They were really struggling for a few years, struggling both financially and to find their place in the world. They were conceived in an environment where property values were rapidly increasing, in the mid 1980s, and everyone was so freaked out about the affordability issue that land trusts and other ways of securing land and making it affordable for people to have some kind of purchase opportunity made sense. So a group of housing activists and CDC people got together and decided they needed a land trust. The idea was that Common Ground would work in conjunction with the CDCs to structure land trusts in with their deals. Well, that didn't happen at all. What did happen is that Common Ground became another developer, of co-ops. So the co-op and land trust things kind of got mixed up together."

The rapid rise in property values in Worcester abated, and the threat of gentrificiation became increasingly remote. Common Ground found itself without a citywide constituency:

"By the time I came on the scene there was very little interest on behalf of the other CDCs in working jointly with Common Ground, and very little interest in the whole notion of land trusts, in part because they didn't see the market for it, the need for the practical applications of it. In fact, they saw it as diminishing the value of their deal. And so Common Ground's constituency went away, disappeared and they had to reinvent their constituency."

The CLT was counseled to refocus its appeal, away from an "anti-gentrification/displacement" theme and towards a "security and renewal" theme:

"And what I was arguing for was a neighborhood-based strategy, where Common Ground would go into a troubled neighborhood with the land trust concept and say to people 'This abandoned building which you have next to you, which you curse every day, we can take control of that, us and you in a community control format, and turn that into a productive property with good neighbors. And how do you have control of that? You will be part owners in the land that sits under that house, and you'll have certain rights, you can put things in the deed about property condition and all kinds of things.' So I was selling it as a community control vehicle, where you would be selling it to people whose neighborhoods were crumbling and give them a sense that this is a vehicle by which we can control the future of the neighborhood so it doesn't continue to crumble."

The neighborhood strategy allowed for the concentration of resources in a way that would have a more visible impact, and had an appeal that went beyond the issue of affordability to take note of people's concerns about abandonment rather than gentrification:

"They started much more of a neighborhood strategy, so that they weren't looking anywhere across the city to build a co-op, they were looking for neighborhoods and a strategy within that neighborhood. In that context the land trust idea seems to be a saleable one to me. I mean if I were in a building next to an abandoned one and somebody came to me with that rap, I might buy it, think it was a good thing. It's less directed at the user ultimately of the housing than it is at the neighbor. Because for the user there may or may not be much of a market .... To me that's much more saleable in this environment, the community control aspects as opposed to the affordability aspects. And that changes your constituency from the user to the neighbor.

It's a whole different mindset."

CLTs must begin to recognize the importance of such issues as personal security, which people often feel are more important to their lives than the price of any given economic necessity. Local people seek control over local quality of life. This is made clear by the growing tendancy for those that can afford it to buy houses in highly restrictive Common Interest Developments (CIDs, discussed in Chapter Seven):

"There's a tremendous interest in community control everywhere. There's a community control aspect to this - you get to live in a fortified community with walls where the rules are very clear. The rules are not democratic and are very draconian, but many poor people would give their eye-teeth for that kind of security. So there's a tremendous interest in finding ways to secure one's street, one's block from deterioration. If you go anywhere in the country ... you'll find a street that looks like there's still some life left. If you knock on any of those doors that's an important chord you can strike if you talk about community control. Oftentimes it has a racist or classist bent to it, but it's real. You see, that's an organizing strategy, not a housing development strategy. The land trust becomes a tool for organizing so that's a different mindset. You can't really do one without the other, because inevitably the strategy will have to be a long term one."

Rather than emphasizing homeownership, CLTs may try to "sell" local communities on the idea of controlling neighborhood properties in the short term, for security and to stop decline, and save homeownership for the long term:

"Let's say I go to a street... and the houses, every third one is in bad shape, absentee-owned, the tenants come and go, there's drug activity, you know the whole thing. And I go to another house and I say, you know, that we could secure the property. What's the best thing that could happen? Well, the best thing is that we get owner occupancy, even if we condo the thing, as long as people own. Most people would agree with that. That's not going to happen right away, not with these houses ... The strategy would have to be, let's get control of the property and let's at least control the conditions, control who lives there - we'll be the good landlord for awhile and then we'll have a strategy for turning these over as a market develops or we can develop a market for owner occupancy as resources become available, and so on."

Faced with economic reality, CLTs may have to embrace the role of rental landlord in the short run. Community revitalization, reweaving the fabric of community life, may be a necessary task for CLTs if they are to accomplish the long term goal of increased homeownership:

"So inevitably in those situations its a longer term strategy, it's a preservation strategy which requires people to change their attitude, think long term, stay in the neighborhood and do crime watch and other things you need to do to keep hope on a street like that. So the housing strategy doesn't work unless its coming from a deeper place - we're gonna preserve this street - and I even try to take it further with folks and say 'Change is inevitable, but it doesn't have to be terrible change, it could be positive change. Just because there's Puerto Ricans moving into the city doesn't mean it's going to be terrible. It could be OK. Let's talk about what the good picture looks like ten years from now and try to find a way there. Because the change is real and the panic that people feel is real, and the problems are real, so I think an organizing strategy with a housing piece as a component of it is a decent way to go."

In many devastated inner city areas, greatly increased homeownership may be a distant dream. Often large areas are covered by vacant lots. CLTs may consider a strategy of land banking to gain control of the lots for future development:

"I think if you look at most of the major cities and the population decreases, for instance, what's happening is that in a lot of different parts population decrease means deterioration, abandoned buildings, and so on. Ultimately something's going to have to be done with that land. My sense is that they'll be land banking strategies that emerge in the next ten or twenty years, and probably some pretty radical redesign of some of these inner city neighborhoods. People are not moving back, jobs are not coming back, they're not likely to achieve the population numbers that they had. But you're stuck in an inner city, you can't have open fields. That will never be pleasant open space in that environment, so when I think about what's gonna happen with all that land and all those buildings, something's gonna happen and I think part of it will be land banking and land redesign."

In the long run control over the land base may be of more importance to impovershed communities than the immediate "plugging in" of commodities such as housing. CLTs would need to organize for long term struggles over the land base:

"Who will be in charge and what will happen? When's the last time that happened, that in an inner city neighborhood you've had vast quantities of vacant land ... and I assume the city government will ultimately have control over it, it won't be private owners. How do you distribute that, what do you do with it? And it's neighborhood land, it's not downtown! It's off the beaten path. It's not like you just dump an industrial park in there and have it work. It's gonna be more challenging than that."

This analysis accepts the hard fact that the current trend away from federal government intervention will continue. For this reason, Traynor is not optimistic about ICE's national lobbying initiative for affordability:

"I'm cynical about that. To me it's clear that the big currents are going in a different direction. We seem to be in the midst of a battle about the role of government, and the people that are winning are the ones that are saying 'less.' That's pretty clear and it's been a trend for a long time. Less in terms of resources and also less in terms of intervention. So to have the federal government come to the conclusion that they're gonna guarantee affordable housing or housing as a basic right or affordability as a basic right - I just don't see it. It comes down to are we speaking to people's real experiences, where they live, and what they're thinking."

Many of the fears generated by community decline are tied to the very conservative initiatives that limit the outlook for increased government subsidies. CLTs must answer those fears if they are to gain local constituencies, rather than lobbying Washington. The CLT as a local instrument of community control may have broader appeal than the CLT as welfare state instrument of housing provision:

"That's where I come back to the control issue. I think people are much more concerned about change and how it feels to be living in an environment of change. They're much more concerned about race, about jobs, the economy, then they are concerned really about the price of anything. Housing prices have gone through the roof in the last twenty years. Of any commodity, housing prices have increased the most, for most people. Yet the nature of this housing movement has been marginal. So what does that mean? It means people are willing to pay a whole lot more than they can afford to live in a safe place, that's what it means to me. I see the issue much more related to safety, security, race, schools, those kinds of things. Quality of life, where affordability of housing is not a dominant factor."

The issues of control and stability can be used to frame the issue of affordability in a way that makes it seem relevant to people's immediate concerns, rather than as an abstract issue of social justice:

"You could make the case on the affordability issue that 'We need to control this house and keep it affordable so that your kids stay in the neighborhood, or your cousin or your sister.' That's stability, that helps. You want to maintain this neighborhood, this is a way to maintain quality affordable housing for people who want to stay there."

A neighborhood strategy, guided by goals of community control and neighborhood stabilization, is not so vulnerable to the vagaries of market change:

"I resonate more with the security and control issues rather than the affordability issues. And I've also seen how if you're tying your wagon to affordability then you're driven by the market. The only thing that gets you through the market crash is when people find themselves in a community where they want to stay, because there's good neighbors, stability, safety. People are more willing to ride the crests of the market if they're in a neighbrohood where they want to stay. That argues for the broader approach: creating communities that are valued and affordable places in those communities."

The CLT would then visualize itself as a connecting institution rather than a commodity replenishing institution:

"You can't approach it as a housing development strategy - the argument I'm trying to make is that communities are the way they are not because one commodity or another is missing. They're the way they are because there's been a general institutional strategy to disassemble that community in various ways. The institutions have broken down, we put highways through them, the human services fragment families. The problem is disconnection. So the solution is connection, helping people find their connections and thereby creating communities that they want to be in. And so the strategy has to be one that's more focused on that as opposed to replenishing lost commodities in an artificial way."

Community organization must do the advance work for affordable housing. A seedbed must be prepared if housing policies are to have any long term sucess:

"So when a CDC uses X and Y and Z subsidies to package a project and put it on a street where's there's nothing elso going on, it's like artificial insemination in a stone, it's not going anywhere. In fact, the shelf life of that program is limited because the forces that destroy the other properties are going to destroy that one just as quickly. So that to me is a bankrupt strategy."

Rather than a "plugged in" machine for producing housing, the CLT must be a "tool" in the hands of an organized community:

"The strategy has to be more of an investment in people and their ideas, helping them find a connection and then providing them with the tools and vehicles for actually making that happen. That's where land trusts come in, as one tool that we have. If we were to decide in our own neighborhood that the best thing we can do, besides knowing each other and protecting each other and taking care of each other, is to secure the unwanted property in this neighborhood for another day, then a land trust or land banking strategy is a way to do that. If we want to stop the continued deterioration of the rental housing stock and begin to turn it back to owner occupancy, then maybe the best thing we can do is buy up what we can of the buildings, stabilize them physically, and find good tenants. So its a very people-oriented organizing strategy as opposed to a housing production strategy. There may be some neighborhoods that are too far gone even for that ..."

As the marketers of a social invention, CLT practioners as social entrepreneurs must be clear about what product they are trying to "sell." For Traynor, the primary product is clearly not housing: "What we're really selling here is community." But distressed communities have gotten that way not only through neglect by market and state institutions, but through their active espousal of economic policies in conflict with the well-being of poor and working class communities. Residents of such communities are often alienated from mainstream institutions. As discussed in Chapter One, this alienation has often resulted in confrontational movements that have in the most

fortunate cases forced changes of policy, perhaps the most relevant example for the CLT being the Community Reinvestment Act. If CLTs are to devote more energy to community organization, they face the final dilemma of balancing the need for militant advocacy of community rights in opposition to mainstream institutions, with the need for pragmatic cooperation with those institutions.

## Tree Shaking and Jam Making

All the foregoing dilemmas are variations on the theme of balancing practical results with organizing for social change. If CLTs only build houses they stand in danger of being incorporated into the logic of ameliorative reform that improves conditions for some people while leaving intact the structural factors that create housing problems in the first place. Rather than changing the system, CLTs can become just another part of the system. But without practical results, CLTs are simply utopian schemes without the opportunity for having a real impact on people's lives and gaining wide recognition. As Julie Orvis, Affiliate Coordinator for ICE, explains:

"Community housing organizations have to concentrate both on housing production and community organizing. If not, they become technocratic and not community-based. But if you only do community organization you've got nothing to show for what you've done. There's a symbiosis between the two."[7]

Many CLT practioners find it difficult to combine these because organization often involves confrontation while housing production requires an ongoing relationship with government and finanical institutions. Many CLT activists use the image of Tree Shakers versus Jam Makers: the former shake the fruit off the trees through militant efforts while the latter make use of the fallen fruit in creative ways. For example, the work of community activists in pressuring local governments to "do something" about housing affordability has often made the CLT a welcome problem-solving approach for bureaucrats. Banks have also felt pressure, through legislation such as the Community Reinvestment Act (CRA) which was the result of local activist campaigns, to reinvest in their communities. Many CLTs have been able to establish working relationships with banks that seek a way of meeting their CRA obligations. This may not have been so easy to bring about without the CRA. So the Tree Shaking of community groups from the 1960s on paved the way for the Jam Making that many of the CLTs have done. A good example of this symbiosis is the Holyoke CLT, discussed in Chapter Four, which has been to do its work with city government support thanks to the history of Tree Shaking carried on by Nueva Esperanza.

The intersection of crisis and Tree Shaking creates the opportunity for CLTs to bring together several constituencies to "make jam": public officials, private funders, concerned citizens, and low-income residents. But having complex projects to manage also requires the CLT to cooperate, rather than confront, mainstream institutions. Furthermore, Jam Making that has successful results takes some of the pressure off, and the sense of decreased urgency

leads to a slacking off of Tree Shaking. And market conditions can themselves change. All of these changes threaten to make the CLT just one choice on the menu of community development options, rather than a vehicle for changing society.

The CLT is based on ethical ideals as well as practical goals, and requires a movement strategy to change minds, confront power, and present the public with difficult ethical choices. During the crisis days of the 1980s, such a politicized approach seemed to loom as an inevitable necessity over the community development movement. ICE, in an editorial reflecting on the Souhegan Valley mobile home owners campaign (discussed in Chapter Four), raised the possibility of militant action:

> ...it will be necessary to integrate the spirit and strategies of the Civil Rights movemnet with the programs of the community development movement if we are to attain our goals ... Perhaps the next time a Souhegan Valley situation unfolds, the loan funds should publicly offer the developer a 4' x 10' check for his purchase price plus 10% - and then, if necessary, move an old mobile home, filled with determined nonviolent supplicants, onto his lawn. (And then perhaps move a second old mobile home, erect a cross on it, call it a church, and hold a prayer vigil ...) [8].

This reflected the background that many CLT organizers had in the peace and civil rights movements. They feared that the CLTs were being incorporated into a system of "feeding horses to feed the sparrows," by which the powerful, affluent, and well-connected are constantly rewarded with more and more public money in the hope that their investments will "trickle down" benefits for the poor. Such a drain on scarce public and social investor resources would mean that success in creating affordable housing might make it less, rather than more, likely that the CLT would move closer to the goal of changing the system.

One aspect of the problem is that public subsidies that fuel housing programs require CLTs that operate them to direct their services toward the poor rather than a self-selected pool of ideologically-committed would-be homeowners. Poor people are willing to enter into CLT agreements out of self-interest. But they may or may not also have a strong ideological commitment to the CLT philosophy. Home buyers selected for their strong embrace of CLT goals, on the other hand, might not meet the income guidelines that government money requires the CLT to follow.

The experience of one CLT demonstrates a further problem. When homeowners in a CLT are ideological activists, their activism may go beyond land and housing issues and embroil the CLT in other problems that may threaten its operation. In this particular case, homeowners whose land belonged to a CLT in Western Massachusetts refused to pay income taxes as a protest of US foreign policy. When the tax bill mounted up to $45,000, the IRS seized the house and auctioned it off to pay the bill. The homeowners refused to leave and blockaded themselves in the house. They were finally evicted and arrested, and the new owners moved in, but supporters of the tax resisters camped on the land surrounding the house and cut off the water supply. The CLT entered the fray on behalf of the tax resisters by refusing to sign a lease agreement with the new owners and filing a civil suit against the IRS. The IRS in turn asserted its sovereignity in the matter and the possibility arose of the land being separated from the CLT.[9] Eventually a compromise was worked out, but at least one other CLT was fearful that a group home of religious peace activists, which leased land from the CLT, was going to follow the same path and threaten to

involve the CLT in a similar conflict with the government.

In the long run, CLTs cannot survive as practical organizations if they become caught up in being militant activist organizations. Once a CLT has residents living on its land, it assumes a burden of responsibility to fulfill the practical tasks it has taken on as part of its mandate. But they may also not survive as social change agents if there isn't some ideological activism pushing for more than practical goals. There is clearly a need for a division of labor that calls for alliances with organizations that <u>can</u> carry on activism while maintaining a pragmatic attitude in daily operation. As ICE's Orvis puts it, "You've got to find a way to keep it at arm's length but make sure it's being done."

An activist community that embraces the CLT philosophy can play the "tough cop" role while the CLT plays "nice cop." But activists must recognize the CLT's dilemma and not expect it to join in confrontational campaigns. One CLT director (who asked not to be quoted) told of being approached by a local activist who had been very supportive of the CLT and wanted the CLT to sign on to a protest campaign that he was initiating against local banks. The CLT director had to decline, citing his working relationship with those banks, and there were some hard feelings. The different concerns of Tree Shakers and Jam Makers must somehow be understood so such situations can be avoided.

The scope of Tree Shaking goes beyond advocacy and protest, of course. Another of the important aspects of community organization is getting people involved, creating an environment of participation so

that the CLTs function as true democratic community-based organizations. As Orvis emphasizes,

> "It's not just about advocacy that Bill Traynor is talking about when he's talking about organizing. It's getting the community involved with the activities of the organization. Being a democratic organization isn't just a thing in the by-laws where you have members. You could be a membership organization but not really a CBO because you have two or three members. ... It's not so much advocacy as community planning."

CLTs have a mixed record in the area of membership involvement. Once again, it is difficult to get funding for such organizational development from funders who may consider it tangential or even counterproductive to the quantifiable goal of building or rehabbing housing units. ICE seeks to influence individual CLTs to make this an ongoing goal, through training and distribution of a per review protocol. When CLTs do suceed in achieving a high degree of internal particpation they manage to find a balance point between organizational and housing development:

> "This is economic empowerment. Even in rental situations CLTs work on resident control of rentals, there is economic empowerment. Again, that's where organizing comes in. It's like you can have economic empowerment through housing - it's all in the way it's being done."

The CLT, through its very existence and operations, can be a socializing agent that accustoms people to a cooperative way of doing things and weakens the ideological hold of privatism on the public's imagination. This works in two directions: externally, by which members of the larger community change their attitudes as they watch the CLT's operations over time; and internally, as residents and other that become intimately involved in those operations developed a sense of cooperative relationships as desireable and normal.

This may be true right from the start of the process. As Martin Hahn, who as a technical assistance provider gained experience in dealing with these issues in the CLT start-up process, has learned, local citizens often find the CLT ideology (when clearly presented) very convincing as an explanation of the social problems they seek to remedy:

"As a technical assistance provider, what's most interesting is how this plays out in the local community that is considering a CLT. You're meetin with a group of community members and you're talking about property values - it raises crux issues which people engage with. We talk about 'Look at this building over here, it's gone up over $100,000. Was that because of improvements the owner made? Or was that because the city just paved the sidewalks and improved the schools.' And people can see all around them the issues we talk about." [10]

Concerned citizens may be a self-selected group that would be sympathetic to a critique of private expropriation of the social increment, but what about people approaching the CLT in the hope of getting an affordable home. Though a "comon sense" view of the ideological commitments that different parties bring to the formations might be that the organizers are motivated by idealism while the prospective homeowners are motivated by self-interest, this is reality turns out to be misguided:

"When you talk to prospective homeowners, and it take it from the abstract and say 'We're asking you to share your appreciation with the community-at-large," you often find that it's the prospective residents who take a harder line, who look to resale formulas [to implement shared appreciation], and the pratitioners [staff] who are nervous about it and say 'We have to be sure that there's a fair return to the homeowner.' And they define 'fair' as a larger return to the homeowner. The residents, who have faced displacement, have an understanding of the downside [of unlimited equity]. So I think it's probably the best training that we do, the resale formula training. We say 'These are the options,' and it's always fun to see how it plays out."

Residents often find the community control aspects of the CLT model more in their self-interest than a greater personal money return. The balance of self-interest and philosophical loyalty that such a resident attitude brings to the CLT may make for greater stability in the long run than pure ideological commitment. Houston Wheeler believes, for example, that organizational strength comes from a combination of appealing to members' self-interest and the personal ties and accountability of the members, rather than adherence to an abstract ideology. Residents loyalty to the ideological fundamentals may spring more from a sense of ethics and relationship to the community than intellectual analysis. As Julie Orvis puts it, the attitude of the CLT resident toward limited equity may be "'I've gotten this, and this is what I owe to my community.'"

This chapter has discussed the dilemmas that CLTs as practicing institutions come to face, and has suggested several strategies for dealing with those dilemmas, such as balancing housing with a concern for land issues in the CLT's operations, balancing community organization and practical "bricks and mortar" results, affiliating with other local organizations that can take over the housing development burden on CLT land or act as activist advocates to pressure private and public institutions to devote more resources to CLTs. The following chapter offers several case studies of both rural and urban CLTs that have managed to achieve to some extent a balance of efforts in community organization and economic development, some of them through affiliation with broad-based community organizations. These examples indicate some of the ways in which CLTs have gone beyond the single issue of housing affordability.

# Chapter Six:

# Beyond Affordability

## Covenant Community Land Trust

As Chapter One indicated, access to productive land has been a major point of conflict in American land reform history. In rural parts of the U.S. land is still a basis for wealth creation and could potentially play a larger part in the household subsistence economy. But as Geisler indicates "The battle waged a century ago by the Populists to preserve an agrarian democracy built on a broad distribution of private ownership among small holders seems to have been lost" (1993, p.533).

A relatively small portion of the population owns land, and a small portion of land owners owns a disproportionate share of the land. To cite the worst cases, the largest 5% of landholders own 98% of the land in Hawaii, 90% in Florida, New Mexico, Oregon, and Wyoming, over 80% in ten other states. Even in the best cases (Iowa, Minnesota, Missouri, North Dakota, and Vermont) they own about a third. In the vast majority of states over half of the privately held land is owned by the largest 5% of landowners (Geisler 1993). This represents a considerable degree of concentration resulting from

several centuries of a private market in land, and in spite of several waves of land reform.

In many rural areas uneven distribution of tenure is intertwined with rural poverty. Persistent poverty exist in areas such as Appalachia and Maine where corporate interests hold much of the land and therefore control the natural resources of the region (Geisler 1984). The landless rural poor migrate to poor urban neighborhoods, adding to the social problems of the city. As Polanyi (1971) and Marx (1973) made clear, the destruction of a rural subsistence way of life was a necessary prelude to the formation of a landless proletariat dependent upon the sale of their labor for survival.

One of the original goals of the community land trust founders was to use the CLT as a means of providing access to land for the poor (and the non-poor, for that matter) to use for satisfying basic life needs in a cooperative manner. It thus envisioned an alternative to the competitive capitalist market and the industrial system, not as a self-sufficient refuge from these aspects of modern life but rather as a base community which could provide basic nurture and shelter. The cash employment economy would then be an addition to subsistence needs, but not an inescapable, single source of the goods of life. This goal predates the emphasis on affordable housing (though the latter is of course an important component of the homestead approach to economic development) and descends directly from the Borsodi homestead communities and the first CLT, New Communities, Inc. The partnership between HOME and the Covenant CLT in Maine continues this work.

Just outside of Bucksport, Maine, as the coastal highway reaches the top of a hill, a wooden signboard proclaims "This is H.O.M.E." Behind the sign is a somewhat ragtag collection of buildings, a village of sorts:

> an odd little village consisting of a few homes, a market stand, learning center, a big crafts store, cobbler's shop, weaving shop, stitchery, leather shop, flea market, woodworking shed, pottery shop, museum, church, woodlot, sawmill, shingles factory, garage and more - simple, rustic structures, all neatly labeled. [1]

Fields and gardens adjoin the village. The parking lot on any given day is likely to be full of cars with out of state license plates. This little village is an outpost of an international social movement as well as one of the most interesting anti-poverty experiments in contemporary American. A community of the poor and allies of the poor, HOME is the organizing force behind several self-help programs, including Covenant Community Land Trust.

Hancock County, Maine, demonstrates a classic pattern of rural land ownership. Coastal land along Penobscot Bay is owned by affluent people for retirement or vacation homes. Much of the interior is owned by large paper companies. A high proportion of the population lives in poverty, depending upon seasonal employment. The situation is described by Sister Lucy Poulin, an activist Carmelite nun who founded HOME and later introduced the CLT idea to Hancock County:

> (T)here's a whole class of people who rake blueberries, dig clams, or they do domestic labor for the wealthy. They are people who at one time were part of farm families - and those farm families no longer exist - and that's the group of people that we work with ....
>
> Well, it would be like my mother's farm - I grew up about an hour and a half from here. They were a diversified farm. Like on our farm, there was a potato patch, apple orchard, and the cider mill. They had cows and pigs. And I know a couple of farms here were goats and sheep. They wooded some. They usually made their own lumber. There were many small sawmills (Institute for Community Economics 1982, p.63).

This agrarian economy disappeared with changes in the national political economy:

> The marketing was very decentralized, which may have been one of the major differences. One of the things we have observed is that government policy centralized the marketing and controlled access to capital. And then there was the onslaught of the tractors. Tractors just cannot farm those old farms with their steep hillsides (1982, p.63)

Poulin came to Hancock County in 1968 with several other nuns, at about the time that the closing of a local shoe factory led to increased unemployment in the area. To address the issue of unemployment, Poulin founded Homeworkers Organized for More Employment (HOME) as a craft co-operative for local women. The co-op became somewhat successful, both financially and as an entry into greater awareness of community problems:

> What happened was that everything grew rapidly based on people's needs. We got to know the people better through selling the handcrafts. Every time the checks went out more people came to us. We began to observe that people couldn't read; we began to observe that people were being told that if they burned wood they couldn't get insurance; and we began to observe the problems of social security with people who lacked the ability to check it out. It was just part of what we now understand is our stratified class system. The poor are totally out of touch with all institutions, including the church and social workers (1982, p.64).

The craft co-op led in turn to craft classes then the formation of a Learning Center, teaching basic skills (literacy, GED) as well as offering a Rural Education Program based on self-directed learning: people decide on courses and find a teacher. HOME started courses in gardening, wood harvesting and other agrarian skills, as well as community organizing and writing. Growing familiarity with the problems of the poor led to the creation of a day care center and a project to cut, split, and deliver firewood to the elderly.

HOME's efforts to advance the land economy were being coordinated in a Down HOME Farming Program which bought and sold hay and grain at cost and was involved with Heifer Project International, a self-help program which provides farm animals at no cost in exchange for the first female offspring to be donated to another member. As these efforts progressed Poulin and the other organizers began to be aware of the important role housing problems play in the life of the poor, which stimulated the thinking that led to the land trust:

> Well, as the co-op has grown out of the needs people have had over the years, it came to people's minds that one of the most serious needs was housing. We began to understand that houses and space affected so much in the family. If you have four kids and two parents in a little, teeny trailer, the potential for violence just rises radically (1982, p.65).

Experience with the Heifer Project shaped their thinking about housing in the direction of a communal approach to tenure security. According to Dick Tracy, who acted as CLT coordinator in its early years:

> We saw in the philosophical concept of the land trust a vehicle to help low income people. A low-income person cannot afford to buy a piece of land. But several of them together - pooling their resources, and with a little help from people like ourselves who've had some experience in raising money - could get the land, and then we could hold the land. Part of our experience with low-income people: We would get a very good goat for a person, say, but once they had paid back the first female offspring they would turn around and sell the goat and buy two or three scrub goats, because it was attractive to them to have more quantity than quality. The concept of the land trust is, of course, that the land does not get sold. If the people go in with that concept from the beginning, they cannot be tempted to turn around and sell the land and put themselves right back where they started (1982, p.66).

Covenant CLT was incorporated in June 1978. HOME began a second farm project, Self Help Family Farms, with the goal of settling low-income families on the CLT in self-sufficient homesteads. Dick Tracy was asked to coordinate this effort. It was made clear from the

start that leaseholders would have all the benefits of land and home ownership but without the ability to profit from sale (beyond gaining return on improvements they made). The land trust sought to break the cycle of upward prices that eventually priced land out of reach of low-income buyers:

> ..... we have seen housing costs have gone up to the point where they are pricing poor people out of housing. Because everybody's got to get his bucks. Interest rates make it impossible. For example, I know someone who has about 25 acres, paid $8,000 for it and borrowed the money from the bank, and by the time he ends up he's got to pay $12,000. Now when that person goes to sell the land, he has to get at least $12,000 to break even. And maybe he wants to make a couple of bucks, so maybe he's going to sell it for $14,000 or $15,000.
>
> This whole problem keeps pushing it out of sight for poor people (1982, p.67).

Covenant CLT built its first home in 1978-79. As a pioneer effort, it had to grapple with the difficulty of presenting an innovative form of tenure to funding agencies accustomed to "fee simple" private ownership and standardized housing. The group had hoped to work with Farmers Home Administration funding but couldn't get the first idea for a project through the local zoning because FmHA funding required them to put more houses on the property they bought than the planning board was willing to accept. Local zoning boards were, to say the least, not attracted to the idea of an entire community of low-income people springing up on a piece of land.

The CLT decided to quietly acquire land and build at a slower pace, avoiding government construction funding. They built one home and sought to acquire FmHA financing for the resident, a single mother. This quest turned into more than two years of complicated negotiation. The FmHA gave them a conditional mortgage on the first home but then withdrew it. The work of the CLT slowed as it faced its

first bureaucratic roadblock. There were three basic stumbling blocks:

1) whether the applicant's income was high enough to qualify for FmHA 502 Rural Housing Loan.

2) whether FmHA was willing to approve a mortgage for a house built on CLT land.

3) whether the house itself would meet FmHA standards.

All of these were integrally tied to the CLT's proclaimed mission, and thus represented something of a pioneer struggle for recognition of the CLT model (there were very few CLTs in existence at the time).

The first issue was crucial because the HOME mission was to work with very poor people, as far down the income scale as possible. These were the people with the strongest need for ownership since paid a disproportionate share of their income in rent. The resident and the CLT were able to prevail when "they eventually discovered that a change in regulations now allowed an applicant to qualify if she had been paying as much for housing as the new housing would cost her each month" (1982, p.67). The question of financing a CLT-based house was also approved after a series of meetings between ICE's Chuck Matthei and FmHA officials in Washington (Perhaps the earliest recognition of the CLT by a government agency).

But the third issue was not resolved and the house never received FmHA financing, and the CLT was forced to carry the financing itself at a high interest. The FmHA felt that the solar design, earth-bermed house built by volunteer labor was not of a high enough value to be securely marketable. As Ellie Kastanopolous, a CLT resident and present director, recalls

"The FmHA freaked out! They couldn't deal with something that didn't fit their bureaucratic mold. The house was earth-bermed, they couldn't deal with passive solar, they wanted the house aligned with the street ..."[2]

During this protracted process, the first homeowner was sustained by an adherence to the CLT ideal which demonstrates the strength of HOME's community culture:

The process has been on and off aqnd we've been up and down. If I didn't feel strongly about the land trust concept I don't think I could have taken it. Most of our land here is being bought up by people from out of state or people that really can afford it. And there are a lot of people left that are not going to have any land. So I think that this is the only chance for low-income people, for one thing. For another thing, I feel that the land is entrusted to people and that it should be used by everyone, and taken care of, and that no one person should have it so a lot of people can't use it. And I feel that means take care of the land. And the land trust is a way of doing that (1982, p.68).

The next series of houses were more conventional in design and the FmHA began to express more interest, being particularly attracted to the low cost of the volunteer-built home. Covenant could build three houses for the price that FmHA usually financed a single home. But Covenant has continued to find the agency's bureacratic rigidity a hindrance to fulfilling the mission of housing the rural poor, according to Kastanopolous:

"We had almost worked out a deal for 1% loans, which would have brought mortgage payments to $66 per month, helping welfare mothers, but they we were shot down over rigid requirements concenring the road. They use their regulations like a beating stick!"

HOME and Covenant, frustrated by their dealings with the federal agency, moved their energies to the state level. In 1984 their lobbying efforts paid off as the Maine State Housing Authority agreed to finance homes for CCLT:

> The Authority modified its usual requirements to see this demonstration project get off the ground. Mortgages were given to people with low incomes, at 4% interest, for houses of unconventional design. There is no mortgage insurance on these loans. Since Covenant CLT's lease agreement includes a number of use restrictions, appraisers for the Housing Authority found it difficult to assign value to these homes. Some modifications have been made on the agreement to satisfy their concerns about the marketability of the homes on the leaseholds.[3]

This agreement represented a second significant landmark for CLTs that had been achieved through HOME's efforts.

Covenant CLT was able to build houses for as little as $18,000 when it began but costs have risen to a still highly affordable $30 to 35,000. Prospective homeowners can pay 25% of their income to rent the houses which is then counted toward a down payment. There are currently twenty four homes on Covenant land scattered across the towns of Bucksport, East Bucksport, Orland, and Sedgwick. Four more houses are to be started soon on this last site, with an eventual total of twelve homes that will be affordable for families earning under $10,000 per year.

HOME has amassed a considerable land base. In addition to these CCLT holdings there is the HOME co-op village itself, the Emmaus Shelter for the homeless in Ellsworth, and Mandala Farm which is the headquarters of the St. Francis Community, the religious base of HOME. Besides lodging and coordinating volunteers, the St. Francis Community takes on the task of acquiring property, with Mandala as

security, so as to shield the CLT from financial risk. It is currently buying a foreclosed property that CCLT wants. The separate pieces of land held by the HOME village and the St. Francis Community, when added to those lands held by Covenant CLT, makes a total over 700 acres in social ownership, almost 500 acres being undeveloped and available for wood harvesting and future homebuilding.

HOME and Covenant CLT, through the ownership of 700 acres of forested land, have been able to achieve a certain degree of vertical integration in their anti-poverty projects. It has followed three strategies to accomplish this: direct production from the land; use of an internal labor pool (to the greatest possible extent); and import replacement in the form of energy conservation.

Wood is harvested from the forest with horses and then processed in several ways. Firewood is cut and distributed to CLT leaseholders as well as low-income people in the surrounding communities. Lumber is milled in the community's sawmill for framing and sheathing CLT houses. Shingles from their shingle mill are used for siding and cabinets from the cabinet shop are installed in the houses as well as being sold to the general public for operating funds. The community is thus able to hold down its cost of building while making paychecks and skills training available for community members.

Leaseholders, particularly, have the opportunity to gain skills and lower cost through sweat equity work building the CLT houses. These building skills not only make the homeowners more employable but allow them to do their own home maintenance, further keeping down the costs of home ownership. As Phil Grey, HOME's wood processing and

building supervisor, explains:

"This house here is a perfect example of how this land trust ought to work. The fella that's going to have this house was on unemployment this winter, and he worked with me three months on the house. He knows what went into it. And I think anybody - it doesn't make any difference what it is - if they get some input into it, they appreciate it. And another thing - a lot of these people have to be taught how to take care of the place once they get it." [4]

The use of internal resources and labor was motivated by HOME's mission to use the land as a resource base for self-help, but also dictated by the need to keep costs down, as Ellie Kastanopolous explains:

"Trying to do it as cheaply as possible means using "sweat equity." By doing it ourselves we could do it cheaply. The homesteading process was key - you are less dependent. We developed the concept of the 10 acre leasehold, selling in early days for $18,000 and though now we can only do it four $35,000. It's all grassroots design, designing something to work at the bottom. Putting as much power down at the lower income universe ... its a struggle."

The CCLT has been able to mobilize a considerable amount of free labor for its building projects: besides families contributing sweat equity, volunteers come from colleges, religious groups, and other supportive sources. HOME is affiliated with Emmaus, an international Catholic social movement stressing the need to shelter those in need, and Emmaus groups come to work for varying lengths of time. In 1993, HOME was able to get a contingent of Youth Corps workers (a government program that gives money to hire young people). Due to the contributions of free labor and donations, homes in the Sedgewick development have been made available to some families with incomes as low as $5,000 per year.

Besides lowering the cost of housing, HOME's vertical integration of resources and labor (both sweat equity and work in the sawmill, shingle mill, and cabinet shops) has created jobs (often for CLT residents) while spreading homeownership. Direct labor on their own houses has also served the function of raising the image of the poor in the eyes of the mainstream community. Kastanopolous cites cases where reluctant bankers have agreed to mortgages based on the strength of purpose displayed through sweat equity:

> "We helped finance a home for a family of four on welfare, motivated the man to work on the house until he really got into it. He learned to plumb from HOME's plumber, started doing it for others. We brought this family to the bank and argued that food stamps could be included in their income total. We told the bank that the man was still unemployed but putting in 16 hours a day in sweat equity. The banker started talking to him and got turned around. The bank gave them a mortgage even though they are still making only $500 a month on welfare."

The use of natural resources in direct production is coupled with conservation methods to keep the low-income community's scant financial resources from leaking out through purchases of commercial materials, whether lumber, heating oil, or food. The homes are built for passive solar heat gain and heated with firewood. HOME contracted with a craftsman builder of highly efficient traditional masonry heaters to supervise community members in construction of the massive fireplaces (diffusing skills in the process, as well as energy saving). Leaseholders are given garden space and encouraged to raise crops (in addition to HOME's market garden operations).

A large measure of self-sufficiency in food production was originally envisioned and greenhouses were attached to the CLT homes. As Ellie Kastanopolous explains, this has had mixed results so far but has been a learning experience in social change processes:

"The greenhouses are not much used. The practice hasn't lived up to the theory. The problem was the theory came from above. But poor people may find the space more useful for storage than for growing food, as it turns out. I use mine and people are starting to see how useful it is so it turns out that a practical example is more effective."

The power of a good example may prove to be more persuasive than abstract theory. In any case Kastanopolous feels that the greenhouse situation demonstrates the need for HOME and Covenant to improve even further the egalitarian and participatory nature of their decisionmaking process. The vertical integration goal is not simply a technical fix, but is part of a holistic approach to community development.

HOME and Covenant have built on their successes by working to replicate the CLT throughout Maine and by successfully lobbying for state support of a CLT network. The social dynamics that affected Hancock County during the course of HOME's work in creating and sustaining Covenant CLT have been felt elsewhere in the state as Maine underwent a wave of gentrification in 1980s, especially along the coast. As property values rose, taxes went up and local low-income people increasingly lost property. HOME decided to take on the issue.

One of the first campaigns was a bond referendum funding a state Affordable Housing Act, which was passed by voters in 1989. The Act allowed the state housing authority to set aside $4.5 million for land acquistion for affordable housing projects by non-profits, as well as money to allow them to do the pre-development work necessary for such projects such as surveys and appraisals. This program benefitted CLTs, though not exclusively. HOME and Covenant also worked to organize newly forming CLTs to lobby for their specific interests.

Beginning in Februrary of 1991, HOME hosted meetings of activists interested in creating a statewide network of CLTs under the heading of the Community Land Trust Organizing Project. The project's goal was to "increase the number, strength, and productivity of CLTs in Maine, and the volume of resources available for their development and continuing activity".

The first part of this mandate was accomplished through sharing the expertise developed by HOME through its experience with Covenant CLT via informal information sharing and formal workshops "for members of proposed projects on technical issues such as obtaining subdivision approval, drafting a lease, and accounting practices."[5] The meetings also led to the formation of a Land Trust Development team meeting monthly to draw on the skills of relevant professionals to make for more intensive technical assistance. Members of the team included an architect, two lawyers, a financial consultant, a CLT consultant, a soil scientist, a town selectman, an energy efficiency expert and various other consultants.

The second part of the mandate involved the need for collective fundraising and lobbying. The Maine Homestead Land Trust Alliance (MHLTA) was created as a result of the meetings of CLT organizers and the Development Team to serve as a vehicle to carry out these functions. The MHLTA was incorporated in July of 1993 and received 501(c)3 status in December of that year. It was intended to serve a number of purposes:

-provide technical assistance to the existing network of local CLTs.

-raise grant funds to enable CLTs to hire staff for local organizing and management.

- serve as the designated successor in the event that a local CLT dissolves, thereby protecting its leaseholders.

-encourage thecreation of and provide technical assistance to newly formed groups in areas of the state where no CLT yet exists.

-act as a land bank in places where land donations are offered for affordable housing and no CLT yet exists.

-advocate for public policy support of CLTs in Maine.[6]

The Alliance has enabled standardization of CLT approaches as well as a unified voice in dealing with government and banks. MHLTA hired a CPA to create a standardized accounting system, held a workshop to teach the system to members, purchased and distributed the necessary software. It is also working to standardize legal documents, "working with MSHA to make programs more useful and accessible, working with banks to make programs that meet affordable housing needs, recruiting additional technical resources, such as more lawyers, accountants, etc., and creating a pool of funding for operating support for groups." (put into my words)

The Alliance has successfully lobbied for state government recognition of CLTs as a legitimate and useful part of state land and housing policy. MHLTA recruited legal aid lawyers to help draft legislation setting aside money for affordable housing through CLTs (basically "taking HOME and Covenant experiences and disseminating them," according to Ellie Kastanopolous). The legislative campaign paid off with passage of the Homestead/Land Trust act setting aside money for low-income housing. Lucy Poulin also lobbied for set-aside money to fund technical assistance to CLTs, resulting in Covenant's Kastanopolous being hired as statewide CLT coordinator.

While the lobbying was successful, the outcome was complicated by the need to feed other community organizations scrambling for funds. The legislation was written for CLTs but it was broadened by legislators so that the more numerous (and longer established) Community Action Programs (CAPS) could get involved and CLTs have to compete with them. Because of their more complicated legal structure and their grassroots nature, CLT generally projects take longer than CAPs, and make less units of "bricks and mortar. But the CLTs have been able to combine state financing with other source to achieve a certain level of stability in funding, as Kastanopolous explains: "We're more trouble than we're worth to them. But the Federal Home Loan Bank is interested and helps - they like the fact that we're putting very low income people into homeownership. The FHLB has created an Affordable Housing Project."

Support from the Federal Home Loan Bank, Covenant's lobbying and practical track record, and the push provided by the CRA have helped to create a climate of acceptance of the CLT model by private funders in the various rural areas as Kastanopolous reports:

"The CRA also helped a lot, Up until then, bank predjudices kept people from getting mortgages. Having CCLT has helped with empowering the poor to approach banks with confidence. We now have a good relationship with local banks. We give banks a way to effect social change. They like a non-profit as a working partner."

As of December of 1994, MHLTA had utilized $70,000 in Maine State Housing Authority financing to generate $591,000 in land acquistition loans, $217,000 in grants from the Federal Home Loan Bank of Boston, $404,000 in bank construction loan commitments, $1,006,5000 in bank permanent financing commitments, $209,500 in grants from diverse private and public sources, and $113,000 in loans from the Maine

Community Loan Fund. These financial gains resulted in 50 units of permanently affordable housing sited on CLT land in seven Maine counties, the hiring of a CPA and several organizers, and publication of a newsletter. The land trust alliance is itself structured in a participatory manner. As Kastanopolous says "the Boards are very grassroots, a combination of very low income people and philiosphers. Meeting a sure dynamic!" Several CLTs now are in operation along the lines of the Covenant model, some striving to imitate the latter's success in utilizing land resources as part of their missions (n the western mountain region of the state, the Farmington CLT is now milling lumber).

It is clear from the foregoing that the HOME/Covenant partnership goes well beyond the single issue of housing affordability. CCLT is just one part of HOME's economic and human development agenda, the part that is concerned with land ownership. Besides CCLT, HOME's projects include the followings:

1) homeless shelters: a total of five shelters, including the St. Francis Inn and the Emmaus Shelter. HOME has had to lead intense political struggles to gain local acceptance for such projects. A shelter in the largest local community, Ellsworth, was eventually built in a donated post office after a public referendum approved it by 996 to 640 votes. The Mayor who led the opposition was voted out of office.

2) basic needs programs: a soup kitchen, a daycare service, learning center kitchen for students, the Ellsworth Free Clinic for health care, two food banks helping an average 200 families per month,

and outreach programs to over 500 people in the outside community (providing food, firewood, transportation to doctors, dentists, hospitals, and the HOME village).

3) small businesses: the East Orland country store, a market stand, the craft store; a balsam fir wreath project, weaving and pottery projects, the woodyard (selling shingles, lumber, pulp wood, firewood, slabwood, mulch, kindling as well as for CCLT use), a woodshop (with cabinetry for sale and as well as to install in CCLT houses), and a flea market. HOME has over half a million dollars in sales each year from such businesses.

4) cultural institutions: the Learning Center, the Interactive Televison network of Maine, a folk museum, and a chapel.

This holistic approach to human and economic development is motivated by the desire to create a clear alternative to a competitive capitalist society, which HOME believes has turned its back on its own victims, the poor. Lucy Poulin feels that the poor have no choice but to create their own -and hopefully a better - version of society:

QUESTION: When you speak of community you speak of the HOME community, not the larger community?

LUCY POULIN: The HOME community. These people didn't have any relationship with the larger community. We're not talking about people who are accepted; we're talking about people who never have been accepted or had value in the community. And we're prejudiced in favor of those people - that's the community of people that we want as our community. And we're sticking with that. We don't care, I for one don't care, what the larger community thinks. They're part of the problem (Institute for Community Economics 1982, p.74).

They hope to make slow but carefully wrought progress in developing the Covenant CLT, not sacrificing the need to create their vision of community to a quest for more housing:

> We think six [houses] per year would be maximum, figuring on how many families you can relate to with some quality in the relationships. I think we all feel that if we could build that many and families could live there - own their homes, raise food, have firewood- that that freedom would be a blessing to them. A beautiful place for children to grow, a community where they would really feel that sharing and cooperation which we all feel, and they feel, is absolutely essential to survival (1982, p.74).

HOME's egalitarian and cooperative approach is embedded in its mission statement.

> The community of H.O.M.E. continually develops ways of working together that can serve as a model and an alternative to the competitive alienating norms of the larger community. Some of the areas and actions in which HOME acts as apioneer include:
>
> 1. A cooperative style of management in which workers increasingly take responsibilities for their work.
>
> 2. Workshops and other means that strengthen the self esteem of each member of the community, empowering the unemployed, underemployed, and the low income people who come to H.O.M.E.
>
> 3. Development of effective leadership from within the H.O.M.E. community, especially for positions requiring credentials.
>
> 4. Avoidance,as much as possible, of undertakings that make HOME vulnerable to values such as hierarchy, large pay differences and elitism.
>
> 5. Self-conscious work to overcome ways our society divides us: work to undo racism, opposition to anti-semitism in ourselves and ours, opposition to homophobia, respect for young an old people, undoing of sexism and opposition to class prejudices.
>
> 6. H.O.M.E. attempts to implement the four stages of working with others suggested by the Emmaus Movement:
>
> a. Provide help to those in need.
>
> b. Help people develop the skills they need to help themselves.
>
> c. When helping someone, always work to develop a community rather than just one individual.

d. Work to undo systems of oppression.

In 1988, the Board added a resolve to:

7. "Promote a relationship of love and respect for the land and all living creatures."

While these goals are not easy to achieve in everyday life, they amount to an agenda that is a clear alternative to the mainstream American market economy. Through Covenant CLT, HOME integrates the practical and philosophical fundamentals of the community land trust into its own broad ethic of cooperation and community-based economic development. As Poulin sums it up: "We've got to learn to help each other and share (Institute for Community Economics 1982, p.74)."

## The North Camden Land Trust

At first America's "inner city" neighborhoods do not seem to have much in common with rural Maine. Less a geographic than a class or ethnic designation, "inner city" has come to signify the concentrations of poor people (usually African-American or Hispanic) who, like the poor whites in rural Maine, have been bypassed and discarded by the larger society. They suffer similar problems of unemployment, undereducation, domestic breakup and violence, and the additional problem of street crime. Similar obstacles stand in their way of imporving their shared condition - lack of access to economic resources, lack of organization, absentee ownership, and control of the community by outside decisionmakers (whether government or private).

Since the 1960s, many of these neighborhoods have given birth to community groups who have achieved, in many cases, impressive results in housing and social service development. But beyond these basic needs, they have often have led successful campaigns to organize the community to seek to win back local control over development and the right to plan for the community's future. The two remaining case studies will offer examples of how some of those groups have been able to utilize the community land trust model as part of a holistic neighborhood plan, and a community-controlled approach to community development.

Camden, NJ, just across the Delaware River from Philadelphia, is a city that once was a source of working class upward mobility through industrial labor. But since the 1960s, it has been economically depressed by the loss of industry, and the North Camden neighborhood, inhabited by Hispanic and African-American residents, was cut off socially (and even physically, by a highway) from what was left of the economic and social life of the city. In 1993, a New York Times article reported that forty-two percent of the households in North Camden were female headed, 57% lived in poverty, 75% received some kind of public employment and there was 25% unemployment. [7]

The neighborhood became an abandoned shell, torn by riots in 1972 and 1973. As several neighborhood residents who would eventually create a community land trust recalled of this period:

"People started fighting each other, taking over property, burning buildings."

"After the riots, businesses and anybody with a little bit of money just packed up and left, because they were scared. So things got really rough in North Camden. There was nothing happening. The City didn't want to pick up trash; they didn't want to do anything." [8]

One specific group that lost interest in the neighborhood were landlords, who began to disinvest from their properties. Block after block of once attractive row houses were abandoned to decay. A local citizens group, Concerned Citizens of North Camden (CCNC) began a board-up program for public safety. In the process of boarding up about 300 buildings they were able to gain an intimate knowledge of the structural conditions of the buildings, and by 1981 had moved on to a squatters' campaign to help local families fix up and move into those that were structurally sound. As one community organizer

recalls,

"We called the first 13 families the 13 pioneers, the first people brave enough to go into the houses. The City didn't know anything about this at first. We told the families just move right on in and start doing whatever you can to get the house up to code. We had workshops, with electricians and plumbers and heating men to come and teach the people the skills. And some folks had some of those skills and they would trade off and help each other." [9]

Expecting an inevitable reaction from the city, CCNC organized local residents to defend the squatting program and were able to gain recognition by the city after an initial confrontation:

"One day a squatter moved into a block where a City Councilwoman lived, and she wanted that house for a friend, so she called the cops. When we found out that the cops were coming we got all our people together on the porch and just started screaming, 'No eviction or arrest!' When the cops came we said we wanted to talk to people from the city because we wanted a housing program." [10]

The city recognized that CCNC had become a political force in North Camden and agreed to arrange a meeting with the Mayor and other officials: "The Mayor had just been elected, so it was just at the right time, and it worked. We got our program." [11] The program established a working relationship that led to 142 families getting homes. But the relationship became strained as CCNC began to assert itself as representing the community in planning the development of the neighborhood. In 1984, they organized a protest against plans to build a prison in the area and the city retailiated by withdrawing funding. This inspired the idea of the community land trust:

"One reason the City cut the housing program was because we weren't supporters of them. We were fighting against that prison so hard that they decided they were going to pull our program, thinking that would close us. That's when we decide that the North Camden Land Trust was the best way to go." [12]

The anti-prison campaign increased awareness of the problem of how outside interests controlled the development of the community. Control of the neighborhood land base became an issue that drew organizers to the CLT model:

> The land trust concept appealed to CCNC for several reasons. The prison battle was eventually lost, but important lessons were learned. The group knew that if they were going to improve conditions in the neighborhood they would need greater long-term control over the community's land base. Bounded on three sides by [rivers] the land had potential value for various outside interests. [13]

As Luis Galindez, a CCNC activist and later Administrator of the North Camden Land Trust, remembered:

> "People were coming to Camden with the idea that they could buy properties near the waterfront, sit on them for two or three years and then make money out of them. People in the neighborhood were scared, wondering if they were going to lose their houses. So we wanted the land trust to stabilize the neighborhood." [14]

The organization realized that it could put a lot of effort into rehabilitating the housing only to have it become unaffordable if the neighborhood changed and property values rose. The land trust was seen as a way to capture the social increment.

> "We sat down and said, the housing stock that is available needs major repairs. If we're going to save that housing, we're going to make an organization to keep it affordable for the people who live here - an organization where the community has control over the housing stock." [15]

It was also seen as a way to build community: to unite the different ethnic groups around a common agenda, and to offer a positive, proactive vehicle for control of the local land base and economic development in contrast to the destructive chaos of the riots. The North Camden Land Trust, incorporated in December 1984 with a membership divided among Hispanic- and African-Americans, has

continued to conduct it meetings in both Spanish and English and offers the opportunity for residents to "make decisions for the community's sake."

Like CATCH, NCCLT was able to benefit from the presence of a community loan fund, the Delaware Valley Community Reinvestment Fund (DVCRF). Established in 1985, DVCRF was one of the earliest regional loan funds to branch off from the ICE Community Loan Fund (it is now the largest, with total capital of over $10 million). The fund has sought to avoid being restricted to the limited role of lender, seeking rather to serve as a long-term partner of community groups in planning for redevelopment of the area, particularly Camden and adjacent Philadelphia, through its Community Development Institute. DVCRF has offered financing and technical assistance to United Hands CLT in Philadelphia as well as to NCLT, and has organized a partnership with private sector banks to reinvest in Camden with the help of the loan funds' knowledge of grassroots groups. DVCRF was able to help NCLT become established when the fledgling group was attracting minimal public and no private support. Its loan to NCLT was one of the first made by DVCRF, so the organizations essentially grew up together.

NCLT continued the effort begun by CCNC to rehabilitate properties, but now retained the land under them in the CLT, thus maintaining control over the land and the social equity in the houses. They have developed an innovative structure for accomplishing the goals of long-term community control over the cost of housing and offering low income residents the opportunity to build an ownership stake:

The first ten homes were sold to local families, with financing through NCLT, which retains title to the land. However, NCLT found that arranging transfer of title when a homeowner wanted to sell was difficult and expensive. The land trust also wanted to be sure that the rehabbed homes were adequately maintained over the long term. For these reasons, NCLT now retains ownership of the homes it develops but allows residents to build equity as members of what is, in effect, a coop. ... The portion of the payment that is used to retire the mortgage principle is credited to the resident's account, to be paid if the family moves after having lived in the home for at least five years. [16]

The monthly payments for the NCLT units have averaged $265-285, as compared to local market rates of $375 for a one bedroom apartment. The cooperative model, besides enhancing affordability, has worked to create solidarity and a sense of common interest among residents:

"The coop model gives all the families an interest in everybody else's property, though there's still a sense of ownership of each property by the family."

"We all have something to say about it, and that has a lot to do with the way the houses are maintained." [17]

NCLT has tried to develop horizontal linkages to rebuilding the community. It has established ties to other non-profits to engage in joint development, including working with a soup kitchen to establish single room occupancy housing for the homeless, and has tried to retain as many housing dollars that have come into the community as it can by forming its own rehabilitation crew. This was a departure from the usual practices of nonprofits in the area, as NCLT's Resource Coordinator recalled:

"The way all the other nonprofits in Camden work is that they get some government money and it passes through their office into the hands of a contractor, who is almost always a non-Camden contractor, with non-Camden workers. They do the housing but the wages, benefits, and skill development go outside the city. What we've done here is assembled a rehab crew made up entirely of neighborhood residents. All the money stays in the neighborhood, the skills stay in the neighborhood." [18]

The crew works with a semi-retired electrician and a licensed plumber and provides valuable on-the-job training while assisting NCLT with its building rehabilitation agenda. There are also side benefits to having a local work crew:

"People see their friends and acquaintances working on the buildings. We have considerably lower loss rates than most contractors. People in the neighborhood sort of look out for our work in progress. There are a bunch of people in the winter who hang out and need something to stay warm with, so when we do demo work the lumber that we can't salvage for anything else we give to them, which helps to knit us into the neighborhood." [19]

The CLT tries to be sure that purchases are made from local suppliers as a way of integrating as many interests as possible into its program. NCLT has thus gone beyond the permanent affordability model by creating work and training opportunities similar to the efforts of rural models like Covenant CLT:

"The main thing is to get community people involved, so when there is a new piece to be added to the puzzle we say, 'Can we get it here so we don't have to go out there and get it - can we keep it here in the community?'" [20]

NCLT also has moved beyond the affordability model by directly engaging in struggles to control the direction of development of the community and defend its interests from the plans of outside forces. In this regard it is one of a handful of CLTs that have set the pattern for a highly evolved "community control" model for the use of a community land trust. The first line of development of this community control agenda was a defensive strategy, to protect the neighborhood from further encroachment by outside interests. The second line of development has been the creation of a positive plan for the community's future.

The defensive strategy resulted in two important victories. When a proposal to build a second prison in the neighborhood became public NCLT joined with other local organizations to resist it. This time they were successful. A second campaign was also successful, defeating a plan by a nearby campus of Rutgers University to close a street that connects North Camden to the rest of the city across a busy highway: "Again the community managed to defeat a plan that would have further distorted its infrastructure to serve the interest of others." [21]

NCLT has built on its defensive victories by working to create the organizational capacity to bring forth positive plans for the community, directed by local resident participation. The land trust formed, with other community organizations a Save Our Waterfront coalition that initiated a North Camden Planning Project in 1992. The Project has gained recognition and support from the city, community groups, and private insitutions in partnership with DVCRF. The comprehensive plan visualizes a transformed community:

> On one site, a police substation and a Police Athletic League center are to be opened. An adjacent section of the waterfront will become a new park. Nearby, the Black People's United MOvement, a nonprofit organization, plans to develop a food distribution center and has agreed to commit 100 of the jobs developed at the site to residents of North Camden. In another portion of the neighborhood, the Redevelopment Agency plans to develop a shopping center with a supermarket (there is only one supermarket in the entire city). In fiscal year June 1993 to June 1994, DVCRF lent $835,000 to NCLT to support continued efforts toward this fifteen year plan. While these plans are a long way from being fulfilled, the work of the NCLT has contributed to feelings of optimism in the neighborhood. [22]

North Camden Land Trust thus has taken the CLT model to a new level of development, that of partner in comprehensive community planning. The high stakes involved in this process were dramatized in

tragic fashion when Luis Galindez, an inspiring force in the neighborhood, was murdered on July 19, 1994. Galindez had been an early member of CCNC, had served on the committee which directed the board-up campaign and organized the squatter campaign, had helped to found the CLT in 1984 and was a Board member until becoming administrator in 1989. His own mother and sister were beneficiaries of the home ownership program. Galindez had helped the CLT grow from five to almost seventy homes, including twenty-two units of permanent housing for the homeless, had represented the organization in Washington and met with the Vice-President in the ceremony announcing the Clinton Administration's bill for CDFI financing.

ICE, in recognition of the tragedy of Galindez's death and its implications for the CLT community, devoted an edition of its newsletter, Community Economics, to the efforts of a growing number of CLTs to fight crime in their neighborhoods. CLTs in such areas were taking on the responsibility of formulating crime prevention plans as part of their mission to serve as the democratic land-based planning agencies in the community. But their chances for success are also threatened by the same violence that claimed Galindez. As North Camden LT organizer Tom Knoche explains, a culture of cynicism tends to develop is neighborhoods that have been discarded by the larger society and plunged into a harsh struggle for survival:

> Land trusts are different from mainstream institutions because they foster cooperative values and decision-making, they provide affordable, community-control housing, and they give residents a real stake in their community .... NCLT's greatest challenge has been fostering a spirit of cooperation and collective concern among people who had never owned a home, who mistrusted landlords, and who always had to look out for themselves - products of a harsh environment. [23]

The criminal environment with which inner city CLTs must contend in many ways reflects the individualism, self-striving, and lack of common solidarity of the larger culture. Galindez's death symbolized the threat that kind of communal breakdown represents to the work that CLTs operating in those neighborhoods were trying to accomplish: "Luis was part of the long-term solution. The irony is, he also was a victim of the short-term consequences." [24]

As community activist in North Camden were developing NCLT and striving to be recognized as the legitimate planning voice of their community, a similar campaign was underway in a neighborhood in Boston, MA sharing many of the same problems. This campaign was to achieve landmark recognition by city authorities as the designated planning organization for the neighborhood with the power of eminent domain to seize the vacant lands of absentee owners to fulfill that plan. The final case study will present a brief history of the initiative and the community land trust that was its result.

# Dudley Neighbors, Inc.

Dudley Neighbors, Inc. (DNI) is a community land trust that was formed as part of the Dudley Square Neighborhood Initiative (DSNI). DSNI is one of the most important examples of community mobilization in the U.S. because of its sweeping scope of community planning and success in achieving much of the power and resources to implement that plan. When DSNI began in the 1980s the Dudley neighborhood was a textbook case of inner city devastation. Boston's post World War II development had been shaped by the same historical forces at work in other large American cities.

The opening up of the suburbs in the 1960s hastened the patterns of ethnic transition that were already occurring. Because of discrimination barriers to African Americans entering suburban housing, the outflow of residents from Dudley Street to the suburbs was primarily the white (mostly Irish and Italian) residents and the neighborhood became more heavily African American in composition. Urban renewel in the South End of Boston in the 1960s displaced many lower income (particularly Hispanic) residents, many of whom migrated to the nearby Dudley Street area. The ethnic mix was further enriched by immigrants from Cape Verde and the neighborhood assumed its present multicultural form.

As this transition to a predominantly non-white community occurred city services began to be cut back and disinvestment began, initiating a downward spiral of community decay. Jobs followed the

white outflow to the suburbs, compounding the effects. Blockbusting, redlining and arson followed. Indeed arson was so frequent that life in the neighborhood took on a nightmarish quality, as a local resident described:

> They were burning down very quickly. You could go up after dinner onto the roof of this house and watch them burn down just any night you wanted to watch. And it was scary because the sparks would blow right over from these fires and we [feared] that sooner or later one of [our] houses would catch. But I was interested also in the underlying causes of this kind of thing. What could ... make it so that so many houses had burned down so quickly when [so] many people needed housing? (Medoff and Sklar 1994, p.30).

The dramatic nature of this trial by fire drew attention to the forces affecting the neighborhood, as the Boston Arson Prevention Commission's report substantiated: rapid depreciation made it profitable for landlords to get rid of unwanted buildings by burning them for insurance, while the lure of appreciating values tied to gentrification also made it practical to burn out unwanted lower income tenants so the sites could be available quickly for redevelopment.

Equally dramatic was the visual aftermath of the fires and other types of abandonment: the many vacant lots which increasingly dotted the neighborhood. A Boston Redevelopment Authority report found approximately 840 vacant lots covering 177 acres of land, a cancer spreading in the heart of the area. The lots attracted illegal trash dumpers and soon became a health hazard as well as contributing to the aura of degradation that inspired further abuse.

A group of residents began to meet and approached the city for help in dealing with these threats to their well-being, but their concerns were dismissed outright by officials:

> "They listened and listened. Then they started to laugh - literally. They just laughed .. One of them stood up ... and he says, 'This city don't make partnership with nobody...We do what we want to do and we'll do it in our time!' It was that up front" (Medoff and Sklar 1994, p.34).

But the issue of the land and how it was to be used had been raised and as the 1980s began the ground was set for the beginnings of the local initiative.

The initial organizing grew out of two academic studies. In 1981 students from Roxbury Community College surveyed neighborhood residents concerning community problems, and called a neighborhood meeting to discuss the issues raised in the study. One of the local organizations attending, La Alianza Hispana, commissioned a more detailed study by MIT graduate students. The resulting study, appropriately entitled <u>From the Ground Up</u>, recommended that residents be organized to build on local resources and specifically suggested gaining control over the land base through a land trust for housing and economic development (Medoff and Sklar 1994, p.39). The dramatic impact of the vacant lots had put land at the center of attention right from the beginning of the process.

La Alianza Hispana and another community organization, Nuestra Communidad Development Corporation, approached a foundation known for getting closely involved in the local projects they funded, the Riley Foundation, and in a fortunate concurrence of interests Riley was looking for a innovative project to support. Riley not only became

interested in the area but planned to devote considerable funds in a concentrated manner, in contrast to the usual foundation approach of scattering resources among numerous initiatives. Meetings began and the Dudley Street Neighborhood Initiative was launched.

The work of organizing was given urgency by fears of displacement. The Boston Redevelopment Authority's plan for the area, leaked to the press, envisioned "a 'New Town' strategy with a $750 million complex of office towers, hotels, housing, historical parks and light manufacturing.....Many saw the 'New Town' strategy as the old 'urban removal' " (1994, p.50-51). As Paul Yelder, the present director of Dudley Neighbors, Inc. recalls:

> "There was a great fear of displacement that was gonna come. You'd see in the Boston Globe a headline: '75 million dollars to be invested in Dudley!' - Oh! Speculators looking at all that vacant land! So part of the energy behind DSNI was a creative plan not to prevent development but to prevent the displacement that occurs with development."[25]

The first DSNI community meeting on February 23, 1985 attracted 200 people from the various ethnic groups of the neighborhood. Organizers planned to present their vision of an "organization of organizations," in which existing groups would take the lead. But the event proved to be dramatic as residents angrily asserted their right to participate in planning for redevelopment and expressed fears that DNSI would be a top-down "expert" driven action that could be as threatening as the BRA plan. They made their point, and the organizers realized the need for an inclusive approach to DSNI:

> At that point DSNI clearly took the road to community control. A previously scheduled follow-up meeting was recast as an open meeting where the consensus for resident leadership would be translated into a new governing structure. (1994, p.56)

The result of work in the ensuing months was a membership organization that balanced the interests of individuals, organizations, and ethnicities in its governing structure and began to shape a broad mandate for land use and planning in the neighborhood. This effort coincided with a city administration led by Mayor Ray Flynn that presented itself as populist and neighborhood-oriented. The congruence of these two developments provided a fruitful climate for an innovative community development strategy.

## The Land Issue and the Planning Process

In its grant proposal to the Riley Foundation, DSNI cited three basic goals:

1) to develop a comprehensive revitalization plan; 2) to devise a strategy to take control of vacant land; and 3) to involve area residents in the process. As with CCNC's effort in North Camden, DSNI's campaign had both a defensive and a proactive phase. The defense phase concentrated on shutting down the illegal trash transfer stations and other dumping. The holistic and long-range proactive plan called for preserving ethnic diversity and identity while creating 1000 new units of housing and rehabilitation of another 1,000 units; an urban village core; economic development and job training; improved human services; and community control of vacant land and development of it.

Land provided the focus for DSNI's first actions since the situation with trash strewn lots (which by now numbered more than 1,300) was so intolerable:

> Responding to resident priorities, DSNI planned an organizing campaign called "Don't Dump On US." The immediate objectives were to clean up and fence off vacant lots ... and enhance the neighborhood's image as well as its health and safety. The longer-range objective was to transform people's thinking - from seeing lots as health-threatening eyesores to seeing them as potential spaces for homes, businesses, community services, parks and playgrounds (1994, p.70).

DSNI pressured the Flynn Administration while building its local strength. Eventually community protests led to a meeting with Flynn that was the beginning of an ongoing relationship. The dumps began to be cleaned up and DSNI was able to move on to its core concern, the planning for a land-based community revitalization.

DSNI wanted to work with the city to redevelop the area, but with full community participation to avoid the "top-down" approach of urban renewal. They began to negotiate with the Public Facilities Department (PFD) over the disposition of city lands. The Flynn administration had the goal of disposing of city-owned land in the area by the end of its term of office and DSNI sought control over this disposition. PFD and DSNI were able to reach agreemnt that the disposition process be held up until DSNI could produce a long range community plan for the land.

DSNI mobilized consultants from various professions in a process culminating in June of 1987 with design charettes open to the community. The plan that resulted was built around the core vision of an "urban village," a center for a revitalized neighborhood life that would strengthen the cultural identity of the neighborhood and

increase security, and was approved by the community in September. Mayor Flynn responded by committing the city to the plan as its own, inaugerating a new era of development:

> DSNI had successfully flipped the traditionally top-down development planning process on its head. It had created a new bottom-up, participatory, comprehensive planning process. And it had organized a neighborhood with sufficient strength to win unprecedented city government support for the residents' vision of a revitalized Dudley (Medoff and Sklar 1994, p.113).

With the winning of legitimation for its planning role, DSNI began to work on the details of the difficult task of implementing the plan. The community was promised the city-owned parcels of vacant land for its urban village, but these were interspersed with private lots in a pattern that would make it impossible to implement the holistic neighborhood plan in any practical way. Organizers and consultants sought a way to create a "critical mass" amount of development that would have a focused impact on the area, rather than a drawn out process of in-fill development. To achieve this critical mass they came up with the idea of using a legal tool which ironically had in the past been part of the devastation of communities in the urban renewal process: the power of eminent domain.

## Winning the Power of Eminent Domain

Eminent domain had evolved in legal usage as the power of the state to take land for the public purpose upon just compensation of owners. It had gained notoriety in the urban renewal era becaue the benefits tended to be "public" in only a very abstract sense. Cities

and states had used the power to take properties in working class neighborhoods (often against the owner's wills), cleared the land at public expense, and turned it over to private interest to develop in ways that generally benefitted the more affluent (as discussed in Chapter One). Gans (1982) described how the West End of Boston was razed and its working class residents scattered to build luxury apartment highrises. Many of the Dudley residents were former residents of the nearby South End who had been displaced through the use of eminent domain proceedings.

Again, DSNI planned to stand the standard practice on its head: instead of being the tool of private interest to remove a powerless community, eminent domain would become the community's tool for gathering up the abused land held by private interests in order to use it for the revitalization of the neighborhood and the benefit of its existing residents.

Legal consultants determined that the use of eminent domain was authorized under Massachusetts laws for two entitities seeking to develop affordable housing: the Boston Redevelopment Authority or "an urban redevelopment corporation" authorized by the BRA. Eminent domain would not only enable the development agenda to be implemented, but it would "...also provide long-term land control, through ownership, that could survive changes in city policies and provide DSNI with leverage in dealing with future administrations" (Medoff and Sklar 1994, p.119). DSNI had two hurdles to cross to gain this power: (1) convincing community residents, who had seen the past abuse of eminent domain, that this tool could be used to benefit rather than hurt a low income community; and (2) convince the BRA to authorize

DSNI to use the power.

DSNI worked to assure local residents while at the same time mounting a campaign to convince the BRA Board. The latter effort benefitted from the early support of Mayor Flynn and the Director of the BRA, and somewhat later the support of the Director of the Public Facilities Department. DSNI's argument balanced both the community and the city's agendas. Granting eminent domain would (1) allow for prevention of displacement and land speculation; (2) allow for a more effective, concentrated development of the area beyond what could be accomplished using only the scattered city-owned parcels; and (3) avoid the political battles which would ensue if the city tried to use eminent domain on its own, given the past history of injury to lower-income communities.

DSNI worked to build support in the neighborhood with series of community meetings which focused on the threat of speculation and gentrifcation which could be averted by the use of eminent domain. In August 1988, the legal vehicle for implementing eminent domain was incorporated as Dudley Neighbors, Inc., a community land trust. A number of factors suggested the use of a land trust as a vehicle: (1) a legal entity needed to be created to exercise the power of eminent domain; (2) a goal of the community process was to maintain affordability. While this could have been achieved by using deed restrictions or other mortgage covenants, the land trust fit with the third goal, (3) the establishment of a permanent community organization mandated to effect community land ownership in the Dudley Neighborhood.

The original campaign, organized around the slogan "Take a Stand, Own the Land," was carried out without the idea of a community land trust. As Paul Yelder explains:

"I wasn't that familiar at the time with ground leases in a residential setting rather than a commercial or industrial setting. Creating the land trust fit with the 'Take a Stand' piece but also with maintaining permanent affordability. You could see in the Boston Globe, in their headline, '$750 million to be invested in Dudley' ... and you look at all that vacant land out there! So much of the energy behind DSNI was a creative plan not to prevent development but to prevent displacement."

The Institute for Community Economics provided technical assistance while Boston attorney David Abromowitz, a legal expert on CLTs, offered pro bono legal assistance. DNI's board of directors was designed to achieve a balance of representation of community interests: six representatives from DSNI, two neighborhood residents appointed by the local neighbor council and district city councilor, and two non-voting members appointed by the district's state senator and representative.

## Planning for Community Development

With a concrete entity to organize around, the community land trust, DSNI's "Take a Stand, own the Land" campaign went into full force. The Boston Globe gave editorial support for the plan in October, 1988, giving it public visibility. The plan was approved in a tumultuous BRA hearing on October 13 and the Dudley Neighbors community land trust became the first and so far the only CLT to be granted the power of eminent domain to obtain land for community

control. A new phase of organization began as DSNI faced the next task of bringing together the financial and human resources needed to actually develop the land.

One of the first pieces in the land development plan had already fallen into place during the time that DSNI was campaigning for eminent domain. The focus of the land redevelopment plan was a town common, traditionally the civic and spiritual center of New England communities. The Massachusetts Department of Environmental Management had a "City and Town Commons" program which funded projects aimed at revitalizing this traditional community focus. There were two obstacles: only one award was to be given in any particular town or city and the Boston Common had already applied (with needless to say more impressive political backing), and support had never in the past been given to an "inner city" area.

DSNI mobilized to compete for the award. It got the PFD to sponsor the project and drew up a presentation with the help of a PFD landscape architect. The proposal stressed the transformative contribution of a town common: a blighted area would become a green meeting place. "It would be a beautiful gateway to Dudley's planned urban village" (Medoff and Sklar 1994, p.129). The proposal set a precedent by winning the first grant for an inner city area. The city of Boston contributed $500,000 to complement the $1 million dollar grant. This success had great meaning for an organizing initiative that was built around the land as the key aspect of community revitalization:

> The town common award had great meaning for DSNI members. It brought them closer to realizing the dream of an urban village from the nightmare of vacant lots. (1994, p.128)

After obtaining eminent domain power, DSNI had the legal tool for gathering a land base together around the town common but needed to mobilize the financial resources. The city would sell its land for a nominal dollar. In order to purchase the private land, DSNI approached the Ford Foundation seeking a program related investment of $2 million for a ten year, two phase development program: one five year phase for purchasing and combining the land in the core area of the neighborhood and developing 500 units of affordable housing, and a second five year phase for building an additional 500 units in the area adjacent to the core. This ambitious proposal won the Foundation's approval in principle, and an arduous period of working out the details began which was to last over two years.

At the same time as DSNI was working out the loan and the legal process for eminent domain it was developing the actual building plan. After a series of community meetings a build-out plan was drawn up. The target goal was reduced from 500 unita to 296, due to market conditions among other reasons, and commercial development, tot lots, and two community centers were also included. The plan was ratified by the membership on June 21, 1989. DSNI began to coordinate developers. The Ford Foundation loan was closed on in March of 1992, and since the original period of eminent domain authority had expired it had to be extended by the BRA. Throughout this three year period of complex development DSNI managed to maintain momentum and keep the community focused on the long range goals, though not without some effort. The external factors influencing whether or not the community land trust was to become a reality were slowly being implemented. The other necessary task was to manage the internal factors.

Just about the time that DSNI held its tenth anniversary celebration on May 12, 1994 with actor Danny Glover as speaker, a Superior Court ruling cleared the way for the actual exercise of eminent domain. The process met with minimal opposition in the court:

"Those that accepted did nothing. Those that protested it did so on two grounds. One, that we couldn't do it, period; we had no right or missed some procedural steps. The other was that our estimated damage award was too low. We had one contestant on basis one - we dropped his parcel, we didn't need it anyway."

Fifteen acres of absentee owned land were acquired, and with another 15 acres donated by the city made for a total of thirty acres of CLT land for the initial redevelopment phase of the Dudley neighborhood.

By the spring of 1995, building was in the final stages on the land acquired in the original target area. Dudley Neighbors, Inc. had organized leaseholders to move into the housing: 36 single-family houses and 41 cooperative units for a total of 77. Homes were available to people with incomes as low as $18,000. Homeownership classes were started to create a pool of qualified homebuyers. The efforts of Dudley Neighbors have been successful so far in revitalizing the neighborhood without triggering gentrification.

"Partly this was behind the whole homeowners training program. Well, let's do this because we can't exclude people from buying the houses but we can make sure that the people in the neighborhood are qualified and prepared to compete and participate in all opportunities. We can create a critical mass of affordable housing even if we lose some of the other housing, and that's going to affect property values. It won't drive them down, it just won't drive them up to the point where they would be if we brought on a critical mass of market housing."

The area's high crime rate has been a deterrent to gentrification in the past, but the CLT's control of a large percentage of the land base makes it hopeful that as crime drops and the neighborhood improves local people will not miss out on the fruits of their labors through displacement:

"I won't say that crime is completely eliminated and I won't say that the economy is booming. But I will say that it's better than it would have been. It's an ongoing struggle. We have given people a sense of hope just seeing the physical transformation. There's a greater sense of pride among the neighbors. We have less illegal dumping, fewer abandoned cars. There's more of an energy. We have better ways to prevent gentrification than crime!"

DNI has had to deal with the problems of trying to create non-market housing in a market society. While the original concern was with rising costs, by the time building bagan to get started a new reality had to be faced, a collapsed housing market:

"When the housing started coming on line in 1993 that was when the housing market was bottoming out or coming close .... Suburban markets too. Now we had conceived of all this in the heat of gentrification and thought 'Oh, we'll have no problem, not only selling the affordable units but we can structure some market rate units in there too.' But then even the affordable units - the Wintrop Estates - they were all $90,000 (we didn't do any tiering of the prices) and we decided we would help any individual as needed [who could not afford them]. In 1988, people were saying 'If I buy a house in the ring suburbs, it will be 220 or 250, this 90 looks great.' But now if you can get a house in the ring suburbs for 120 - well, it's only 30 thousand difference ...

We had assumed there'd always be a strong market because of limited options. When those options opened up[ in other communities, with dropping prices, seller financing, lower interest rates, it really created a situation where, well, where's our market? ..... Keeping track of market changes is the obstacle we face."

The city of Boston was concerned as well. There was a fear that the many units coming on line would go unsold as buyers took advantage of the weak market to purchase homes without resale restrictions at close to the same cost. It wanted to work with DNI to bring down the

price by coming up with deeper subsidies. But this ran into opposition from the local membership:

"This created another interesting dilemma which we didn't expect we would have faced but in fact we did: that being that we had to fight with the city to keep the sales price at 90. Neighbors in the community the initiative represents felt very strongly that we keep the price at 90 and not cheapen the neighborhood. I think the staff would have said 'well, whatever, it's more money from the city! That means more affordability' But the neighbors felt that they're affordable enough and we'll help individual people as needed. We'll set up a down payment and closing costs assistance pool, help people who may be marginal.

The city was saying 'You won't be able to sell them at that price!' The felt the prices should be 10 or 15 thousand lower and they were willing to subsidize it (though they didn't say where the money would come from). But we got a class full of people willing to pay 90!"

The land trust had to walk a delicate line between halting the rise of propery values and actually lowering them:

"I think that a lot of people felt that just as we don't want prices to escalate, to push people out, conversely we don't want them to decrease, where existing homeowners may then start having their property undervalued. It's not something we expected. It's such a weird situation to be in, turning down money from the city."

Concerned as they were not to let housing values fall too low, the members of the land trust were very strict about controlling them from rising:

"We have a resale formula that's unique. It came out of the development committee meeting and meeting and meeting on this. Ours scales up to a 5% increase over 10 years: a half percent increase per year levelling off at 5%. The thought was to really encourage people to stay. Who says that housing has to keep pace with inflation? We're saying that an allowable increase is 5%. Inflation is what burned us before! Inflation kicked the last people out of the houses. Inflation will limit what a person can do, but that person got in at a lower rate and was able to invest the savings they got this way. The shelter has to be there, whatever the rest of the economy is doing."

The strict control of resale entails a logic very different than the idea of upward mobility through home ownership:

"The argument has been, well, homeownership has been the vehicle for the accumulation of wealth for the middle class. But the other side is to say, gee that's why this neighborhood completely flipped over from being middle class - because people flipped out of this neighborhood. So do we want to constantly go through the process of reinventing neighborhoods or do we want to look at other vehicles. As the middle class flipped out to the suburbs they completely abandoned these neighborhoods. The myth of 'stepping up' ignores the reality of 'leaving behind.' Instead of building up what you have and creating a vibrant community it's been 'well let's just step up and move to another community.' The land trust really takes away that mobility and creates an incentive for people to go for the long haul, and to improve and maintain where they are."

Part of the spirit of the land trust is in neighborhood pride and attachment that is critical of the American culture of mobility as it has been:

"The audacity of folks, who left that legacy, to criticize, 'Oh, the neighborhood ran down once those other pople moved in there,' not recognizing that they pulled the very lifeblood out of the neighborhood when they left. When they left, the stores left, the pharmacies left, and the political power left as well."

The sense of belonging to a community has turned out to be a selling point for the land trust that overrides the restrictions on resale:

"Another component of the land trust that really didn't come to my mind until we started marketing the houses and some of the prospective homeowners starting clueing us in that they actually saw the land trust as a benefit. There was a support system built in. One thing that appealed to people was, 'hey we're going in as a group,' they were joining this larger political force that could tell the city off. It's not just buying a house and then you have to organize the neighborhood. People like the controlled environment. They like the fact that through the ground lease we can limit what their neighbor can do to the house, they can't turn it into an auto repair shop.

The land trust is on a stronger level than the usual homeowner's association, because the land trust has teeth and not just peer pressure. The homeowner association can say 'We don't like you repairing cars back there,' but they have to wait for the city to do something. The land trust can say 'You're in violation of your

lease,' and that appeals to them. People like controlled environments, the sense of control that comes within the land trust, that all the neighbors are linked. We're forcibly linked, but we're linked. Forty years ago that may not have been an issue, you had other links. But as those societal institutions have broken down ...."

Unlike other methods of controlling the environment - such as snob zoning, deed covenants, and planned unit developments - the community land trust (especially as represented by Dudley Neighbors) is democratic and inclusive, especially when tied to a larger vision of the community. Like Covenant CLT, it is yoked to an organization that seeks to address community problems in via a participatory process and holistic vision. With a membership of over 800 local people, DSNI has gone a long way toward unifying the entire community around planning its future.

With the formation of the trust and the building of the houses, DNI is beginning to grapple with the issue of establishing a permanent operating structure:

"So now what's changed is that we have people to deal with ... we need a leaseholder relations person [to] deal with transition issues, homeowner training, organizing activities, and troubleshooting any issues, also monitoring for compliance with the ground lease terms for keeping the affordability of the units."

The work the organization has already accomplished has justified the long struggle. The careful planning process, in which neighborhood residents were able to fully participate in deciding the neighborhood's future, rendered an ideological and practical legitimacy to the CLT that allowed for rapid development of the housing over several square blocks of the formerly devastated area:

"It's really been a dramatic impact. I was walking around the other day with an insurance adjuster for our land liability insurance. He wanted to see what was going on for out policy rating: 'wow, all

this stuff, and two years ago nothing!' ..... Now, I just went to a conference session on communbity organizing. It struck me as so strange. Now you have land trusts trying to integrate themselves into the community, gain acceptance. Wait a minute! We never had that problem - we emerged out of the community. And the pieces were in a tight geographic area, whereas other land trusts tend to be scattered across the city. Plot here, a plot ten blocks over, so its really hard to get a community consensus when you're dealing with a number of different communities.

So it really struck me - 'Wait a minute! You mean you guys didn't organize the community to begin with? This didn't emerge out of a community process, even a development process. Now you're trying to sell this as done!' This should be a tool for implementation of a comprehensive vision."

Many, perhaps most, CLTs started on their own and others were started by an existing community organization such as a community development corporation. But the DSNI - DNI partnership, based as it is on a comprehensive vision and broad-based participatory planning, may be seen as in a third class, according to Yelder:

"I will call this a third breed, I would differentiate it from the CDC model. We're part of an even larger vision than the CDC model. The CDC model can look at a variety of housing development strategies or even commercial development strategies, but they're focusing on it as a development agency not as a planning agency. They may do some project planning, but it's not in the context of a comprehensive neighborhood plan. Because we're tied to other human and economic development strategies as well, its emerged out of a more comprehensive picture than just to build affordable housing or commercial space."

DSNI and DNI are primarily linked through the Board of Directors: of the eleven Board members, 6 are appointed by DSNI. There are nine voting members so DSNI holds not only a simple majority but close to a super majority. Beside the DSNI representatives the other voting seats are the Mayor, the City Councilor, and the Roxbury Neighborhood Council representative. The State Senator and State Representative for the neighborhood serve as non-voting members. The two organizations are also tied fiscally. The director of DNI is actually

an employee of DSNI (which is reimbursed out of DNI funds) to save administrative costs.

These close links have given DNI a great advantage when it comes to legitimacy in the neighborhood and relations to funding organizations. But now the land trust faces the dilemma of shaping a separate identity for itself. In theory, DSNI's work to improve the neighborhood could be so successful that it not longer is needed in the role of an organization funded from outside the neighborhood. But DNI must continue to exist to implement the long term functions of a CLT, including monitoring the 99 year leases. So the land trust must establish itself both as closely tied to the overall Dudley initiative, which has achieved a great deal of support from the funding community, while establishing its own identity.

Just as the Burlington CLT has been a role model for affordable housing creation in general, the DSNI-DNI collaborative effort has begun to inspire similar inner-city situated CLTs to seek to control their neighborhood's development by controlling the land base. One example is the Islandview Village Community Development Corporation in Detroit which, like DSNI, is struggling to reclaim vacant land for community use to be held by their community land trust:

> The overall effort, [Islandview director Donald] Softley says, was inspired by the Dudley Street Neighborhood Initiative ..."They are our model. Our neighborhood looks just like theirs." Given this model, the Islandview CDC has launched a campaign to get the city of Detroit to assign the power of eminent domain to the CLT, so that, like Dudley Neighbors, Inc.... it can take control of privately owned vacant land .... Softley sees the campaign as an important way to "raise consciousness and build support for the land trust in the neighborhood." [26]

Gaining the power of eminent domain is not likely to be feasible for many CLTs, and in most cases in is unnecessary. The importance of the Dudley experience is in serving as a "best case scenario" of what lengths a community can go to to get control of its land base for communal well-being, and how such a process can be implemented using a community land trust. It indicates the potential scope of the CLT model, beyond the issue of affordability.

# Chapter Seven:

# Community Land Trusts and Structural Reform

## The Window of Opportunity

Community land trusts, like other social market institutions, have evolved as responses to the failure of the Market-State system to meet the needs and expectations of many communities. The spread of the model has been the result of the opening of a "window of opportunity" as long-term structural problems in the housing system came to a crisis. The active work of proponents of the CLT was crucial of course. Social inventions do not appear and spread by themselves. The role of agency in social innovation should not be minimized. But the best efforts of advocates would not have been enough if there had not been a confluence of cultural and structural factors that worked in their favor.

Contradictions of Housing Within Capitalism

1. The housing crisis

The crisis of housing affordability was the principle "window" through which CLTs were able to pass to gain a foothold in the housing system. Schwartz et al. (1988) cite five trends indicating decline in the American standard of housing. Together they indicate the presence of both chronic and acute problems in the housing system. In recent decades there has been: 1) decline in homeownership rates; 2) explosive increase in homelessness; 3) a decline in the affordability and availability of housing; 4) an acute crisis of affordability for the poor; and 5) a pattern of stagnation and decline in the quality of the existing housing stock. Four demographic trends seem likely to worsen the above trends: 1) a significant increase in the "old elderly" population (over 75) resulting in a shortage for younger housebuyers as the extensive stock owned by the elderly is kept off the market longer; 2) a sharp upturn in the number of single persons living alone and in single parent households; 3) a major increase in young families in the first home buying stage; 4) continued concentration of the poor in cities, intensifying demand in the very areas where production is lowest.

While crisis conditions ebb and flow, critical analysts of the American housing system believe that they will never completely be resolved within the present system, inasmuch as the situation reflects fundamental institutional problems: (1) the dynamics of housing as a commodity, and (2) the labor market/housing market squeeze.

2. The commodity nature of housing

The present climate of opinion favors strengthening the private sector as the panacea for social problems. But in housing, as in many areas, the cumulative efforts of private economic actions is what has brought about the problem in the first place, The multifold aspects of housing problems stem from the fundamental underlying structural issue - that housing in American society is handled as a commodity. It is not seen as a social right but as an opportunity for private sector profits. Achtenburg and Marcuse trace out the various costs that add up to the high cost of housing: there are of course the profits made in the actual design and construction; then, land and construction loan interest must be added; profits made on materials, which are "produced by giant corporations with few incentives for cost control;" then,

> (o)nce a house or apartment building is completed, its cost to the consumer also reflects the speculative gain generally made by each successive owner who trades it for profit in the marketplace (housing is perhaps the only common commodity whose market value increases with age) (1986, p.5).

And it is a commodity purchased with commodified capital - interest-bearing mortgages - with mortgage interest the largest single element of monthly housing cost in recent years (40-65 per cent, according to the authors). The last, but in many communities far from the least, problem is that the finished house is subject to the property tax which tends to be one of the most regressive. When the government subsidizes housing it subsidizes all of the above, not just the relatively modest cost of constructing the building.

Government policy, until recently, worked to smooth out the workings of the system, not to resolve the root issues. The primary thrust of government programs has been to (1) enhance accumulation opportunities for the private sector while simultaneously attempting to (2) enhance the legitimacy of the market system by ameliorating the failures of that system in order to ensure social peace. Government programs address housing problems by reinforcing the profitability of business in the housing sector, rather than through more efficient and effective means such as direct provision. The result is a fiscal squeeze, an imbalance that develops between government expenditures on housing and the amount of housing actually delivered to those who need it, as profits are raked off by a whole series of intervening interests.

The whole chain of profit extraction is of course totally dependent on whether or not capital is actually available for housing. But capital providers invest where the best returns are expected, not necessarily where the social need is greatest. As far as housing goes, this often amounts to disinvestment in communities seen as not able to provide the desired return, or in speculative investment in

existing buildings whose value is expected to rise, rather than investment in new construction. And of course racial and class bias continue to lead to discrimination in the provision of mortgage credit. Furthermore, housing is only a sector of the capitalist system as a whole and is affected by external factors such as the cyclical swings of economic activity in capitalism, inequality of incomes, labor stratification, and racial and sexual descrimination in other sectors which disadvantage minorities in the housing sector.

3. The labor market/housing market squeeze

In spite of government attempts to mediate or manage conflict, Stone (1986) notes the prevalence of housing-related conflicts in recent decades. Poor and working class residents have initiated struggles against real estate speculation, "gentrification," "redlining," "blockbusting," abandonment, and arson. There are also more microsocial struggles such as those of tenants fighting against landlords in general over rent increases or evictions. Yet more specific conflicts include those between particular renters and particular landlords over rent, evictions, and repairs. It is clear that the American housing system has serious shortcomings alongside its noted successes, and has been an arena of conflict as well as harmony.

Stone sees these conflicts as stemming from a central contradiction in capitalism between the labor market and the housing market. Housing prices are constructed at the intersection of several

markets: the retail real estate market, and behind that markets in construction, materials, and finance. People are generally forced to pay what the market demands, inasmuch as housing is a vital necessity for which there is a limited supply. But the labor market may not (and generally does not) distribute wages in a such a way as to make housing affordable for all: "the actual cost of shelter, as determined by the structure of the capitalist housing market, bears only a tenuous relationship to the general level of wages ..." (1986, p.45). If shelter costs are so high in relation to income that people are forced to limit spending on other goods (including necessities) they are in a condition of what Stone terms "shelter poverty." This can be used as an index of housing market performance and has indeed been increasing in recent years (Stone 1993) as people, in the absence of a social solution to housing problems, have been forced to adopt the individual solution of paying out a greater and greater percentage of their income in shelter cost.

As an example of how the labor market/housing market contradiction works itself out in a capitalist society to create a situation of widespread shelter poverty, Stone traces the historical development of the mortgage credit system in the U.S. The social delivery of housing has gone through several stages in American history, each stage representing a greater degree of complexity as innovations have evolved to make up for market failures in previous stages. Each stage has temporarily solved the central problems of housing delivery and given the U.S. a higher standard of housing, but each has fallen into crisis as the central contradictions reassert themselves, requiring new innovations to make the system work again.

Based on their increasing degrees of complexity, Stone labels these stages "medieval," "classical," "baroque," and "rococo," respectively.

The "medieval" stage was the era of early buildup of capitalism and the cities. There was a limited financial infrastructure in place when this occurred. Few people could afford to own their homes, mortgage credit was rare and involved high downpayments and massive "balloon" payments after a short term, which only the well-off could agree to. Landlords were the key providers, and often dealt with the squeeze between low wages and high housing costs by packing workers into tenements, resulting in squalid conditions. As a middle class demand for better housing developed mortgage lenders began to play a more important role, developing a new credit vehicle -the long-term affordable mortgage - and thereby replacing landlords as the key players in the system.

The "classical" period, in the early years of the twentieth century, was characterized by the success of this innovation in providing relief for the middle class (and, through "filtering down," even for the less well-off):

> Emerging out of both the successes and failures of nineteenth-century capitalism, financial institutions provided a way of relieving some of the squeeze between incomes and housing costs by stretching out payment of the initial construction costs. Their ability to channel billions of dollars into housing indeed defined the dominant form that consumption has taken throughout this century, namely debt-financed suburbanization .... Between 1900 and 1930, nonfarm residential mortgage debt grew from under $3 billion to over $30 billion (p.49).

But as the sytem was based on debt it was dependent on a continuing prosperity and thus came crashing down with the advent of the Great Depression. This paved the way for more complex "baroque"

arrangements as government increasingly intervened to shore up the system.

A renewed degree of success in housing delivery was achieved with the stabilization of the mortgage credit system through the introduction of such backup measures as federal deposit insurance, mortgage guarantees, mortgage insurance, and the secondary mortgage market, implemented by Federal bureacracies such as the Federal Home Loan Bank System, the Federal Housing Administration, the Veterans Administration, and the Federal National Mortgage Association. The result was a more secure system that allowed for the post-World War II wave of suburbanization and vast expansion of homeownership opportunities.

But in the 1960s, at the height of success of the "baroque" arrangements, trends began to emerge which were to develop into crisis conditions by the 1980s:

1) "Even as mortgage lending contributed to expansion it grew much faster than the overall economy, and hence faster than the ability to repay this debt, just as it had during the 1920s (p.52)." Between 1946 and 1965, residential mortgage debt grew three times as fast as GNP.

2) Increasing dependence on credit made the construction industry accutely sensitive to the supply and cost of mortgage money, leading to instability and wide swings in housing production and employment in a self-feeding cycle of over- and under-production.

3) The thrift institutions -the main source of mortgage credit- became increasingly vulnerable to capital shortfalls as new savings vehicles began to attract money out of traditional savings accounts. Lenders were caught between long-term loans with fixed low interst, and the short-term volatility of interest rates offered to savers. The mortgage credit delivery system underwent major restructuring with the crisis of the thrift industry, and because of its dependence on mortgage credit the residential construction industry faced severe ripple effects (Florida 1986; Florida and Feldman 1988).

And as all these factors came into play the Federal government was in the process of withdrawing from its traditional role of subsidizing housing production and cutting back severely on existing programs. The savings and loan debacle and the emergence of a more complex market of mortgage instruments were the eventual results, initiating a period of greater variability of access to credit for prospective homeowners with mortgage costs tending to increase overall. This interacted with a final trend emerging out of the successes of the 1960s: the importance of homeownership in contemporary culture.

4) In the "baroque" era, the success achieved in extending homeownership opportunities combined with government and industry promotion of homeownership (through such benefits as the mortgage payment tax deduction) to create a high status, both materially and symbolically, for homeowners vis-a-vis renters. But the growing inability of the system to meet this created demand for homeownership has led to the development of yet more innovations in the market - such as variable mortgages, and new forms of tenure such as

condominiums - as well as restless political demands for solution to the problem leading to patchwork of government subsidy programs to once again shore up the system. The housing system thus arrives at the yet more complex "rococo" stage.

As the U.S. increasingly felt the effects of the globalization of the economy in the 1970s and '80s, housing problems worsened as both regions and individuals became either labor market "winners" or "losers." As regions were restructured, housing inflation or deflation was created as a ripple effect, producing residential "winners" and "losers," as well. An affordability gap opened up between Americans' aspiration for homeownership and the inability of growing numbers to fulfill it. The affordability gap has opened up political space for the emergence of nonprofit alternatives such as the community land trust, as tax revolts have pressed government toward fiscal conservativism, making it unlikely that it will be able to reinvigorate the old delivery system on a grand scale.

## The Cultural Strengths of the CLT

The window of opportunity was a necessary but not sufficient condition for the involvement of CLTs in the mainstream housing system. They were able to reach the window because they stood on a tall platform: an historical tradition of land reform and social justice movements. Historical land reform campaigns, as discussed in Chapter One, pushed forward general themes: the right to access land for use, the right to security of tenure, and the public's right to

assert a public interest in land use. But the CLT also drew on the specific contributions of a particular lineage : Henry George's critique of speculation, exchange value, and land as a commodity; Borsodi's concept of community trusterty in land, and land as an economic base in the industrial age; and Swann's vision of the CLT as a social change vehicle. Aspects of foreign models were also incorporated and adapted to modern American conditions.

All this bequethed to the CLT a coherent ideology, but even more, a practical structural model that embodied the ideology. These proved useful within the context of the fiscal and political squeeze placed on local municipalities by the housing crisis and the federal retreat. Removing the cost of the land, "capturing" subsidies through permanent affordability, and developing limited-equity versions of market innovations such as co-ops and condos proved useful in managing the crisis of the market - ironically so, since they were based on a philosophy that was critical of the market.

Again, these strengths of the model were necessary but still not sufficient. They had to be pushed forward by advocates. The many activists that spread the CLT model drew not only on the CLT's direct cultural heritage, but on both personal experiences and the collective heritage of various other social movements: for civil rights, peace, environmentalism, community control, and tenant rights. They also were able to build on the accomplishments of previous community development efforts, such as the work of the community development corporations (CDCs) which had been operating in many depressed neighborhoods since the 1960s.

One advocate and theorist, John Davis, believes that the ideals and practices of the CLT are such as to have a certain appeal within the context of American culture, because they speak to three hopes and expectations that Americans commonly espouse as individuals:

> The political acceptability of the model has much to do with its "conservative" promise of fulfilling the most fundamental expectations that Americans have traditionally held regarding the ownership of real property. Three of these are paramount: security against unfair eviction, unexpected increases in shelter costs, and unwarranted invasions of privacy; equity for one's personal investment; and a legacy for one's children (1984, p.218).

At the same time, the CLT addresses three hopes and expectations that many Americans express as members of a community. First, it speaks to the community need to "extend the privileges and perogatives of property to those who would be denied them otherwise (p.218)." It's ability to maintain affordability by preventing speculation is part of the appeal of this aspect of the CLT. A second community interest is development: "exercising enough control over local land and housing to promote economic development (p.219)." And finally a third interest exists "in leaving a long-term legacy of thoughtful planning and preservation for its future members(p.219). "This social legacy represents the combined benefits of the other two efforts: access and economic development provide a social legacy to future community members.

The CLTs have gained a platform for their critique of private property because, as the case studies have shown, the CLT seems to be able to embody many of the seemingly contradictory values that Americans hold: the idealization of homeownership but also a dislike for rampant speculation; government support for the poor but also fiscal prudence, cost effectiveness, and local control. The breakdown

of the social consensus that allowed for the welfare state housing system has cleared the way for competing ideologies and practices to emerge. But the CLT is certainly not the only approach to resolving the contradictions of land use and housing. Two particular social trends provide clearly competing visions of property to that of the community land trust. They provide a basis for comparative analysis as well as indicating the likely fault lines of future property debates. To add a comparative dimension to this study of the CLT and to clarify its nature as a social market institution, we will consider these alternatives.

## Consider the Alternatives ...

### Property Fundamentalism

One thrust in the current reinvention of property is the so-called Property Rights revolt, which seeks to roll back government regulation, taxation, and other policies that affect owners of land or other property. The main thrust of this tendency has been the "Wise Use" movement which seeks to roll back environmental legislation (Brick 1995; Moulton 1995). But the logic of its underlying philosophy would also delegitimize local zoning, rent control, and any other attempt to regulate housing and land. This movement consists of

a front of grassroots organizations underwritten by industry through national umbrella organizations such as the Center for the Defense of Free Enterprise, which has publishing and legal defense arms. The main strategy is to demand compensation for regulations as "takings," under the Constitutional Amendment covering the power of eminent domain. Several Supreme Court rulings in recent years have been favorable to this interpretation of the Constitution, and "Takings" bills have been introduced in dozens of state legislatures, are a key provision of the Republican Contract With America, and have been introduced into the Congress.

The Property Rights movement is directed not only at government regulation, but at private organizations that buy and set aside land for its natural value (the Nature Conservancy is a favorite target). The movement resents the non-tax status that non-profit landowners have, seeing it as a government policy favoring non-market use of land. Although the community land trust is too small an phenomenon for the property rights advocates to notice, so far, it is logical that they would also oppose CLTs, especially if supported by any level of government.

The movement is based on a theory of absolute rights of private ownership expressed by Richard Epstein (1985). According to this theory, zoning, welfare state transfer payments, and wetlands ordinance are some of many examples of "partial takings." The Constitution covers the issue of takings by government in the fifth article clause governing the power of eminent domain, which specifies that property can be taken from its owner only for public purpose and only with just compensation. This has been upheld where property is

subject to a complete taking (as is the case of the lands bought out by DSNI under its eminent domain power). But Epstein argues that in cases where government taxation or regulation prevent an owner from profiting from part of his property (that part foregone by not clearing a wetland, for example, or through lower rents due to rent control) then there exists in effect a "partial taking," which falls under the eminent domain clause and requires compensation.

> One line of argument is this: if I take a physical part of your land, I have violated your property rights; by the same token, if I (or the state) declare that some of your property rights to your land (such as the full right to income) are not properly yours, then I (or the state) have similarly taken some of your property (Christman 1994, p.137).

The government would have to pay people to obey edicts which limit their ability to profit from their property.

As Miller (1986, p.1063) explains, "What Epstein discovered in the Fifth Amendment is a blueprint for a shrunken public sector, dwarfed beyond recognition, and so stripped of its twentieth-century identity as to be almost recognizeable." Besides regulation of land use, Epstein's analysis would invalidate unemployment compensation, the National Labor Relations Act, progressive taxation, wage and price controls, and a host of other policies regulating the economy. These are invalidated deductively and formalistically, without any historical analysis of the reasons they came about or the practical effects of undoing them

The paradigm which underlies this theory is a clear contrast to that underlying the theory of the CLT. Rather than seeing property as a social construction, Epstein sees property rights as existing in the state of nature -they are "natural rights" that exist prior to the

state and the state arises (in Hobbesian fashion) to enforce them not to construct them. This "unitary" view of property derives from Blackstone, who invoked it as the 'sole and despotic domination' definition of property. As Epstein's critics point out, this brushes away a realist examination of the issue and asserts a "property fundamentalism" which amounts to little more than a dogmatic restatement of the ideology underlying capitalism:

> But the idea that property rights comprise absolute dominion in this sense is not only historically parochial and ideologically contentious, but also obviously false. No legal system comes close to granting such powers to owners, who not only are subject to taxation and zoning restrictions, but who enjoy rights that are intricately tied up with the overall economic policies of the state (Christman 1994, p.22).
>
> His position rests on the premise that there exist natural, prepolitical property entitlements in individuals ... he believes property has a real, timeless meaning. Property by natural right is acquired by first possession in a state of nature (often called "title by grab" by the irreverent (Radin 1993, p.22).
>
> [Epstein] affirms a conceptualist, formalist methodology. Epstein maintains that property has an essential, prepolitical meaning, and that that meaning is sufficiently precise and detailed to determined legal rules and outcomes in practice (Radin 1993, p.99).
>
> ...Epstein thinks the concept of property - consisting of articulated detailed rules - is obvious, and it isn't (Radin 1993, p.101).
>
> Not only is property vague and evolving; it is also essentially contested (Radin 1993, p.102).

Such historical developments as the end to the right to hold slaveswould be "takings," in Epstein's view, since the fundamentalist view of property would simply accept slaves as property without either an historical examination of how they got to be that way or a philosophical critique (such as Borsodi's) which tries to determine whether they can rightly ever be thought of as property. Epstein may approve of the "taking" of slaveholder's property as a correct

"taking," but his paradigm leaves no room for criticising slaveholding as a property right.

Epstein also ignores the distinctions made by many thinkers between property as a means of personal fruition and security and property as a fungible medium of exchange. Radin cites three such conceptual distinctions in the nature of property made by previous analysts: Proudhon (possession versus increase), Marx (use versus exchange value), and Morris Cohen, (property for use versus property for power).

But the play of interests in the material world may prove a more formidable obstacle to this agenda than intellectual refutation. In practical terms the movement has not had any clear victories. The legal history is ambiguous. Much of current legal rulings are based on the 1922 Supreme Court case Pennsylvania Coal Co. vs. Mahon, which on the one hand agreed that regulation could indeed be carried out so far as to become a "taking," but on the other recognized that governing could not take place at all if each change in law affecting property values had to result in compensation. Legislative bills have recently been introduced in Congress attempt to remedy this amiguity. The Private Property Rights Act of 1994, introduced by Robert Dole, requires government analysis of any policy that might hurt property values and several payment bills have been introduced by Phil Gramm and others.

Property rights fundamentalism runs up against the liberal tradition that asserts a "public good" which in many cases overrides property rights. Courts have even recognized the concept of a social

increment in property value, such as is asserted in the CLT philosophy. In 1977, for example, the New York Court of Appeals, in the case of Penn Central Transportation Company v. New York City, in ruling in favor of the City's right to resrict use of the land by prohibiting construction of an office tower, noted that "society as an organized entity ... has created much of the value of the terminal property" and "It is that privately created and privately managed ingredient which is the property on which the reasonable return is to be based. All else is society's contribution by the sweat of its brow and the expenditure of its funds. To that extent society is also entitled to its due." [1]

But property rights fundamentalism runs up against contradictions even within conservatism. The analysis requirement, as in Dole's bill, would lead to increased bureaucracy and mountains of paperwork - both of which conservatioves proclaim themselves against- unless the government abandoned any attempt to impose environmental regulations. But the quality of the environment is an issue that many otherwise conservative Americans espouse as well. Contributors to the Nature Conservancy and other such preservation organizations are generally affluent suburbanites, the very constituency Republicans draw upon.

Local zoning would be considered a "taking" under this interpretation, but zoning is generally utilized by affluent (often conservative) homeowners to raise their property values and protect what they perceive to be their quality of life. They would be unlikely to favor taxpayer compensation to those whose ability to profit is limited by their regulations. And it is not only homeowners who would be affected. Powerful interests such as developers and land

speculators, as much as they dislike zoning when it restricts their profits, have often benefitted from its utilization (often by their local political allies) as a way to rapidly construct high property values:

> The traditional way to escalate land values was to build a railroad or a canal, and to own both sides. In this century, rezoning is king. With a flourish of a pen in the hands of the "right" person, the $1,000 acre can become the $10,000 acre (Wolf 1981, p.409).

And as Echevarria reports, local coalitions of the Christian Right have opposed anti-zoning campaigns of the property rights movement, on the grounds that eliminating zoning would take away a tool for local citizens to uphold "family values."[2]

> The Reverend Donald E. Wildemon, the president of the American Family Association, in Tupelo, Mississippi, has called such a proposal in his state the "porn owners' relief measure," because it could restrict the ability of local governments to control such things as topless bars (Cobb et al 1995, p78).

Zoning is a ambiguous approach to building community: on the one hand, "snob" zoning raises property values at the expense of low-icome people needing affordable housing. But zoning often contributes to community quality of life by shielding residential neighborhoods from such negative externalities of capitalism as noise and pollution. The popularity of zoning among diverse political constituencies demonstrates a desire to decide consciously what the community should be like, rather than leaving it up to the anarchic interplay of market forces. In order for anyone to gain absolute rights of property over his or her land land, it would be necessary to accept other neighbors having the same rights. But if one neighbor decides to build a manure plant, everybody's property values go down! There is a structural necessity to separate one aspect of private ownership (unlimited use

rights) our from the bundle in order to save another key aspect (exchange value).

Property fundamentalism is thus limited by its own contradictions, and is likely to amount to little more than a self-interest lobby for business that lashes out against government regulation, rather than a coherent program that can solve entrenched housing and land use problems. However much Epstein may hold to unitary view of property, people in the real world exert their right to restrict property rights when they perceive their quality of life (however defined) to be potentially affected by the externalities of property use. Indeed, the exchange value of property depends on this. The anarchy of the market is not good for property values!

Capitalists who operate in the real world of housing development, recognizing this, have taken a very different tack in response to the contradictions of the housing system, and have brought forth a social invention - the Common Interest Development (CID) - which abandons the dream of unrestricted private property rights in favor of raising property values. The developemnt and spread of the CID indicates that an expanding social market is the reality of the future. The question then becomes What type of social market? The contrasts in structure and values between CIDs and CLTs highlight the issues to be contested in the emerging social market.

The "Positive Ghetto"

1. The CID as a social invention

In light of sheer numbers, Common Interest Developments - not the return to unrestricted property rights nor limited equity forms such as the CLT - are where the action is. Most CIDs are mirror images of CLTs: where CLTs take away homeowners' rights to profit from the sale of housing but offer instead rights of participation in democratic community planning, CIDs firmly uphold the individual's right to profit but suppress many other rights by way of securing those profit rights. CIDs are, in this sense, "land trusts from Hell."

These types of developments claim Ebenezer Howard, the father of the "garden city" movement in England, as their inspiration. CIDs, the "garden cities" of America, evolved as a hybrid of Howard's utopia and American privatism - Evan McKenzie (1994) describes them as "privatopias." Howard's plan was, not suprisingly, altered to fit the culture of privatism in America. His idea of public ownership of property was explicitly rejected, while other of his ideas - such as technocratic control and economies of scale - did appeal to developers.

Another contribution to the CID's heritage was the American tradition of privately-owned subdivisions catering to the rich which began to spring up toward the end of the nineteenth century. Enclaves such as Louisburg Square in Boston and Gramercy Park in New York generally had restrictive covenants attached to the deeds which not only prevented certain uses but disallowed sale or rental to entire ethnic groups, generally Irish, Blacks, Jews and Asians. Racially

restrictive covenants, though eventually rendered invalid by the Supreme Court, were the forerunners of CID exclusivness. CIDs tend to be what McKenzie calls "positive ghettoes" in which affluent whites use home prices to segregate themselves in, as a reaction to their legal inability to segregate other races out.

The various types of CIDs "have three distinct legal characteristics that set their residents apart from other Americans: common ownership of property, mandatory membership in the homeowner association, and the requirement of living under a private regime of restrictive covenants enforced by fellow residents (1994, p.19)." Except for racial restrictions (banned in all states) and certain other restrictions (such as those on children) banned in some states, restrictive covenants are generally an approved legal device in America. The Homeowner Association (HA) is empowered and required to enforce, through the imposition of fines, any restrictions deemed necessary for the purpose of maintaining high property values. If the fines are not paid liens can be placed on the houses. In addition, standards of behavior can be imposed that are well beyond the bounds of government power.

Homeowner Associations are punctilious in their rigorous enforcement of such regulations. Harsh and authoritarian actions by HA Boards have led to much conflict and litigation. McKenzie offers a long list of horror stories from around the country. In Ashland, MA a man was told he could not fly the flag on Flag Day. In Monroe, NJ a married couple was taken to court by the HA because the wife was under the age minimum required for residency. The HA won in court "and the judge ordered the sixty-year old husband to sell, rent the unit, or

live without his wife" (p.14).

"In Houston, Texas, a homeowner Association took a woman to court for keeping a dog in violation of the rules of the CID. The association won, but she kept the dog anyway. The judge sent her to jail for contempt of court" (p.15).

In Vista, CA, an HA put a lien on the property of a woman who had fallen behind on her dues and was about to foreclose when she, in desperation, got an advance on her credit card to pay the full amount. In Fort Lauderdale, condo managers "ordered a couple to stop entering and leaving their unit through their back door, claiming that they were wearing an unsightly path in the lawn by taking a short cut to the parking lot" (p.16). The couple had to sue for the right to use their own back door. In perhaps the most shocking case, a woman in Pennsylvania whose property, unbeknownst to her, turned out to be within the jurisdiction of a CID was ordered to pay back fees and fines by the court. When she refused, her cars were put up for a sheriff's sale. When there were no buyers the HA had them towed away anyway, at a loss to itself, just to prove the point.

In 1964 there were fewer than one hundred CID Homeowner Associations. By 1970 this had grown to 10,000, by 1980 there were 55,000, and today ther are over 150,000 HAs governing an estimated 32 million Americans. The author projects the existence of over 225,000 HAs by the year 2000. They are presently concentrated in the sunbelt states but are spreading wherever new construction is taking place (36% are in the west, 33% in the south, 10% in the midwest, and 21% are in the northeast). In rapidly developing parts of California, nearly all new residential construction is in CIDs, according to McKenzie (1994, p.11).

An example of a California CID is Rancho Bernardo, in San Diego. Started by builder Harry L. Summers on 6,107 acres of open land, Rancho Bernardo holds over 30,000 people, and expects to have 41,000 when complete, in 17,900 dwellings. Over twelve Homeowner Associations govern the development, enforcing minute restrictions, including: no vegetable gardens, approval required for walls, fences or hedges, no signs (except, in good commodity fashion "For Sale" signs!), no trees above roof level, no recreational vehicles or boats parked in driveways, and in the "senior" villages, restrictions on visits by grandchildren. "Restrictions in some neighborhoods" McKenzie reports " are so detailed as to regulate the color of curtains" (1994, p.14).

2. Origin and evolution of the "positive ghetto"

For many years the federal government promoted the use of racial covenants by the real estate industry, the specific goal of the policy being to maximize property values by achieving one-race neighborhoods. The National Association of Real Estate Brokers' code of behavior called for sanctions against realtors who introduced buyers into the "wrong" neighborhood as part of the effort to socially construct real estate as a secure investment. This represented an institutional racism beyond the personal racism of individual homeowners. Although racial covenants were eventually deemed unenforceable by the Supreme Court, they pioneered what was to become a common practice: the use of deed restrictions as private land planning devices. Indeed, they became the model for zoning laws and subdivision regulations by local

governments.

> Today's CIDs, with their elaborate lifestyle regulations, reflect and amplify the principle adopted during decades of legalized racial segregation: restrictive covenants can be used to create homes for certain people and to exclude others (p.58).

Homeowner Associations, set up to enforce racial restrictions, were able to switch gears and become the vehicle for new restrictions based on social class that have led to a more sophisticated form of segregation. The idea began to spread to the upper middle class with such twentieth-century developments as Radburn, NJ. But begining in the immediate post-war years, the most dramatic development in homebuilding was not enclave development for the rich, but the industrial mass production of middle class housing by such mega-builders as William Levitt. Suburban tract housing offered spacious yards, to give the illusion of rusticity, scaled down from the enclaves of the rich but remote from the congestion (and racial and class mixing) of the cities. They were scaled-down versions of the utopias of the rich, "bourgeois utopias" in effect (Fishman 1987).

But after the 1960s, rising land prices and a population boom pushed developers to find ways to squeeze more housing on yet smaller plots of land. Land as a commodity increasingly began to affect the cost of housing. According to Mayer (1978), in 1948 developed land represented 11% of unit cost, by 1959 it was 15.5%, by 1966 it had increased to 19.6%, and by the late 1970s, 25-30%. Commoditized land was beginning to adversely affect the profits of developers of commoditized housing. As McKenzie indicates, developers had to resort to social invention:

The challenge facing the building industry was to find a way to build suburban housing on smaller lots and still satisfy the demand for bourgeois utopias.

Builders began to move away from big-lot development, in which each family had a large yard, to smaller individual lots supplemented by common areas for recreation and other activities. To provide for ownership and maintenance of these commonly owned areas, builders returned to the CID concepts perfected in luxury subdivisions like Radburn, including restrictive covenants, homeowner associations with managerial governments, and common property ownership (McKenzie 1994, p.82).

The development of CIDs resulted not from any conspiracy to undermine what had become the "American way of housing." Rather they were simply the result of how that way of housing worked through privatism and commoditization: "Largely because of land economics, CID housing became not just a novelty or one option, but increasingly the standard form in which the consumer product known as housing is now supplied" (p.83). With the endorsement of the Federal Housing Administration, which provided developers with detailed guidelines on how to create condominiums and planned unit developments (PUDs) that would receive federal mortgage insurance, the real estate industry began in the mid-1960s to promote common-interest housing as the new way of housing for the middle class.

In an industry dominated by large corporate builders, CIDs made sense and became more and more popular with developers. They were given a boost by the "new town" boom of the 1960s sponsored by large corporations. The "new towns" were essentially enclaves promoted for the rich. But the market was overestimated and by the early 1980s most were in default. The federal government, which guaranteed much of the investment, eventually lost $56 million of taxpayer money, including $45 for repayment of defaulted loans and interest. CIDs

were built on the same principles, but downsized. Government assistance in furthering the concept was essentially part of a "bailout" of the new town developers:

> Government policies on housing and urban planning seemed largely limited to ratification of decisions made by real estate developers and driven by considerations of profit. The most activist public policies involved insuring large-scale developers against the consequences of their own mistakes so that profits remained in private hands while losses were socialized (1994, p.104).

By the early 1970s, large developers had accomplished the professional and legal groundwork necessary to make the CID a viable social invention. The federal government, sensitive to the profit needs of the reals estate industry, embraced what amounted to a radical departure in what Americans had come to expect as "normal" in private housing: "Community builders and government officials had agreed that CID housing was not a novelty but the preferred solution of the building industry concerning difficult problems of land-use economics (1994, p.106)." Local governments also found this social invention appealing, caught as they were (and continue to be) between fiscal restraints and demographic growth. CIDs supplied their own infrastructure while adding "instant" taxpayers to the rolls.

CIDs made sense in light of the logic of profit for the real estate and building industry. They fit in with the federal government's eagerness to fulfill the functions of enhancing accumulation while keeping social peace. They were acceptable to local governments because they supplied their own infrastructure. But what about homebuyers? What would the consumer think about this radical reconstruction of property ownership? As is the case with all social inventions, in order to succeed the social entrepreneurs that

promoted CIDs needed to advance a philosophical justification and change people's expectations of what was "right" and "natural":

> An ideological dimension to CID housing began to emerge out of the marketing strategy employed to sell it. Because CIDs departed significantly from what most middle class families expected from home ownership, community builders and the Federal Housing Administration began a sustained effort to convince the public that what might be seen as detriments were really advantages. These included sharing property with neighbors and submitting to neighborhood governance by amateurs, who were enforcing rules written by developers. Industry and government publications told the public that it was participating in exciting new variations on the time-tested legacy of Ebenezer Howard and that they would enjoy better living through planning. Moreover, CID residents were to be at the cutting edge of a return to traditional American "town meeting" democracy based on ownership of their own community (p.82).

There were two aspects to the problem of socially constructing a new approach to residential property: (1) the problem of marketing, how to get people to accept the new approach; and (2) the problem of educating consumers about how to operate the new product via a complex institution, the homeowner association. Buyers needed ongoing organizational support. As with the CLT, CIDs needed a support infrastructure. This led to the founding of the Community Associations Institute as a national clearinghouse for CID theory and practice (in a sense, the CID equivalent of ICE):

> By 1992 CAI had become the leading supplier of information, education, literature, and legislative advocacy regarding CID housing. For the fiscal year ended June 30, 1992, CAI had income of nearly $4 million, a staff of 29 people, 56 chapters across the country, and 12,462 members (p.114).

The CID has thus progressed from social invention to social institution, in a similar manner (but on a vaster scale) than the community land trusts. This "evil twin" of the community land trust, more so than the quixotic property fundamentalist phenomenon, represents the threat of a society in which exchange value trumps all

other land use values. It demonstrates clearly the contradictions of private property in land in a democratic society.

## Conclusion: the Social Market in Land

### Property and Democracy

CIDs and CLTs are both, in a sense, private governments that try to a certain extent to create a desired way of life as opposed to the messy and ambiguous outcomes of life in a market society. Both evolved in response to the failures of capitalism to create affordability, security, and amenity in local communities. Both exist in the grey area between public and private ownership. Both fit private homeownership into community-owned land. Both require adherence to rules that seek to implement a vision of the good society.

But they differ strongly in their vision of the desired way of life and also in the way they are created and structured. CLTs are open to participation by all community members, while in CIDs only property owners can vote. The rules of CIDs are pre-designed by the developer to create a distinct lifestyle in a development, while CLTs use diversity as a hallmark of success in creating community. But the most distinctive difference is, of course, that while CLTs subordinate property profit to a host of other values, in CIDs

> Preservation of property values is the highest social good, to which all other aspects of community life are subordinated (McKenzie 1994, p.18-19).

CIDs are, basically, authoritarianism by contract. When people enter into CIDs, they give up many of the rights classically associated with homeownership, not to a "meddling government" but to a meddling private authority. While CLTs seek to develop a democratic culture, CIDs, as McKenzie points out, foster a "'culture of non-participation'" thus socializing their residents into a culture of obediance to often arbitrary rules, while they segregate them from the community at-large. CIDs represent "instant community," but a community built on exclusiveness, conformity, and homogeneity rather than one that embraces diversity, inclusiveness, and participation (the goals that motivate CLTs).

The advent of CIDs thus further aggravates the already existing divisions between city and suburb and between classes and cultures within the city. By withdrawing their participation (and, whenever they can, their tax dollars) as citizens of the larger community, residents of CIDs basically shrug off involvement in or responsibility for efforts to publicly solve social problems in American society. Rather than work for an extension of the benefits of citizenship to all, "CIDs represent the de facto privatization of local government services for the few (p.26)." They exalt the role of consumer over that of citizen.

As these private enclaves spread they undermine public planning. Unlike CLTs, CIDs offer no option for public participation in land use planning, even though their growth makes major demands on the land

base:

> .... CID housing is a method for the conversion of large amounts of undeveloped land to residential real estate, something many believe to be a matter of public concern. But the policy process involved in real estate development has itself become privatized, and CID housing is an important part of that privatization (p.181).
>
> The nature of CID housing encourages an especially low level of public involvement in the process of real estate development, from the initial concept through day-to-day administration (p.181).

The CID is thus the ultimate expression of the precedence that the exchange value of property takes over the rights of citizens to control the development of their land base:

> It is perhaps no coincidence that in the country in which distinction between private and public is thought to be so clear, and the concomitant preservation of the private sphere so complete, we also find a peculiarly American form of private government in which the property rights of the developer, and later the board of directors, swallow up the rights of the people, and public government is left as a bystander (p.148).

Both CLTs and CIDs represent versions of utopia, but CLTs are utopias of engagement while CIDs are utopias of disengagement, "privatopias" "in which the dominant ideology is privatism; where contract law is the supreme authority; where property rights and property values are the focus of community life; and where homogeneity, exclusiveness, and exclusion are the foundation of social organization" (p.177). CIDs counteract the anarchy of the market with an authoritarianism and social isolation geared toward the ongoing social construction of property values. CLTs counteract the anarchy of the market with social de-construction of property values in favor of social participation in constructing community.

In terms of sheer size and numbers, CIDs dwarf CLTs. Their appeal is undeniable and the social implications of the growth and spread of these "positive ghettoes" of the rich should not be underestimated. But there are already signs that middle class homebuyers who want to enjoy the amenities of a controlled community but without the authoritarian aspects of most CIDs are finding ways to create "participatory CIDs," and these may prove to share some overlapping goals and practices with community land trusts. This desire is finding expression through what is known as 'cohousing," essentially another social invention.

In this approach would-be homeowners join together in a group to form a community and plan their eventual housing. They then purchase or build together to form an "instant neighborhood," in which they have a custom design combining elements of private and community ownership that reflects the values and lifestyles of the residents. The elements of cohousing - a combination of private and community space within a designed environment based on common values - reflects the growing tendency of Americans to group themselves in common interest developments but allows for egalitarian participation in creating the development.

McCamant and Durrett (1994) found that most cohousing communities share the following traits: a participatory process in which residents share in the design and decisionmaking; an intentional neighborhood designed to encourage social interaction (i.e., autos are often banned from the interior of the neighborhood); extensive common facilities to save expense and labor; complete resident management; flexibility and diversity.

> Cohousing developments utilize a variety of financing mechanisms and ownership structures: privately owned condominiums, limited-equity cooperatives, rentals owned by non-profit organizations, and a combination of private ownership and nonprofit-owned rental units. In each case, residents initiate, plan, and manage the community, whether or not the units are owneder-occupied or rented (1994, p.45).

The movement began in Denmark, where there are currently over 140 such communities, ranging in size from 6 to 40 households. Over 100 groups are in the planning or implementaion stage in the U.S. (roughly the same amount as CLTs).

Cohousing shares with the community land trust model a concern for democratic participation, common ownership, and participatory planning but they differ in important respects. Cohousing communities are essentially enclaves, like the Georgist and Borsodi communities that were forerunners of the CLT. They fulfill their residents' needs but are not structured to change the society outside the enclave. Limited in this way, cohousing is merely another attempt to buy the good society, and again exalts the role of consumer over that of citizen. Cohousers buy a very different community than do those who enter authoritarian CIDs, but the danger of withdrawal from the concerns of the larger community still exists. And cohousing does not necessary entail a restriction on on resale prices, so the housing is not decommodified.

There are possibilities for overlap between the cohousing and community land trust models, however. Some cohousing groups seek to place at least part of their land under CLT status.[3] Groups of CLT supporters could form cohousing communities in which all the land is held in trust and all the housing restricted as to resale. At the

very least, the cohousing phenomenon demonstrates a constituency within the middle class for a social market approach to housing that will allow them to gain control over their shared environment without submitting to authoritarian strictures. If they come to see the necessity of extending this benefit to those less economically favored, cohousing groups could potentially move closer to a common agenda with community land trusts. And CLTs can also learn from cohousing (as Bill Traynor suggests, Chapter Five): prospective CLT residents should be organized ahead of time, whenever possible, to design and plan their community.

It is clear that some type of "social" market exists throughout the land sector of the economy. A completely "free" market is in reality an abstraction. Few interest parties are willing to subject their hope for gaining value - whether use or exchange value- to the whims of a market without social oversight. The "free" market by itself can't secure value, which is why social action is so widely used.[4] Both the developers of CIDs and the organizers of CLTs are working to create a social market in land.

Severyn Bruyn visualizes a social market as the basis for a future economy:

> It is a future in which noneconomic factors - societal values- will become a more deliberate part of the market, a future in which the society will operate the market through all of its manifestateions, including folkways, attitudes, associations, and social interactions. If associations are able to increasingly control the market in the public interest as we have suggested, there will be less need for state control. If nonstatist organizations become more pervasive in the public mind as self-regulating, people should more accurately perceive the social nature of exchange (1991, p.336)

The growth and spread of both CLTs and the much more numerous CIDs indicates an increasing tendancy for associations to control the land market, as Bruyn visualizes. Both forms make clear the social nature of the market. But the dramatic cleavage between the values and structure of these two approaches show clearly the issues that must be debated: what kind of association? What kind of societal values? What kind of social market?

The breaking down of the property system into a menu of alternatives threatens to further divide society into subcultures based on antithetical values. This may be unavoidable for the near future. Positive ghettoes may prove to be the best strategy for meeting the needs and interests of the powerful and the affluent. Since CIDs meet the needs of a more powerful constituency, their growth is likely to continue to overshadow the growth of CLTs. But the community land trust can still be a common vehicle for advancing the interests both of the disadvantaged and those concerned with structural reform of American society.

## The CLT: From Social Invention to Structural Reform

The community land trust has been playing a role in American life for just over a quarter century. In this time, just over 100 such organizations have been formed. Many of these are in the very first stages of organizational development. Others have already had a noticeable impact on the local scene (the Burlington CLT is perhaps the best example). The ultimate outcome of this movement to promote a

new form of land tenure and housing delivery cannot be guessed at from the present evidence: CLTs are neither so marginal, nor so well-established, as to enable a clear prediction of their future. Evaluation of the success of the model is thus in the eye of the beholder, as in the old conundrum of the glass being either half-empty or half-full. A pessimist could cite the utopian aspirations of the model and emphasize how far they are from being realized. The optimist would stress that the ability to gain a foothold, to survive, and even in some cases to thrive is in itself (for a movement that is swimming against the tide) a mark of success.

Greg Ramm of the Institute for Community Economics, in response to a question concerning the overall success of community land trusts, offered the following broad evaluation:

"One of the things that took it out of the theoretical stage in the 1970s was the attempt to make it practical in peoples' lives .... It has created units of housing, several thousand pople have housing because of CLTs - that's one way to measure success. But its not the most efficient way to create housing - its a complicated legal mechanism.

The second issue is the extent to which it has preserved affordability and it has raised that as a policy issue with some success, most notably in Vermont and Connecticut. And we like to think that the CLT had a role in Federal policy having some bias toward permenent affordability starting to creep in.

Another measure of success might be organizaing communities: to what extent have CLTs helped to rebuild the social fabric of the community, in addition to building units of housing. They do it to a greater of lesser extent. Some are indistinguishable from other non-profit housing developers, others clearly have a strong community base.

Another measure of success: to what extent have we raised fundamental issues of property and land reform? That was at the root of starting this, with Bob Swann, not just for affordable housing but to rethink property. Most policymakers and CLT activists don't pay a lot of attention to that. It creeps in here and there. And one of our purposes is to keep this movement reminded of its roots in more fundamental reform of economic systems. People pay attention to permanent affordability, they're most interested in making sure that

public and private subsidies are retained rather than suggesting, as we would, that all land should be put in this way, that Henry George was right, that nobody should be making speculative gains on their housing, that the real estate market -the commodification of land - is fundamentally wrong."

Ramm's comments indicate that the CLT movement on the whole has had a record of practical successes mixed with a danger of deviation from its broader original goals. His ambivalance reflects the dilemmas that face the CLT as a result of practical successes in delivering affordable housing (as discussed in Chapter Five). The practical successes of the CLT movement are nothing to be sneered at, however. In the absence of such achievements, the movement would never have obtained the ability to spread its message so widely:

"In each of these measures, CLTs have been more or less successful. In all these there are some levels of success - just to introduce the concept of property reform into political dialogue at all, that we have opportunities to speak about it - I think that's a big victory. Having a large loan fund, having CLTs functioning - it gives you a forum, a platform to raise some of these deeper political issues on which you would not get a hearing just through preaching."

The CLT has a multiplicity of goals: community ownership and decommodification of land; private ownership but decommodification of housing; internal democracy, with open membership and egalitarian participation; external democracy - the CLT as a vehicle for participation in land use planning and economic development. Some of these have in certain instances intersected with the needs of both the Market and the State, thus giving access to (but also threatening to confine CLTs to) a rung on the "tenure ladder." The danger in this situation is that the CLT's other goals will be displaced, and that its radical social critique will become muted.

Social analysts differ as to the potential for decentralized reform movements to lead to broad structural transformation. Pessimists feel that attempts to reform the system can only strengthen it as they are absorbed into the dominant practices, muting their critical edge, and taking pressure off the power structure to deal with deeply-rooted social problems. Reformers are never able to get to the root of those problems because that would involve a conscious and broad-scale confrontation with both dominant private interests and the State. Gottdiener, for example, sees the State as having two "tiers": a deep level at which it functions to strongly uphold fundamental property relations and a secondary level within which immediate reforms are contested and anti-establishment actions can have some success, but to which they are confined:

> If the first tier of the State concerns the structural conditions that enable wealth to be expropriated, the second tier concerns politics as it usually observed ... Organized interests clash in a variety of venues including the factory, city streets, corporate board meetings, public hearings, legislatures, commissions of government, and so on. Basic premises about the nature of property ownership belonging to the first tier are rarely discussed (1987, p.276).

Disputes in the second are highly contingent and lead to varied outcomes that often result in substantial reform. But they generally do not change the fundamental "deep structural" rules of the society that the State upholds in its first tier function. Increasingly "quality of life" disputes are arising in the second tier and the State is called upon to manage the quality of community life. This conflicts with its first tier responsibility of upholding property relations:

> political concerns about the quality of life are produced by uncoordinated capitalist development. Thus, the belief in a high quality of life is continually being undermined by development itself. This frames the principal contradiction of local governance under

present structural arrangements of economy and society (1987, p.281).

But Gottdiener is pessimistic about the ability of local initiatives to get beyond the second tier and effect the deep structural changes needed. Rather, they tend to take the pressure off local government:

> calls for greater self-help or self-management within our urban environments as well as more participation are equally doomed to avoid the necessary transformations. Self-help schemes. in particular, are merely new ways of reducing the costs of the local State. Both self-management and self-help are old ideas that have been polished off most recently, precisely because capital and the State have each enetered into restructuring phases that can take advantage of such solutions in the reproduction of the present system. ... participating citizens make for more coopted and cheaper citizens. This occurs most directly when the State itself moves against other associational forms or self-help groups, placing them under its auspices or dissolving them as illegitimate forms (1987, p.284).

In light of the need for the State to perform its first tier function, it must inevitably act against any movement to change the structural rules of property relationships:

> In evaluating any self-help scheme ... the question to be asked is whether the State itself will allow any rival forms of association to exist in society that usurp State power. Clearly, the answer is no, except under specific circumstances. Mediating institutions will be sanctioned only if they work to reduce the costs of the State by absorbing and privatising functions and <u>not</u> if they assume for themselves the right of decision making <u>and</u> the steering functions of society (1987, p.285).

Community reform efforts such as the community land trusts, may find acceptance because they fulfill the need within the restructuring economy for non-State provision of services:

> With the formidable apparatus of the existing regime of accumulation in place, movements toward greater self-help and reprivatization may be precisely the answers searched for under current conditions of capital restructuring, solving problems of legitimacy, fiscal strain, and the need for the provision of use-values so as to mollify the call to sustain the quality of life through less costly means than State socialization (1987, p.285).

Optimists, in contrast, suggest that reforms can escape the dominant social logic and become at least prefigurations of an alternative society. Gorz, for example, makes the case for the necessity of developing prefigurative institutions within capitalist society. He answers the criticism that self-help and other reform efforts only strengthen the system by making the distinction between reforms that reinforce the logic of the dominant system (which he calls reformist reforms) and those that call into question dominant practices:

> The not always very clear dividing line between reformist reforms and non-reformist reforms can be defined as follows:
>
> A reformist reform is one which subordinates its objectives to the criteria of rationality and practicability of a given system and policy. Reformism rejects those objectives and demands - however deep the need for them - which are incompatible with the preservation of the system.
>
> On the other hand, a not necessarily reformist reform is one which is conceived not in terms of what is possible within the framework of a given system and administration, but in view of what should be made possible in terms of human needs and demands (1964, p.7).

Non-reformist reforms may occur in response to political contestation in Gottdiener's "second tier," and they may have to pragmatically accomodate themselves to the needs of the State and the market in order to gain the support of dominant institutions. But the can also work to widen the limits of the possible by raising alternative possibilities and demonstrating their practical attainability through structural reform:

> In other words, a struggle for non-reformist reforms - for anti-capitalist reforms- is one which does not base its validity and its right to exist on capitalist needs, criteria, and rationales. A non-reformist reform is determined not in terms of what can be, but what should be. And finally, it bases the possibility of attaining its objectives on the implementation of fundamental political and economic changes. These changes can be sudden, just as they can be

gradual. But in any case they assume a modification of the relations of power ... They assume structural reforms (1964, p.7-8).

Non-reformist reforms involve structural transformation in some way, but it is not clear in practice exactly when such a transformation takes place. It is clear that community land trusts walk the fine dividing line between these two tendencies of reformist and non-reformist reform. In many cases the CLT legal model is used simply as a gimmick for keeping affordable housing costs down (thus taking pressure off the State and the private sector). In others they have played a role in raising local consciousness to the realities of power in regard to land and led to the questioning of private ownership.

Soifer further qualifies Gorz' distinction by classifying the CLT as "limited or partial nonreformist reform:"

> In theory, the dominant ideological hegemony concerning the sanctity of private ownership of land and in relation to one's own home is ... challenged by community land trusts. By challenging this notion, the land trust helps present a new, democratic-socialist model for society. The idea of affordable housing for everyone is presented as the norm, fundamentally questioning such accepted capitalist behaviors as real estate speculation. In practice, however, housing still remains unaffordable for many people, and low income people are still priced out of the market (1990, p.250).

Partial non-reformist reforms are structural reforms <u>in potential</u>. There are three dimensions to the issue of the CLTs fulfilling their potential as a non-reformist reform: (1) to what extent can they foster a radical democratization of social relations <u>internally</u>, through egalitarian participation and through transformation of class, racial, and gender realtionships within CLTs as membership communities; (2) to what extent can they achieve transformation externally, by bringing more and more space under social control,

subjecting it to the transformations cited in (1), and by confronting and delegitimizing profit approaches to land not under CLT control; and (3) to what extent can they unite and act as a broad movement and effect these changes regionally and nationally.

The need to achieve a balance between a reformist practical agenda (which has the advantage of confering legitimacy on the model as well as an expanded opportunity for organizational growth and survival) and a non-reformist agenda of social reorganization (which is the long-range goal for which the CLT was originally invented) confronts existing CLTs with the difficult policy dilemmas discussed in Chapter Five. The CLTs will have to continue to engage in this dialectic of practical results and long-term social change in order to move forward. At the very least it is clear that leading advocates and grassroots practioners are aware of the problem and seek to balance practical responsibility with long-term goals of land reform, critique of private property, and rebuilding community.

If the CLTs can maintain their present footholds during this time of political uncertainty, and broaden their base of support, there is at least the possibility of eventually dramatically expanding the sector of decommodified land and housing. Only time will tell whether they are successful. For the near future, five key issues of survival and expansion must be addressed. CLTs have achieved varying degrees of success in each area. Future successes can push the CLT farther in the direction of structural reform:

1) project financing: CLTs have perhaps achieved their greatest successes in the area of financing housing development. Through an arduous process of bringing together private funding, government subsidies, and social intermediaries, they have solved (at least in areas like New England where the CLT is an established player) the problem of getting money both to build or rehabilitate housing, and to connect residents with mortgages. In some cases bank pools have been organized to bring together a supply of mortgage credit. An entirely new social invention, the community loan fund, was promoted to supply "bridge" financing to initiate projects, and to act as an intermediary with public and private funders. These efforts have enable CLTs to expand the market for homeownership in the areas they operate.

This success has been limited however. CLTs still depend on the lending guidelines of the private sector (though they can help to stretch them a bit) and the subsidy guidelines of the public sector. They have had limited success in being able to extend homeownership to very low income people (Covenant CLT being an exception). They have expanded the market for moderate income people, and even lower moderate income, through the use of limited equity co-ops, but for the low income it can do no more than be a "beneficent landlord," in Soifer's words, "an alternative real estate agency for a select moderate income clientele (1990, p.249)." Further expansion of the constituency that CLTs can help into homeownership may depend on a stronger political commitment to helping both the poor (who are now not consider "ready" for homeownership) and the middle class (who are considered -despite growing evidence- to be managing quite well on their own).

The CLT model reduces the cost of homeownership to a great extent by removing the land from the property package. But most CLT homes are financed through standard mortgage financing. A dramatic further reduction in cost would come from decommodifying capital just as the CLTs have decommodified land. The most efficient way to do this would be through direct government grants for housing, as Stone (1993) suggests, and as military housing is now built. This is not an option for the near term, given the present political climate. But CLTs can work to promote the idea of decommodified mortgage capital at the grassroots level and seek to build an ideological constituency for this goal and to expand the awareness of commoditization as an impediment to affordability.

One way in which CLTs are attempting to do this is by forming alliances with Habitat for Humanity groups. Habitat for Humanity is, like the community land trust, a decentralized movement that has sought to increase the stock of affordable housing for low-income Americans. It has achieved some degree of fame through the involvement of former President Jimmy Carter as a volunteer. Habitat chapters have been able to greatly lower the cost of housing by several methods: mobilizing volunteer labor and the "sweat equity" of prospective homeowners (similar to Covenant CLT); asking for donations of building materials; and offering no-interest home loans.

This last approach reflects the underlying ethical philosophy of Habitat: that poor people should not be charged interest. This principle is as important to the Habitat philosophy as the principles of community land ownership and restrictions on resale value are to the CLT. However, while the CLT movement would find Habitat's

principle compatible with its own mandate, Habitat has not always been receptive to the CLT's principles. Indeed, Habitat has belonged to the "wealth creation" camp which felt that the poor should be able to commodify their housing just like everybody else. ICE's Julie Orvis relates the history of CLT relations with Habitat and how they are beginning to draw closer together:

> "They're not opposed to permanent affordability anymore. They used to be. When I first came to ICE in 1987 ICE was doing some outreach to Habitat, through about 1990. We did workshops on CLTs at the Northeast Habitat regional conference. Here in the northeast, since there are so many Habitat groups that are suburban liberals they're doing a lot in suburban areas. They're finding out that not to protect the affordability was such a waste of time. A family could come in, get interest free loans and make big profits. Some Habitat people starting saying 'We should be restricting resale profts,' thouigh [Habitat for Humanity founder] Millard Fuller was opposed to the idea because his whole thing was to end poverty housing - one problem is changing interest (usury) but otherwise they believed in the whole idea of the American economic 'ladder', wealh generation. He eventually agreed to leave it up to local chapters to decide whether they wanted to do limited equity housing. He left it open. So now the local Habitat chapters are free to work with CLTs." [5]

The two approaches are beginning to collaborate. In one town in New Hampshire, for example, the local CLT and the local chapter of Habitat jointly purchased a plot of land and are planning to build eight to twelve single family homes (with financial support for planning provided by the state).[6]

2) <u>broadening the scope</u>: CLTs are in danger of being type-cast as "housing" organizations. In the worst cases, community land ownership becomes an abstract gimmick to effect permanent affordability rather than an actual engagement with land itself, land resources, and the use of land for community benefits other than housing. Housing has been a relatively low-risk avenue of community development, but CLTs will need to demonstrate that the model is

applicable to other community needs. While most CLTs concentrate on housing there are existing examples of CLTs that attempt to use the land base to branch off into other aspects of community economic development.

One logical branch-off would be to tie housing efforts to job creation. As we have seen, both rural (Covenant CLT) and urban (North Camden CLT) land trusts have spun-off ventures directly related to their housing mission, such as construction crews, sawmills, and cabinet shops. One CLT in Vermont has reportedly set up a property management business, based on its experience with its own properties. [7] Ideally such entrepreneurial ventures would be set up as employee-controlled cooperatives. Burlington CLT's extension into the field of small business incubation is another avenue that could lead to the important precedent of an industrial facility being located on CLT land. This would dispel the idea that CLTs are just about housing. Businesses that help the residents of CLT housing is another valuable avenue of development. The United Hands CLT in Philadelphia is looking into the feasability of setting up a worker cooperative of CLT residents to process and market coffee to meet the taste of its mainly Latino neighborhood.[8]

CLTs must also engage directly with rural development issues, whether through utilizing their land basis for the economic benefit of the poor (as Covenant CLT has done) or as acting as local land use brokers even when the CLT itself doesn't own the land (as the CLT is the Southern Berkshires has done) or by coordinating their work with that of the better funded Conservancy Trusts (Geisler 1980). Preserving family farms is a goal that could gain CLTs a constituency

in many rural areas. The Wisconsin Farmland Conservancy utilizes the CLT model specifically for this goal and several other CLTs have saved farms as part of their broader operation.

3) legal recognition: Several states, municipalities, and federal departments have extended recognition to the CLT as a legal model, and others offer it de facto if not de jure. So this issue has also been addressed with some success. Looming over the CLTs, though, is the future possibility of challenges to their resale restrictions. Legal prohibition of "restraints on alienation" has been part of the historical evolution of capitalism. Directed originally at feudal tenure relations, it serves as a fundamental underpinning of the "free" market - upholding individual rights to sell property and buy property at will at any contracted price. Community rights to restrain resale prices could fall afoul of such a principle.

The danger is not so much that some authority will assert that CLTs must stop practicing resale restrictions, but rather than a case may arise where a resident that agreed to the resale restrictions may later challenge them at the time of sale, and that the courts may not recognize the CLT's assertion of community rights. Since leaseholds are inheritable, CLTs may be especially vulnerable when a second generation (that was not a party to the agreement) comes into possession. This issue strikes at the heart of the property issue and the state's role in insuring that the market is dominant in society (in Gottdiener's terms, it serves a "first tier" function).

There several strategies for dealing with this threat. The use of the leasehold (as opposed to a deed restriction) is one (as was discussed in Chapter Five). By asserting a material interest, the CLT through the leasehold agreement in a sense fits itself into the logic of market society and its restrictions are more likely to be upheld than if it simply asserts community rights as an ideal. Another approach would be legislation exempting CLTs from the "rule against perpetuities" (the common law rule that illegitimates restraints on alienation), as has been suggested by Seeger (1989). This might be possible to achieve in those states that have recognized CLTs but can only be a long-term strategy for American society as a whole.

This issue directly relates to the next two:

4) operational support: CLTs have had less success in establishing stable sources of support for the organization itself to stay in operation (as opposed to the financing of projects). The CLT is particularly dependent on such support because it is not just an ad hoc housing developer but seeks to achieve a permanent presence in the community to preserve affordability. As Martin Hahn, formerly of ICE, puts it:

> "What sets CLTs apart is the fact that they're developing housing which they're removing from the speculative market in perpetuity. Which means that you have to have an institution there which is going to survive in perpetuity."[9]

The CLT must oversee 99-year leases, guard against infractions of the resale agreement, and assert its interest against such challenges as described above.

The CLT must be a permanent institution if it is to achieve its other goals, such as land planning and economic development. But it has been much more difficult to attract operational support than project financing, for the reasons discussed in Chapter Five: funders generally support the goal of permanent affordability but not the goals of participatory organization and democratic land planning. CLT practioners are in wide agreement about this being a crucial obstacle to further success.

5) changing attitudes: Long-term success depends to a great extent on whether CLTs can change people's attitudes toward property. This is key to many of the other tasks discussed above. For example, only strong ideological support within communities can lead to stable organizational support. And vulnerability to future court challenges can be overcome by building support for the particular assertion of community rights that is contained in the CLT philosophy. This is a matter both of winning the loyalty of residents, so that they are not motivated to challenge restrictions on appreciation, and the support of the community at-large. The popularity of CLTs in many areas indicates that people are willing to accept, at least to some degree, the "rightness" of its vision. Law, in the long run, reflects social attitudes.

This last issue is in many ways the most important for the near future. One hundred or even one thousand CLTs are only going to have a marginal effect on the housing system of the US. But, as Greg Ramm states, they can function as a forum or platform to raise the issue of property rights - and wrongs, and contribute to a crucial debate over the future of American social and economic life.

Social Markets and Social Change

As we discussed in Chapter One, there are two historical traditions of social market institutions. Community land trusts belong to the tradition of cooperativism: "Cooperativism involves a vision of an alternative to capitalism based not on government but on new forms of community and cooperation within society and business itself" (Derber 1995, p.178). Such institutions seek to spread within civil society in an "inkblot" fashion, bringing greater and greater areas of life into a self-sustaining network of social market institutions.

The second great tradition is social democracy, based on universal social rights arrived at through the political process after national debate. The model of growth here is based on conscious policymaking, rather than the "inkblot" spread. The two traditions have strengths that complement each other and different tools at their disposal for achieving their ends: social democracy uses tax, regulation, and government policy, while cooperativism uses democratic structure and community involvement. The State can guarantee rights, and evenly distribute the social product for reinvestment, while cooperativist institutions offer the opportunity for participation at the local level, economic innovation, and personal bonds of solidarity.

There are limits to what CLTs and similar organizations, acting locally on their own, can do without linking up to a broader movement for social democracy. Scattered local organizations cannot substitute for national policy. Without such a broad policy "CLTs would seem a painfully slow, expensive, and piecemeal approach to land reform," as Davis suggests (1984). CLTs may find themselves competing in "turf wars" for the political and economic resources available locally, contributing to the "'balkanization' of a city or region."

CLTs can achieve some success in the present at local levels and thereby build a constituency which would enable them to change minds, grow the constituency further, and pave the way for legal recognition. The biggest problem may be expense: public powers and funds may be crucial in moving the CLT beyond the stage of scattered local programs. Yet in the present climate of minimal support CLTs have made progress, some without any public funds at all. And to confront the problem of balkanization, CLTs are already working to open their boards of directors to the community and even to members of other CLTs. The longterm goal would be "municipal or regional federations of CLTs, linking one community with another," according to Davis (1984). In sum, the "inkblot" spread of social market institutions can lay down a foundation for a national policy of social democracy.

Dominant institutions tend to draw upon broad cultural beliefs for their legitimation. Questioning these institutions at the level of national policy requires questioning broad national myths. Community land trust theorists are presently analyzing those myths, in light of the practical experience of CLTs, as a grounds for such a critique of national policy. Matthei cites three such central myths

that prevent us, as a society, from addressing the roots causes of housing problems: the myth of poverty, the myth of wealth, and the myth of public assistance.

(1) The Myth of Poverty.

Why do so few poor people own homes? This myth answers that they simply don't have the money, either because they are victimized by their social circumstances (the liberal version) or because they have made poor decisions (the conservative version). Neither version gives a clear structural analysis of the obstacles to homeownership.

Matthei points out that the poor, over the course of their lifetimes, will pay out a great deal more in rent than they would have to pay to purchase their homes, if they were able to get over the barriers of a down payment and access top credit. In fact, rental payments will add up to much more than the value of their substandard units. Cumulatively, poor renters pay many times what many more affluent homeowners pay over a lifetime, with none of the benefits of homeownership.

> The problem is not simply the amount of cash flowing <u>in</u> to the community, but the rate at which it flows <u>out</u>. Low-income communities are unable to retain and reinvest their earnings and build equity. Their poverty is interpreted by many as a lack of economic capacity, or even a deficiency of character. But the problem is rooted in patterns of ownership and the credit barriers that prevent those affected from changing them (1992, p.37-38).

He uses the example of "Mrs. M," one of the first homeowners in one of the earliest urban CLTs. She paid $350 per month for a dilapidated unit with a market value of only $15,000. Over her lifetime, assuming normal rent increases, she would have paid several hundred thousand dollars for such a dwelling, without any of the

benefits of ownership (Matthei, 1993). It was not true that she did not have enough money for homeownership (viewed from the long-term perspective). Until the community land trust was formed, there was simply no institutional manner for her to channel what resources she had into owning a house.

(2) The Myth of Wealth.

This myth portrays property value as a single sum created through hard work, wise investment, or perhaps good luck. This ignores what CLT advocates call the "social increment," that part of a property's appreciation in value that is not earned individually but is the result of social efforts in improving the quality of life in the community. Wealth gained through expropriation of the social increment occurs when individuals pocket that part of profit from selling their homes over and above their direct investment in labor and materials. Property institutions fail to ethically distribute wealth. It often accrues to individuals through windfall, not work or worthiness. But the legal system does not recognize this, as Matthei points out,

> Recent federal court decisions have required that property owners be compensated when new zoning regulations significantly reduce their property's market value ( a "partial taking"). On its face, this principle seems both reasonable and fair, but, if so, it should be fairly applied to both "partners." ... Value can be reduced by public actions and public policies, but it can also be enhanced; the public should share responsibility for reducing property values, but it should also share in the benefits of increasing them (1992, p.38).

(3) The Myth of Public Assistance.

Public assistance is generally seen as taking money from those who earned it and giving to those who haven't earned it, either through their own failures (the harsher view) or because of bad luck (the more charitable view). But this marginalizes the poor as undeserving recipients of public largesse and ignores the ways in which broad sectors of society benefit from public assistance. In regard to housing, there are really two ways in which government typically effects subsidization:

The first is through tax collection and budget appropriation, a method that leads to stigmatization for the recipients as "welfare." The second is through tax code provisions for deductions that benefit property owners (but not usually renters). This approach benefits the wealthy and to some extent the middle class (though it is offset by the tax burden the middle class disproportionately bears overall). There is no stigma attached to this form of "fiscal welfare." As Matthei makes clear, "The home mortgage interest deduction alone represents many times as much in forgone revenue as the total amount spent on housing subsidies for the poor each year" (1992, p.39).

Most middle-class homeowners do not think of themselves as living in subsidized housing, though virtually all take advantage of the federal and state home mortgage interest deductions, through which the federal treasury gives up several times as much each year as the total amount spent on housing assistance for the poor. The wealthiest fifth of the population receives about 80% of the benefit (Matthei 1993). When public benefits are bestowed on many, but in such as way as to stigmatize some but not others, ethical criticism of people (in this case welfare recipients) distracts from the ethical shortcomings of

institutions.

Community land trusts offer, in the practical world of everyday life, a comparative basis for judging the outcomes of dominant institutions and weakening the myths that screen their ethical failures from examination. This can help to make possible, at some point, a return to government intervention to modify social outcomes, but altered by a policy shift, from a "subsidy" paradigm to an "equity" paradigm:

> An equitable policy would recognize the economic capacity - and the dignity - of the poor, developing their assets rather than lamenting their deficiencies. It would respect private interests, but treat the community as an economic partner and public contributions as legitimate business investments for the common good. In so doing, it would also make the most efficient use of public and private charitable resources, and reduce the need for future appropriations (1992, p.39-40).

Matthei suggests that an anti-poverty policy based on the equity paradigm would include an incremental but comprehensive approach to land reform and would not be a "poor people's policy," but an attempt to establish a broadly-applicable socially responsible land ethic. While greater expenditures from the federal government may be unwinnable now, this approach to national policy could advance along several paths:

1) Redirection of appropriations: Direct appropriations need not necessarily increase. Government programs would no longer be "feeding horses to feed the sparrows," but would support efforts such as community land trusts which "capture" subsidies so that they only need to be subsidized once.

2) Social control of market "bailouts": Publicly-owned properties should be held in public trust for use as public resources in partnership with nonprofit community organizations. Community land trusts, for example, could be the recipients for properties owned by the agencies such as the Resolution Trust Corporation, which was set up at tax payers' expense to clean up the mess left by the savings-and-loan crisis. One the public assumes responsibility for property, it should not be returned to the speculative market.

3) Community investment, through vehicles such as the community loan funds and other community development finance institutions, which already have the infrastructure for and a track record of successful social investment.

4) Regulation of market activity: For example, CLTs can become partners with tenants given the first option to buyout properties such as those undergoing condo conversion. If the tenants can't afford to buy it or are unable to organize themselves the CLT could buy the property on their behalf.

Such a national policy would eventually be necessary for community land trusts and other social market institutions to effect major structural reform. Changing national policy and building social democracy in alliance with local cooperativist social market institutions is a long-term goal. In order to build a consensus for the CLT model to become part of a revitalized national anti-poverty policy, its proponents must somehow close the gap between local successes and the national debate. We have seen, in the case studies presented, how the failures of the "free" market have led to at least

limited acceptance of a new paradigm for viewing property rights. In this instance the experience of the community land trust movement reinforces the lessons learned in attempting to implement other types of organizational forms that express ideas of property and ownership rights that differ radically from those dominant in a capitalist society.

Lynd (1987) for example, reflecting on deindustrialization in the steelmaking areas of Ohio and Pennsylvania, found that "consensus support for the right to private ownership and management of property eroded (p.926)." People became open to new ideas, such as worker ownership:

> Local residents began to articulate and explore the idea that private decisions with catastrophic social consequences are really public decisions, that some kind of community property right arises from the long-standing relation between a company and a community, and that the power of eminent domain ... should be used to acquire industrial facilities when corporations no longer wish to operate them. As a result, media stereotypes about the inherently conservative views of blue-collar workers, as well as historiographical chestnuts about the inevitable absence of socialism in the United States, seem a good deal less compelling (p.927).

The housing crisis played a similar role for CLTs, giving the opportunity for a fair hearing. As Lynd concludes from his experience with the worker ownership campaign

> The entire experience suggests some thoughts about how community ideas of constitutional rights may change. First, economic hardship makes people open to new ideas .... Second, ideas are likely to be judged on the basis of results. (p.927).

The ethical issues underlying the system of property rights can emerge when the system seems no longer to deliver. Social innovations that use ordinary concepts in new ways can raise awareness of the ethical issues that lie behind the smokescreen of legal jargon. The

language of property law and property economics is at the same time a language of ethics, as is made clear in the dual meaning of such terms as "equity," which means both a financial interest in property but also fairness or justice. The questioning of the ethical basis of everyday institutions can lead public discourse out of the "blaming" mode, in which the structural operation of social institutions is assumed to be fair and efficient but undermined by the failings of individuals. The ethics of institutions, rather than people, may then be debated.

The difficulty, for social change advocates, comes in building on this opening when crises pass and things seem to settle back into a normal pattern. The existence of alternative forms of social organization offering practical benefits to the community can widen the opening quietly through practice in daily life, making radical ideas a part of "normal" reality - a form of propaganda by example. Questioning of dominant institutions is more probable when their outcomes can be compared and evaluated against the outcomes of alternative institutions. The strength of alternative institutions (and the propagation of their ideologies) in civil society seems to stand in a symbiotic relationship to the strength of social democracy within the State.

Kemeny (1992), for example, argues that highly developed welfare states (as in Northern Europe) tend to possess highly collectivized social structures - that is, there is a dense network of cooperatives and other egalitarian/collectivist mutual aid organizations that have become an institutional part of daily life. Nations in which the welfare state developed only weakly, such as the United States, tend

to have highly privatized social structures. A tempting interpretation is that the welfare state is the independent variable, and indeed within the social democracies the State has given extensive support to cooperatives of many kinds throughout civil society.

But Kemeny gives an historical case study of the development of the Swedish welfare state to demonstrate the efforts made by activists to make social participation and planning the dominant ideology within civil society before achieving political dominance, suggesting that an alternative interpretation is equally fruitful: the establishment of a stable and enduring welfare state is the result of many decades of extensive social organization at the community level to establish the legitimacy of collective mechanisms for dealing with social problems. The stable welfare state is based on what Kemeny (following Gramsci) calls an ideological hegemony of the ideas of cooperation, equality of condition, and social planning which allow for a strong social democracy. Social democracy cannot simply be legislated from the top down:

> welfare states cannot simply be grafted on to any social structure with the same degree of success. Rather the long-term viability of a welfare state varies in relation to the degree of collectivism of the social structure (1992, p.111).

But Kemeny makes it clear that this is only a relative not an absolute principle: even strong welfare states like Sweden do not demonstrate a complete triumph of cooperativist over privatist forms of organization. If they did then the welfare state would no longer be necessary, as it developed specifically to counteract the social disruptions of communal ties by capitalism. In fact, the political dominance of the welfare state acts to a certain extent as a

distraction from increasing the sphere of cooperativist mutual aid in civil society:

> The reasons for the high degree of privatism in industrialised societies is therefore, ironically, precisely the strategy of using political dominance to build a welfare state rather than construct deep collectivism. But the very act of creating a welfare state had the effect of impoverishing deep social structural collectivism by removing key collectivist dimensions - such as social security and the provision of social housing - from the hands of ordinary people and centralising these tasks into state agencies. The result was that a privatist sphere was created into which ordinary people retreated, relieved of the task of creating collective grass-roots means of providing these services among themselves (1992, p.114).

Kemeny's analysis suggests that countries such as the United States that did not develop strong welfare states may still be able to change in the direction of deeper collectivism by enlarging the scope of the social market in civil society through the expansion of non-profit and cooperative means of delivering basic goods at the expense of privatist means. Rather than developing a welfare state as encompassing as Sweden's, such a approach would suggest a minimalist state that (1) guarantees access to the social market sector for all citizens and (2) funds that sector sufficiently to meet that goal, but not necessarily requiring a high level of taxation or bureaucratic centralization.

Kemeny believes the housing sector is the key to such a development because of the basic role housing plays in the daily life of all citizens. There is a dialectical relationship between the dominant form of housing tenure and the structural opportunities for a strong social market sphere. Private housing in the suburban mode, for example, not only makes collective forms of housing more difficult but it also makes other collective forms of social organization (public transportation, child care, land planning, etc.) that much

more difficult. This is not only because of the particular shaping of social space tha private housing effects, but because it tends to engender ideological attitudes favoring privatism. The expansion of a social housing sector is thus the key to the expansion of a broader social market sector.

Since, as has been discussed above, Kemeny believes that an expansion of collectivist mutual aid can occur without bureaucratic or fiscal expansion of the welfare state, then it follows that the social housing sector can expand likewise: "It is ... possible to conceive of a voluntary housing sector, made up of non-profit organisations, which fulfills many of the criteria of a social market but with little or no state provision" (1992, p.119). As we have seen, the community land trust is a possible vehicle for such development, given its ability to meet the expectations of minimal government bureaucratization and fiscal outlay that are dominant in American society, characterized as it is by the ideology of privativism. The dismantling of the welfare state offers both a danger and an opportunity. Debureaucratization creates a space for mutual aid institutions to grow in civil society. But the advocates for such institutions must somehow also work to recreate the State in order to draw on its ability to guarantee rights and equality and to effect an even distribution of the social product. If it is to be a minimalist state, then they will have to try to shape it as a progressive minimalist state.

Whatever the particular outcome of the CLT movements quest to restructure national policy, it is clear that sociologists will need to follow the evolution of land conflicts and land institutions if community sociology is to move to a more fruitful research paradigm. As Gottdiener's (1985) thorough critique of the field demonstrates, mainstream community sociology (and economics and geography) can no longer rely on a social ecological paradigm that assumes that the space is merely a neutral, natural backdrop for social evolution. The shaping of space itself, through the power to determine land use and create the built environment, in rooted in social relations and effects the reproduction of social relations. Economic conflicts over the use of land are best seen as a subplot in a broader drama: the social contestation of space.

The evolution of the Market and the State has historically led to a diminution of the space available for free and unmediated social use. Much of space has been commoditized by the Market or bureacratized by the State.

> If the use of space through social interaction produces a "social space," then the combined actions of State power and economic activities in real estate function to pulverize, fragment and reduce social speace to an abstract space of homogenous units of domination (1985, p.252).

The activities of community land trusts have the potential to regain social space that can be shaped through egalitarian and cooperative interaction. But, as Gottdiener asserts, previous responses to the transformation of sociospatial relations by the critics of capitalism has been undermined by a economistic fallacy, derived from Marx, which sees all social problems as economic

problems. Neo-Marxist urban theory, for example, "preserves the same subject of bourgeois social thought, economic growth equated with social well-being, while avoiding a shift to a more transformative social subject, the radicalization of community life paired with the class struggle (1985, p.281)." By the radicalization of community life, Gottdiener refers to a broad transformation of social relationships along with new forms of landed property: land as liberated social space.

The "utopian" socialists, much derided by Marx, may in this sense serve as a counterweight to the economism that has often limited the vision of the Marxist tradition. The utopians, according to Gottdiener, were correct in their holistic attempts to recreate all social relationships through self-management within a spatial enclave. But they lacked the vision or the ability to extend this transformation beyond their scattered liberated zones: they established instead privileged spaces beyond the reach of capitalism for awhile. But a true sociospatial transformation

> requires the extension of the new sociospatial relations to the un-privileged spaces - those areas where the exigencies of daily living affect everyday experience but remain beyond the control of local residents, such as the factory, the workshop, the school, the street, the less affluent community. The pursuit of such a project requires a strategy of generalized self-management which unites ownership and control relations in the workplace with those of the home (1985, p.285).

This project, tying production and consumption relations together in a liberated space, remains undeveloped in radical thought (1985, p. 291).

The CLT is potentially a vehicle for accomplishing this goal of "liberated space," if it can avoid falling into the economism trap. A CLT must not mean simply cheap housing but a space in which daily

affairs can be self-managed by a mutally-supportive community without alienated social relations, whether of class, gender, race, or political hierarchy. And it can be the site of spatial experimentation to find ways to weaken dependency on capitalist economic institutions. The original image of the CLT as conceived by Robert Swann certainly suggests such a broad mandate.

Karl Polanyi (1971) called capitalism a "revolution from above," which has attempted - with more or less success over the centuries - to force a "free" market upon society. In this sense it was a forerunner of the Bolshevik revolution which tried to force a command economy upon society. The dream of the "free" market may yet fade along with the dream of the state command economy. The appearance of CLTs and related social market institutions revives the age-old hope that, contrary to the capitalist utopian ideal, people living together in society can move beyond the role of consumers and reclaim their role as consciously cooperating shapers of the good society.

# Appendix:

## The Methodology and Limitations of this Study

### The Research Rationale

The main goals of this study were: (1) to bring the issue of land tenure to the forefront of sociology; (2) add to our understanding of the evolving social market institutions which I helped to introduce in Bruyn and Meehan (1987);(3) to give a sociological description of the community land trust as a social form and discuss the theoretical issues it raises. Whyte's (1982) stress on social inventions offered a way to get started, and the guiding principles for data collection were based on Whyte's criteria for studying social inventions. Whyte offers a series of suggestions as to how the study of such social inventions should be approached. He believes that the study of social inventions involves more than a shift away from more traditional topics. It also involves major changes in research methods and theory development.

According to Whyte, there is a "standard model of social research" which involves the following steps: reviewing the literature to find a problem; selecting hypotheses to test based on the literature; picking out a target population for study; getting past gatekeepers and testing the hypotheses; analyzing and writing up

the results; and finally submitting a report of the research as either a correction or affirmation of theories existing within the literature.

Whyte believes the model of hypothesis generation followed by hypothesis testing and theory revision used by sociologists is unconsciously modeled after physics. But this is not always appropriate:

> In physics, the phenomena under study are fixed, at least in the sense that, though they are in constant movement, they follow a reasonably standard orbit. The physicist is experimenting on the basis of a highly developed and coherent body of theory. And finally, since the phenomena are under the control of the investigator, he does not require their active participation in the experiment (1982, p.10).

Sociologists seek to generate generalizeable results. This suggests copying the physics approach, based as it is on universal laws. But this may cause sociologists to overlook non-standard cases which may be more enlightening when the ultimate goal is solving social problems. The very persistence of problems should alert researchers to the possibility that standard solutions are failures and innovations need to be explored:

> If we confine our studies to cases where the principal actors are defining their problems in similar ways and attempting similar solutions, with similar results, we can only speculate as to what would happen if the actors defined the problems differently and took different lines of action.
>
> Instead, let us ... look for situations where actors are defining the situation differently and devising different solutions - in other words, where they are trying out social inventions (1982, p.11).

Physics has built up a relatively stable body of theory from which base it is possible to generate specific hypotheses to test to inch the theory forward a bit more. But in sociology, which studies a

field that is in constant change, to assume that theories have a similar stability is a mistake. Sociological theory is simply not developed to the point where hypothesis testing is the only necessary method of advance. Whyte suggests that in some cases a more inductive approach is preferable, going into the field to gather data befor formulating hypotheses or locking in to any particular method:

> Under these conditions, before adopting the standard model, we should at least ask ourselves: Do we really know the territory we are investigating? Or are we just mechanically applying a given research instrument? (1982, p.10).

Whyte's counsel to seek out social inventions suggests that a biological model of research should be given more emphasis within sociology, in which the discovery of new "species" alerts the researchers to the ways in which life systems are evolving. Social life is not static any more than biological life is, so there is much more of resemblance between sociology and biology than sociology and physics.

Of course the study of social inventions is somewhat open-ended (if they continue to evolve, that is) so research in this manner can be expected to raise more questions than definitive answers:

> The analysis of social inventions ... raises as many questions as it answers, but that in itself is an indication of a fruitful research strategy (1982, p.9).

The discovery of a social invention is in a sense the opportunity to observe a real-world experiment over an extended period of time.

What type of research process would then seem to be the practical fulfillment of this underlying rationale?

The Research Process

According to Whyte, the research process is based on two principles:

1) Use research tools proper to the stage and goals of research rather than assuming a hierarchy of methods in which some are taken to be more scientific in general.

> This research strategy has important implications for the choice and timing of research methods. The questionnaire or survey has long been the favorite method of sociologists, but you do not go out looking for social inventions by doing a survey. When it comes to evaluating success or failure, however, it is important to know the opinions and attitudes of the people who are affected by a social invention, and here the survey can be an indispensible instrument (1982, p.12).

Whyte is clearly not opposed to the standard model in general: indeed, he sees it as the best model for particular stages of the research. He simply believes that the inductive stage of the research cycle should be the starting point in the study of social inventions, with a hypothesis testing phase to follow.

2) Do not treat the creators of social inventions as passive objects of study.

> This research strategy also has important implications for the relations between the researcher and the people he/she studies. It is folly to treat those who have created an important social invention as passive subjects of research. We need to learn from them the personal experiences and thought processes that led them to create the social invention as well as their theories of why the invention works or whay it fails to work as well as they think it should (1982, p.12).

This is a dialog, between researcher and inventors, and the researcher need not be passive either:

> That is not to say that we function simply as reporters, passing on the wisdom of the social inventors. We must look for the underlying principles of social dynamics, whose discovery will enable us to describe and analyze a social invention in such a way that other human beings in other situations may be able to adapt and utilize it (1982, p.12).

In short, sociologists learn <u>from</u> the inventors of new social forms, not simply <u>about</u> them. But they also bring their own skills and knowledge to the process in dialectical fashion.

Whyte suggests the following steps instead of the "standard model":

1) <u>Develop a rough map</u>.

Do not start with a pre-established research design, but go into the field to develop a "rough map" of the social terrain and develop a "preliminary idea" of the social processes occuriing there.:

> In the research strategy required for the study of social inventions, you do not start with a pre-established research design. Of course, you don't start out with a blank mind either. You consult the research literature, but you refuse to be bound by it. In the first place you assume that the published literature is likely to be a decade behind the most interesting things happening in the field. Furthermore, while the literature may illuminate a problem, it may also impose intellectual blinders that guide you along traditional pathways. In many cases it is less important to gather new data than to develop a new way of organizing and interpreting data (1982, p.10).

Determine the standard ways of approaching problems in this field, and if they do not appear to be working look for "situations where actors are defining the situation differently and devising different solutions.."

2) Develop a Sytematic Description:

This represents a more focused phase of research:

Having discovered a social invention, you then move in to observe, interview, and gather documentary material so that you will eventually be able to provide a systematic description of that invention (1982, p.11)

3) Develop an Evaluation of the Invention:

This is the phase in which to begin theoretical analysis:

If we are able to describe a social invention in a way that makes it potentially useful in other situations, we must grasp the social principles underlying its effectiveness in the case under study

Abstract the underlying principles from the cultural context so that we can judge success or failure based on the principle of the invention and not the cultural context: "...(T)he sociologist can perform an important service by showing that a social invention, abandoned as a failure, may actually be successful if planted in a different political context" (1982, p.11).

In summary, Whyte's approach suggest a relatively informal approach at first - (1) mapping the terrain - followed by increasingly rigorous methodological techniques as familiarity with the field leads to (2) systematic description (3) evaluation (which is basic theory development) and (4) hypothesis generation.

The Research Process for this Study

Since the main goal of the study was relatively modest (to provide a broad introduction to the CLT), this particular study never went much beyond the second stage, except for laying a groundwork for the third stage (evaluation). Research was done in two stages, corresponding to Whyte's criteria: (1) mapping out the terrain and (2) more systematic work to enable a systematic description of the CLT. Both stages involved a mixture of methods.

(1) First Stage: The "Rough Map"

I first began to map the terrain in preparation for what became a Boston College conference on New Directions in Community Development, which was held on May 11, 1985. Working with Dr. Severyn Bruyn, I made the acquaintance of many activists in the community development field, including some of the key people at ICE (Michael Swack, Chuck Matthei, and Chuck Collins). The conference introduced innovations such as the CLT to a wider audience and we decided to follow it up with more research on this area.

For two years I worked as research assistant to Prof. Bruyn on a Economic Development Administration grant. Part of my work included a trip to Burlington where I interviewed several people involved in community development, including Tim McKenzie, director of the BCLT. The final task of the research was the publication of Beyond the Market and the State in 1987, which included a chapter on CLTs which I helped to edit.

I expanded on my knowledge of the CLT from this point on by spending two days at the Institute for Community Economics, which was in Greenfield, MA at the time. Thanks to ICE's hospitality, I was able to act as an observer of the organizations activities as well as holding formal interviews with ICE activists Chuck Matthei and Chuck Collins, and informal interviews with several others. From that time on I was on ICE's mailing list and collected every document from them that I could afford.

I also took part in several more widely-spaced opportunities to continue as an observer. I attended a workshop on CLTs sponsored by ICE in Winchester, MA on November 11, 1987 and a conference on Affordable Housing also sponsored by ICE in Springfield, MA on March 27, 1991. At these events I was able to hold informal interviews with several people involved in the CLTs, in addition to the data gained from the formal presentations. The closest I actually came to being a participant in the CLT movement was when, in the late winter of 1992, I applied for a job as organizer for the Laconia CLT in Laconia, NH. I was called in for an interview, and though I did not take the job I learned about the CLT at a somewhat more intimate level. On this occasion I also made the acquaintance of Michael Lafontaine of the NH Community Loan Fund, who coordinates the state's CLT network and has been a valued informant.

The cumulative effect of these activities in observation, interviewing, and document collection was a sizeable - if disorganized- amount of data on CLTs and the acquaintance of several key figures in the movement. I read every document I had collected as well as the notes from the field observations. When I decided to

focus on CLTs for my dissertation the task was to begin to work through this data to develop a "systematic description," and to call on the key figures I knew (and several I hadn't met) for interviews to supplement the information I already had.

(2) Second Stage: Developing a "Systematic Description."

This was of course the goal of the study, to which the previous stage was only a necessary preliminary. A systematic description, it seemed to me, would have three key aspects:

conceptual: This was essentially presenting an "ideal type" of the CLT to the sociological literature. Since individual CLTs differ in many details of practice, an ideal type was necessary in order to begin any kind of theoretical discussion of the phenomena as a whole.

empirical: This required a brief history of CLT development (including an intellectual history), a description of the extent of CLTs within society, how they were organized in relationship to each other and to other organizations, and case studies showing how CLTs developed and function in particular environments.

theoretical: This required a discussion of the issues raised by the appearance of the CLT and at least preliminary anlysis of the social change potential of the CLT movement.

The Research Methods

Three methods were used to meet the goal of a systematic description via the steps suggested by Whyte were (1) analysis of existing documents, (2) interviewing, and (3) observation. I had already worked with all three methods in the first stage. I chose to continue with a more systematic use of these methods for two reasons: (1) They were suitable for what I was trying to accomplish, which was a broad introduction to the subject: documents would offer a wide scope for data collection, while interviewing and observation would add the depth necessary, in some instances, where documentary material was scarce.

(2) They fit Whyte's suggestion:

"Having discovered a social invention, you then move in to observe, interview, and gather documentary material so that you will eventually be able to provide a systematic description of that invention." I simply took him literally since I was already comfortable with these methods.

More specifically:

(1) Examination of existing documents

Documents were gathered from several sources:

-The Institute for Community Economics: As mentioned, I already had a collection of documents from this source. Perhaps most useful was the seasonal newsletter, Community Economics, of which I had a complete set. It proved to be a valuable historical archive and source of case study material. Besides the materials available to the general public, through making ICE aware of my research mission I was

able to obtain other documents. I was given Chuck Matthei's personal copy of the first book written about CLTs (Swann et al. 1972), which was long out of print and might have been difficult to obtain otherwise. Julie Orvis, the Affiliate Coordinator, put me on the Affiliate mailing list, which included a regular newsletter usually only available to Affiliate members. I was given access to all of ICE's files, including their collection of materials from all the CLTs in which they are in contact.

-Individual CLTs: I sent for annual reports, newsletters, sample lease agreements, mission statements, articles of incorporation, etc. from several CLTs. It became clear early on that I would not use more than a fraction of this material but it is a resource for future studies.

-The National Association of Community Development Loan Funds and individual CLFs: Newsletters, annual reports, and other information relevant to the community investment aspects of the study.

-Academic journals: These produced a small but useful collection. There were more articles on the CLT in the legal journals than in the social science literature, as it turned out.

-The LEXIS-NEXIS database. This was extremely useful. I was able to access over 300 documents, including articles from the popular press, wire services, legislative bills, legal statutes, The Congressional Record, transcriptions of testimonies before specific congressional committees, transcriptions from National Public Radio and Television shows, and articles (and even brief notices) from specialized professional sources (such as the American Bar Association

and similar organizations in banking and administration). LEXIS-NEXIS is more thorough than other sources because a keyword (such as "community land trust") is searched for in the body of the document, not just the title. I was able to obtain information even down to the level of such trivia as which CLT representatives were in attendance at a bill signing ceremony, or which CLT had won a local award for its garden displays!

All of these materials were examined and cross-referenced to develop a subject index, under several headings, such as: historical, case studies, government policy, financial support, opposition and controversy, farmland preservation, links to other community organizations, etc. With this index I was able to develop an outline of historical chronology, notes on the basic ideas of CLT advocates, and the framework for the case studies. From the documents alone I was able to construct an understanding of the key ideas behind the CLT, several of the case studies, and much of the history. But it was clear that I would need to supplement this material with firsthand interviews.

(2) Interviews

In order to satisfy Whyte's criterion of learning from practioners, the most useful method was the interview. Interviews were used to flesh out the information obtained from documents,

clarify details, and bring to light disagreements or contrasts in interpretation of events. My main concern was with the factors that CLT practioners attribute their success to (Whyte's "how it works"). I chose interviewees based on several criteria:

-key people within the movement, such as Robert Swann and the lead staff at ICE.

-directors (and in one case, the assistant director as well) of individual CLTs that I was not able to gather sufficient case study material on strictly from my documents.

-people suggested by the above interviewees as having important and even critical views on the CLT phenomenon. In practice, I was only able to follow this up in one case (Bill Traynor).

To a great extent, the logic of selection of interviewees was based on the logic of selection of case studies. My original intention was to simply offer three cases studies as illustrations of how CLTs operate. As I looked over my "rough map of the terrain," however, it became clear that there was simply too much diversity among CLTs. And furthermore, that diversity had some theoretical implications: some CLTs had gone beyond the role of housing organizations, for one thing. For another, the way in which CLTs came about differed importantly - some were the result of outcomes of highly politicized campaigns, others emerged rather quietly as pragmatic solutions to local housing problems. And the environments in which CLTs emerge differed enormously: rural and urban was one dividing line; racial composition was another; conservative or radical political environment was another.

It became clear that more case studies would be required, first to give some idea of the range of "typical" CLTs (as much as there was such a thing), and another to give examples of untypical CLTs, according to my criterion of going beyond housing. Another factor was expense: I was very limited in my financial resources. As a practical matter I would have to confine my site visits to New England (I preferred to interview in person rather than over the phone so I could use site visits as opportunities for observation research). This was not a major problem as far as studying CLTs, however, inasmuch as New England has been the center of CLT activity and the CLTs in New England represented a range of diversity that reflected that of the CLTs as a whole. Thus was true for all the variables I sought to consider in presenting the case studies.

The three case studies presented in Chapter Six were not hard to pick, as there are not many CLTs that exhibited the history or range of operation that I was interested in presenting in that chapter. For Chapter Four I had a wider range of choice. But it was clear that the Burlington CLT would have to be included (since it is the largest and in many ways the most admired example). The case of CATCH was chosen because it represented a clear contrast in political environment from Burlington, and I had already established contacts within the organization. The third choice was narrowed down by my decision to use an example of a CLT operating in a depressed housing market, as a comparison to the "gentrification" situation which is the more typical market in which CLTs are set-up. I had two interview tapes from this type of CLT and decided to use Holyoke because it was a newer and smaller CLT, thus showing the opposite end of the size range from

Burlington CLT.

I did not use a structured research instrument in my interviews. They were open-ended, within broad bounds. Unstructured interviews allowed interviewees to speak freely, which I felt was important since I wanted to maximize the scope of data collection rather than focus on a few points chosen for theoretical reasons. I basically followed them where they led, whether they were relating history or criticism or philosophy, and used questions only to clarify a point or restart the respondent if the conversation came to a pause, on the whole. As the research progressed, however, I became just a bit more directive in my questions as I began to narrow my interests.

After the interviews I transcribed the tapes. The transcriptions were not literal, but done quickly to allow me to code sections of them in regard to particular areas of interest. This was not in any way a sophisticated methodology but it served my purposes. I did not use any type of quantitative analysis or stringent indexing as I did not feel it was necessary: I mostly wanted to allow the respondents to tell their stories. As the writing progressed, large sections of my narrative were simply paraphrasing the comments I had transcribed. When I wanted a direct quote I went back to the tapes to get an accurate transcription.

I conducted both formal and informal interviews. By formal, I mean interviews that were scheduled and taped. Informal interviews involved my asking a few brief questions during lengthy but unplanned conversations with various people during site visits to CLTs or at conferences. They were a step higher than conversations in regard to

specific information, since I directed previously chosen questions at the person, but lower than the formal interviews because I did not take notes or tape them (I jotted down notes afterwords, though, so these informal interviews actually could be considered part of the observational approach).

In some cases I was able to use informal interviews as a follow-up with someone with whom I had had a formal interview. This offered the opportunity to clarify things that were discussed in the formal interview or to get new news. In some cases the formal interview was after one or more informal interviews (sometimes by phone). For example, I originally met Michael Lafontaine of the NH Community Loan Fund at a workshop on CLTs offered by ICE. We made a second contact when I applied for a job interview (as mentioned above). I received a call from him indicating that I was being considered for the job and on that occasion I was able to have a discussion with him about the CLT network in NH. I did not take the job, but we agreed to keep in touch. When I began my main round of interviews I was able to schedule a formal interview with him and build on the knowledge I had acquired in the informal one. Several months later we met at a conference and I was able to ask him for an update on the CLTs in New Hampshire.

In other cases, I scheduled formal interviews and then when I was on-site at the CLT I was able to meet other people and have informal interviews. For example, upon the conclusion of my formal interview with Eric Gross of the Holyoke CLT I was given a automobile tour of the properties by Maggie Pagan, a CLT staff member. While this occasion did not allow for an extensive discussion, I was able to

clarify some of the things I had discussed with Gross. With people within the movement that I have established permanent acquaintance with (such as Chuck Matthei and Chuck Collins) I have been able to keep this process going for a number of occasions over several years.

There were a total of 16 formal interviews. The following is a list of all interviewees:

First Stage of Research:

Formal

Tim McKenzie, Burlington Community Land Trust.

Chuck Collins and Chuck Matthei, Institute for Community Economics.

Informal

Joan Hanna, CATCH, Michael Lafontaine, NHCLF, as well as follow-up interviews with the above.

Second Stage of Research:

Julie Orvis, Matin Hahn, and Greg Ramm, ICE

Robert Swann and Susan Witt, CLT in the Southern Bershires

Michael Lafontaine, NH Community Loan Fund

John Hamilton, CATCH

Eric Gross, Holyoke CLT

Ellie Kastanopolous, Covenant CLT

Paul Yelder, Dudley Neighbors, Inc.

Paul Ruchinskas and Sister Marie Therese Martin, Common Ground CLT, Worcester, MA

Bill Traynor, consultant

Informal

Maggie Pagan, Holyoke CLT

Pedro Rodriguez, United Hands, CLT, Philadelphia, PA

Mark Pinsky, consultant

Peggy Williams, CRAFT, Atlanta, GA

Brenda Torpy, Burlington CLT

Not all of the interview material was utilized in writing the study. Some was simply redundant. In the case of the earliest interviews, the data were outdated by the time I got around to writing up the research. In at least one case (Chuck Matthei) I decided to rely on his published work which expressed the same ideas as the interview in a more structured way (in the case of another key figure, John Davis, his published material is so extensive that I did not even interview him).

(3) particpant observation: In the second stage of research I added to my previous experience of CLT-related gatherings by spending two days in Hartford, CT at the 1994 national conference of CLTs, and a conference on Property and Values attended by several key CLT advocates and practioners, in 1995. Conferences offered the opportunity to gather data directly from presenters, do some informal

interviewing, and learn about the most important issues facing the movement, as well as strengthening social ties to informants. As mentioned above, I made on-site visits to all the CLTs whose directors I interviewed and toured their properties either accompanied by a staff member or on my own. And thanks to the hospitality of Robert Swann and Susan Witt, I was able to spend two days in residence at the CLT in the Southern Berkshires. I also spent several days in residence at the HOME community, assisting in their anniversary open house, and touring the HOME and Covenant CLT properties.

Except for taped workshop material at the conferences (and of course the interviews done on site) I can't specify the role that observation played in putting together the final report, though it did allow me to "get the feel" of what CLTs are all about and that undoubtedly influenced my writing. For example, much of the physical description of the HOME community in the text was made possible by my stay there.

## Issues of Bias and Ethics

It is clear that there is a potential element of bias present due to my reliance for the most part on sources within the CLT movement, and due to the fact that I am personally supportive of what the CLTs are trying to accomplish. I feel that since the study is exploratory, bias is less of a danger than in a case where hypothesis testing to establish specified theoretical points was the task at hand. It would clearly be useful for other studies to be done by researchers less

sympathetic to the CLT and for a wider range of analysis of the CLT to be given voice.

As far as accounting for the biases of the sources in this study: in points of fact, I tried to use different sources (documents and interviews) for cross- confirmation. An historian would undoubtedly seek a higher standard of validity, but my reliance on multiple sources and the fact that I was mostly interested in the broad development of the CLT rather than the details gives me confidence that the knowledge presented here is sufficient for most sociological purposes. As far as the case studies, they were meant to be introductory. I discuss the limitations of the study below, and the need for much more detailed and critical case studies is clearly stated there. Those developed in this study where sufficient for the purposes at hand.

I did not feel that the study presented any serious ethical dilemmas. Once again, the broad level for which I sought data allowed me to steer clear of any potential ethical quagmires. All the documentary material was either available to the public or voluntarily given to me. I was even allowed to view confidential files at ICE on the condition that I not use any of the material therein without permission. As events turned out I had no occasion to use any of that material in my study. Interviews were tape recorded only with permission. In several instances I was asked to turn off the tape machine and not take notes, and I complied. Interviewees were obviously, in those instances, willing to share information with me but did not want a record of it. They probably also hoped that I would retain only the general sense of their remarks and not the names

or other details. If this was their intention they succeeded, as I did not recall any controversial details and at any rate had no reason to use them. Abstractions such as "difficulty with local bureaucrats" were sufficient for the level at which I was working and more local detail would have added nothing.

## The Limitations of this Study

Since the study was meant to be an introduction to an understudied social form, it was never expected to be definitive on the subject nor to result in any final truth concerning the CLT. That can only be determined in the long term. As Whyte predicts, the study of social inventions via these steps perhaps raises more questions than answers. This was, in a sense, one big case study - the study of the case of a particular social invention. It is an introduction of a new "species" to sociology, so as to stimulate further research and hypothesis generation. There are many gaps, therefore, but I hope that none or at least few are unintended. I will set out here a number of points that are inadequately covered and which are necessary for a full understanding of the subject. I simply could not do them justice give my goal of providing a broad introduction to the CLT and the theoretical issues surrounding it, so I did not try. Many more could be cited, but this will at least indicate that I am fully aware of the limitations of the study.

1. My data was overwhelmingly collected from sources "at the top": key activists at ICE, published commentators, executive directors, etc. A fuller understanding would require many more interviews drawn from a wider pool of participants: residents, other staff workers, members of the Boards of Directors, CLT members who are not any of the foregoing, neighborhood residents who are not members, government officials and private interests who have supported or opposed CLTs, actual and potential opponents of CLTs (such as landlords, realtors, and for profit developers), to cite only the obvious candidates. Further study of the CLT will generate hypotheses concerning the different outlooks of such actors which can then be explored through surveys and interviews. A very important issue, for example, is the extent to which residents are motivated by ideological loyalty as opposed to economic self-interest. My research does not touch on that very much at all.

2. Related to the above question is the issue of whether CLTs actually live up to their own stated goals. This is an important question, which I touched on theoretically but was not able to offer much in the way of empirical information. Formal evaluation research would of course be helpful to the CLTs themselves. ICE is working to promote self-study by the CLTs in regard to this and some CLTs would undoubtedly welcome assistance in this by interested sociologists.

3. More detail on how CLTs are organizationally structured is necessary. I collected some articles of incorporation, leasehold agreements, mission statements and other documents pertaining to this issue but was not able to make much use of them as that would have brought me to a level of detail unsuitable for a broad introduction.

A related issue is resale agreements: I did learn that practices vary widely. A comparative study of CLTs with contrasting practices would be very valuable as this is a very controversial point.

4. I did not present specific information about the organizational culture of CLTs: how truly participatory and egalitarian are they in practice? How much can we learn from them about "empowerment" of low-income members, that much-used term that needs so badly to be carefully operationalized and tested. Once again, ICE is trying to promote self-study and self-criticism by CLTs in this regard. Comparative studies of CLTs that seem to succeed in stimulating particpation and those that fail would be useful.

5. My case studies were lacking in the feel of what the CLT experience is like from the inside. In-depth case studies based on participant observation are clearly necessary to supplement the accounts presented here. Since there are some CLTs forming in other countries, cross cultural comparisons would also be potentially enlightening.

6. Supplementary macro-level studies, such as a random survey of CLT members nationwide, are needed to give more dimension to the facts and figures collected by ICE, and to create a datbase for hypothesis testing.

7. Action research with troubled CLTs (such as South Atlanta CLT discussed in Chapter Five) would yield greater understanding of the conditions that lead to failure and the ability of applied sociology to help restore organizational health.

8. Comparative studies of localities with and without CLTs are needed to gain an understanding of what impact CLTs do or do not have on the housing situation, political attitudes of residents, and other community-level variables.

9. Comparative case studies of CLTs with CIDs would help to further contrast the manners in which these two tenure innovations function and the implications for their localities.

10. Follow-up studies to this one, developing knowledge which can only be formed over time, are of course necessary. Important questions would include the following: How well is ICE able to shape the diverse CLTs into a coherent social movement? To what extent do CLTs lead to significant structural reform at different levels (local, regional, national)? If they do not achieve much in the way of reform, how much is due to the weakness of the model and how much to the larger cultural environment (Whyte's main guideline for evaluation)? What variables affect whether CLTs are supported in any given locale? How will the different state networks evolve (Vermont compared to Connecticut for example)? What are the unintended consequences of CLT actions?

It is clear that each chapter of this study could be expanded into a study by itself: history of the ideas, history of the first CLT, history of the movement, strong case studies, etc. and that the CLT could be studied from many different sociological perspectives: social inventions, social movements, social change, community studies, community development, and so on. Hopefully I (among others) will be able to continue this line of research.

# NOTES

## Chapter One

[1] CLT activists that I interviewed attribute this remark originally to housing scholar and activist Chester Hartman.

## Chapter Two

[1] Bill McAuliffe, "Macalester College, Land Trust Collaborate to Relocate 5 Homes," Minneapolis Star Tribune, December 8, 1993; "Most Slept Through This parade of homes," Minneapolis Star Tribune, January 26, 1994.

[2] Quotes are from "The Possessional Problem," excerpted from Borsodi's Seventeen Problems of Man and Society, distributed by the Institute for Community Economics, 57 School Street, Springfield, MA, 01105-1331. There are no page numbers.

[3] Unless otherwise attributed, the direct quotes from Robert Swann are drawn from my interview with him on June 3, 1994.

[4] Institute for Community Economics. 1992. "Bob Swann: An Interview," Community Economics. 25(Summer):3, published by Institute for Community Economics, Springfield, MA.

[5] Ibid., page 3.

[6] Ibid., page 4.

[7] Ibid., page 5.

[8] Ibid, pages 3-4.

[9] Those making the trip were: Robert Swann; Slater and Marion King; Charles Sherrod; Faye Bennett, executive secretary of the National Sharecroppers Fund; Albert Turner, coordinator of SCLC in Selma, Lewis Black, a board member of the Southwest Alabama Farmers Cooperative Association; and Leonard Smith, regional director of the National Sharecroppers Fund (Swann et al. 1972, p.16).

[10] Those in attendance at this original meeting who late went on to become involved with the ongoing planning group were: Father A.J. McKnight of the Southern Cooperative Development Program (later called the Federation of Southern Cooperatives); James Mays of Mississippi, field director for the National Sharecroppers Fund; Charles Prejean of the Southern Cooperative Development Program; James Wood and John Lewis of the Southern Regional Council; William Peace of the Sothern Rural Project; and Leonard Smith, Southern Regional Director of the National Sharecroppers Fund. "The meeting was held in

Atlanta at a hotel, to avoid either political or organizational bias" (Swann et al. 1972, p.17).

[11] "Bob Swann: An Interview," op cit. note 3, page 4.

## Chapter Three

[1] Swann et al. 1972.

[2] Institute for Community Economics 1984.

[3] Publications developed by ICE over the years include the following:

The Community Land Trust Handbook (1982) .. a comprehensive introduction to CLTs and the steps in organizing one; Community Economics, a periodical publication (since 1983) featuring news and profiles of community land trusts and community loan funds and discussion of related issues; CLT Profiles (1993) a collection of aritcles about individual CLTs from Community Economics; Common Ground: An Introduction to Community Land Trusts - in slide/tape and video formats (1984); A Guide to Resident Selection and Education for CLTs (1990); The Community Land Trust Legal Manual (1991) - includes model documents with extensive commentary; Designing Resale Formulas for Homeownership Program (1992); CLT Self-Evaluation Questionnaire (1993); and Managing the Money Side: A Guide to Financial Management for Community-Based Housing Organizations (1994).

Source: Institute for Community Economics (1994).

[4] John Papandrea, address to the national CLT conference, reported in Institute for Community Economics. 1988. "Forever Housing in Connecticut." Community Economics. 17(Spring):3.

[5] Institute for Community Economics. 1990. "First Pledge." Community Economics 19(Winter):5.

[6] newsletter dated Thanksgiving Week, 1994, distributed by Equity Trust, Inc., 539 Beach Pond Road, Voluntown, CT 06384.

[7] Ibid.

[8] newsletter from Equity Trust, dated Thanksgiving Week, 1993.

[9] Source: "Community Land Trust (CLT) Activity in the United States," distributed by Institute for Community Economics.

[10] Until otherwise attributed, direct quotes are from my interview with Greg Ramm on June 2, 1994.

[11] Until otherwise attributed, direct quotes are from Martin Hahn, recorded by me at the national CLT conference in Hartford, CT on November 4, 1994.

[12] Institute for Community Economics. 1995. "ICE Board Vice-President Meets With Secretary Cisneros." Community Economics 31(Winter):14.

[13] Until otherwise attributed, direct quotes are from Mark Pinsky, recorded by me at the national CLT conference, November 4, 1994.

[14] Recorded by me at the national conference.

[15] Institute for Community Economics. 1995. "The PARCC Housing Initiative." Community Economics 32(Spring):1.

[16] Ibid.

## Chapter Four

[1] Tim Mckenzie is quoted in: Lisa Berger. 1985. "Burlington Community Land Trust." Community Economics 7(Winter):1.

[2] Ibid.

[3] Susan M. Corey. 1991. "Keeping Alive the American Dream." American City and Country 81(August):109.

[4] John Davis, quoted in "Burlington's Plan Locks in Affordabilty", City and State, April 10, 1989.

[5] The trip was reported in: Institute for Community Economics. 1986. "Community Land Trust Highlights." Community Economics 11(Fall):3.

[6] Institute for Community Economics. 1995. Community Land Trust Newsnotes 16(February):2

[7] Institute for Community Economics. 1990. CLT Action News 1(March):2.

[8] David Treadwell, "Urban Innovation: 'Partner' Helps Buyers Grab a First Rung on Housing Ladder," Los Angeles Times, January 28, 1992, p5.

[9] Institute for Community Economics. 1994. Community Land Trust Newsnotes, (March 7):1.

[10] Brenda Torpy. 1995. "George and Elaine Little Park." Burlington Community Land Trust News 4(Winter):6.

[11] Burlington Community Land Trust, Fiscal Year 1995 Annual Report, p14.

[12] Ibid.

[13] Ibid.

[14] Tom Peterson. 1995. "Project Updates." Burlington Community Land Trust News 4(Winter):5.

[15] Institute for Community Economics Community Land Trust Newsnotes 13(October):2.

[16] Berger, op cit. note 1, p4.

[17] John Davis, address to conference on Property and Values, Harvard Law School, December 1, 1995.

[18] Institute for Community Economics. 1984. "New Hampshire Loan Fund: An Important Model." Community Economics 3(Winter):4.

[19] Institute for Community Economics. 1987. "A Costly Victory: Mobile Home Park Residents Forced to Pay 'Legal Extortion' to Secure Their Homes." Community Economics 12(Summer):1.

[20] Ibid. Quote is from Julie Eades, director of NHCLF.

[21] Ibid.

[22] Institute for Community Economics. 1987. "Bittersweet Victories." Community Economics 12(Summer):1.

[23] Unless otherwise attributed, the following direct quotes from John Hamilton are all from my interview with him on May 26, 1994.

[24] Information is from two articles: Concord Area Trust for Cooperative Housing 1995. "Report from the Executive Director;" and Susan Palmer Terry and Betsy McNamara. 1995. "The Mill House - Responding to an Unmet Elderly Need." Both are in CATCH The News 2(Fall):2-4. Concord, NH: Concord Area Trust for Affordable Housing,

[25] Concord Area Trust for Cooperative Housing. 1994. "Report from the Executive Director." CATCH The News 3(Fall):2.

[26] Tad Shannon, "Architects Drafted for a Good Cause," Concord Monitor, July 7, 1989.

[27] Quoted in Linda Goetz, "The CATCH is Cooperation," Concord Monitor, May 25, 1993.

[28] Quoted in: Concord Area Trust for Affordable Housing. 1994. "Catch a Good Neighbor Here." CATCH The News 3(Fall):6.

[29] Concord Area Trust for Affordable Housing. 1994 Annual Report, p4.

[30] Ibid.

[31] Metcalf and Eddy. 1972. Planning Report - Community Renewal Program. Holyoke, MA: Metcalf and Eddy, quoted in Bratt and Harden (1989).

[32] Unless otherwise noted, direct quotes are from my interview with Holyoke CLT director Eric Gross on September 14, 1994.

## Chapter Five

[1] Quotes of Greg Ramm are from my interview with him on June 2, 1994.

[2] Quotes of Susan Witt are from my interview with her on June 3, 1994.

[3] Quotes of Michael Lafontaine are from my interview with him on September 23, 1994.

[4] Quotes of Houston Wheeler are from his comments at the National Conference of CLTs in Hartford, CT on November 4, 1995, taped by me.

[5] South Atlanta Land Trust. 1994. "Mistakes 1982 - 1991." S.A.L.T. Economics 1(Winter):7. Published by South Atlanta Land Trust, Inc., PO Box 89278, Atlanta, GA 30312.

[6] Quotes of Bill Traynor are from my interview with him on March 28, 1995.

[7] Quotes of Julie Orvis are from my interview with her on August 9, 1994.

[8] Institute for Community Economics. 1987. "Bittersweet Victories." Community Economics 12(Summer):4.

[9] This incident is reported in the following articles: Bob Keeler, "For Tax Resisters, April 15 is the Day They Tell Government to Take a Hike," Newsday, April 14, 1993, p.64; Associated Press, "Tax Resisters Lay Siege to Confiscated House," Chicago Tribune, April 27, 1992, p3; Richard Pollak, "War-Tax Resisters in Massachusetts," The Nation, June 11, 1990, p.822; and Cristopher B. Daly, "Tax Protest Brings Down a House: IRS Sells Residence of Military Critic Who Hasn't Filed Since '70," The Washington Post, December 3, 1989, p.A3.

[10] Quotes of Martin Hahn are from my interview with him on June 2, 1994.

## Chapter Six

[1] Judith Gaines, "In Maine, a H.O.M.E. with Heart," Boston Globe, March 4, 1990, p.39. Senator William Cohen, citing the fact that HOME's work has been accomplished with little federal spending, had this article inserted in the Congressional Record.

[2] Quotes from Ellie Kastanopolous, unless otherwise attributed, are from my interview with her on June 21, 1995.

[3] Institute for Community Economics. 1984. "Maine State Housing Authority Provides Mortgage Loans to CLT Leaseholders." Community Economics 5(Summer):1.

[4] Phil Grey is quoted in: Institute for Community Economics. 1984. "Interview with Phil Grey." Community Economics 5(Summer):4.

[5] Ellie Kastanopolous, report to Maine State Housing Authority on the Community Land Trust Organizing Project, December 21, 1994.

[6] Taken from: Maine Homestead Land Trust Alliance. 1994. MHLTA Newsletter 1(Summer):1. Available from MHLTA, PO Box 295, Orland, ME 04472.

[7] Reported by John H. Cushman, Jr., "Funds lend where others won't," New York Times, July 14, 1993, pages D1 and D5.

[8] Luis Galindez and Lillian Barry, local activists, quoted in: Institute for Community Economics. 1993. "North Camden Land Trust - Putting the Pieces Together." Community Economics 27, Spring, page 3. Notes 9 through 22 refer to this article.

[9] Lillian Ubarry, quoted on page 3.

[10] Ibid.

[11] Luis Galindez, quoted on page 3.

[12] Lillian Ubarry, page 4.

[13] Ibid.

[14] Ibid.

[15] Ibid.

[16] Ibid.

[17] Betsy Phillips, Director of Camden Lutheran Housing and Lerenda Matthews, President and resident of NCLT, p.4.

[18] Ernie Boyd, page 5.

[19] Ibid.

[20] Luis Galindez, page 5.

[21] Ibid.

[22] Ibid.

[23] Knoche, Tom. 1995. "Land Trust Leader's Death Brings Urban Crime Close to Home." Community Economics 31(Winter):8-9. Quote is on page 9.

[24] Ibid.

[25] Direct quotes, unless otherwise attributed, are from by interview with Paul Yelder on March 20, 1995.

[26] Institute for Community Economics. 1993. "Inspired by Boston's Dudley Street Initiative a Detroit Neighborhood Seeks to Control its Own Destiny." Community Economics 29(Fall):8-9. Quote is on page 9.

## Chapter Seven

[1] Davis 1984, p.225; quoting 366 N. E. 2d, 1275 and 1273.

[2] John Echeverria is General Counsel for the National Audubon Society. His comments were made in an address to a conference on "Property and Values" at Harvard Law School, December 1, 1995.

[3] Bob Black, "'Cohousing' Goes Cooperatives One Better," Chicago Sun-Times, July 26, 1992, pg.1.

[4] This is only rarely recognized by local government. A telling example of the dominance of market values is the concept of "highest and best use" which is used by local authorities to assess property taxes. The highest and best use is assumed to be the "free" market value of the property, not the social value it has for local people. Other values are subordinated to the logic of the "deal." Thus farms are often assessed at the market value that condominium development would bring to the land, with no acknowledgement of open space as a value. This is beginning to change, as some states have policies allowing landowners to be taxed on the basis of "current use" to encourage conservation - an implicit, but not explicit acknowledgement that the use that would bring the greatest profit on the "free" market is not necessarily what local citizens might consider the highest and best use.

[5] Interview on August 9, 1994.

[6] Institute for Community Economics. 1995. "Contoocook Housing Trust to work with Monadnock Habitat for Humanity." Community Land Trust Newsnotes 23(September):1.

[7] Reported to me by Julie Orvis of ICE, in the interview cited above.

[8] Information given to me by Pedro Rodriguez, of United Hands CLT, in an informal interview, November 4, 1995.

[9] Quotes of Martin Hahn are from my interview with him on June 2, 1994.

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