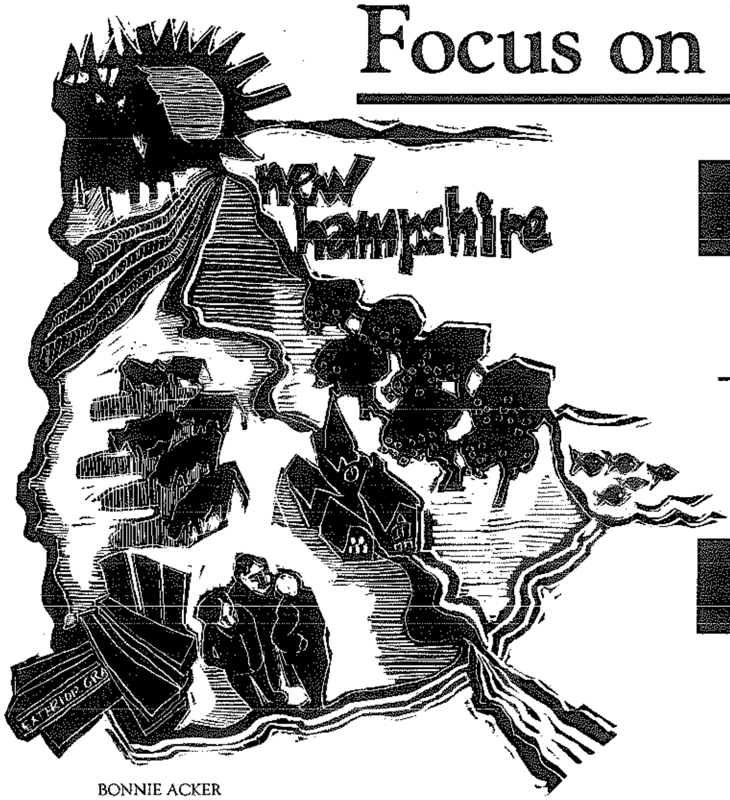
Community Economics

Number 24 Winter 1992

Focus on New Hampshire



BONNIE ACKER

COMMUNITY LAND TRUST

Cheshire Housing Trust:

— Growing larger and stronger in spite of the economy.

COMMUNITY LOAN FUND

New Hampshire Community Loan Fund:

— With strong local support, succeeding where banks have failed.

Interview:

Chuck Collins discusses the "social mortgage" on capital and his decision to give away inherited wealth.

CHT

The Latchis building in Keene, New Hampshire, now owned by a bank as a result of foreclosure, is expected to provide affordable housing through Cheshire Housing Trust.

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The Market Won't, But Some People Are

Recently National Public Radio's "Morning Edition" presented a concise little essay on the economics of unaffordable rental housing. The costs of owning and operating rental housing were laid out and added up, and the sum of those costs — with no profit to the owner — was shown to be more than many low-income households could afford. It was a tidy demonstration of why market forces will not solve the housing crisis. We all understand that in a market system capital is not allocated to enterprises where the numbers show there can be no profit.

NPR's presentation concluded with comments from long-time housing advocate Cushing Dolbeare, who observed that it is unlikely any presidential candidate will choose to focus on housing as an issue in 1992. Sure enough, the candidates have said little about housing during their New Hampshire primary campaigns. But for people who live in New Hampshire, housing *is* an issue. It is certainly an issue for the nearly 10,000 households in the state that now pay more than two thirds of their incomes for housing.

Of course the candidates have acknowledged New Hampshire's "Great Recession." Every candidate promises to stimulate the economy —and it needs to be stimulated — but no candidate addresses the fact that even a renewal of the 1980s "boom" would not solve the problems of lower income people who were left behind by that boom. No candidate addresses the real causes of a housing crisis that has grown worse through boom times and bad; that cannot be solved by market forces, however stimulated; that can be solved only through fundamental changes in the way this society allocates resources to meet human needs.

But any candidate who did want to address housing problems constructively might well pay attention to some things that New Hampshire residents themselves are doing about these problems. Not long ago, community-based housing initiatives were rare in New Hampshire, but that situation is changing. There are growing numbers of mobile home park coops, community land trusts, and other community-based groups, and many of these organizations are thriving in spite of a difficult economic environment.

This issue of *Community Economics* presents the stories of Cheshire Housing Trust, one of the state's strongest CLTs, and the New Hampshire Community Loan Fund, which has played a pioneering role in promoting community-based housing efforts. These organizations are succeeding where many for-profit real estate ventures and five of the state's largest banks have failed. Rather than destabilizing local economies through speculative investment, they have helped to stabilize communities by removing land and housing from the market, preserving affordability, and creating opportunities for resident ownership and control. And their efforts have been capitalized not by profit-motivated investors but by local individuals and institutions investing in the well-being of their communities.

Also in this issue we present an interview with ICE's Chuck Collins, a contributor to the recently published book *We Gave Away a Fortune*. For Chuck, the question of how resources should be allocated has been a very personal question. In the interview, he discusses his decision to give away inherited wealth, and how the experience has affected his perspective on economic and social issues. ■

Community Economics
Institute for Community Economics, Inc.
#24, Winter 1992

Editor: Kirby White
Production/design: Lisa Berger
Writers: Kirby White, Lisa Berger
Circulation: Alison Chilcott

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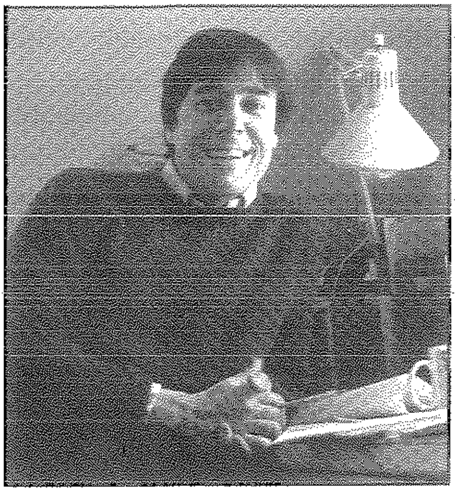
The **Institute for Community Economics** has a range of programs which assist the efforts of community residents to gain control over and benefit from local economic development. ICE has developed the community land trust and community loan fund models to address the problems of lower-income communities suffering from limited access to land, housing, and capital.

ICE also provides organizational, community organizing and development assistance to community groups and public agencies around the country. The ICE Revolving Loan Fund enables socially concerned investors and property owners to provide capital to innovative community development projects. Speakers are available to address a range of land, housing, and capital issues.

Other ICE publications include: the *Community Land Trust Handbook*, the *Community Loan Fund Manual*, the *Community Land Trust Legal Manual*, and *Common Ground: An Introduction to Community Land Trusts*—available in slide/tape or VHS video formats.

Contact ICE for specific information about our programs and resources.

ANDREW BAKER



Sharing the Wealth:

AN INTERVIEW WITH CHUCK COLLINS

Long-time ICE staff member Chuck Collins has worked with a group of friends over the past several years to produce a book entitled *We Gave Away a Fortune: Stories of People Who Have Devoted Themselves and Their Wealth to Peace, Justice and the Environment.* Published in February, 1992, by New Society Publishers, the book presents the stories of 16 people who have given away substantial amounts of personal wealth. It also includes chapters addressing specific issues related to the kinds of decisions made by these people. Chuck himself is one of the 16 people, as are Millard Fuller, founder of Habitat for Humanity, Ben Cohen of Ben and Jerry's, and Sally Bingham of the Kentucky Women's Fund, among others. In the interview presented here, we asked Chuck to talk further about his experience and his thinking on the subject of wealth, its control, distribution, and use.

We Gave Away a Fortune will soon be available from ICE for $14.95 plus shipping.

Community Economics: How did you come to have the money that you gave away?

Chuck Collins: My great grandfather was the meat packer Oscar Mayer, and through that family connection, my parents received wealth. They set up a college trust fund for me when I was very young, but, as these things do, it grew enormously through the stock market boom years of the '60s '70s and early '80s, so after I graduated from college there was still over $250,000 left. Even before that I had started to get the income from this trust fund, and it was much more than I needed for school, so I was giving the money away to the Haymarket People's Fund and organizations like that. Then in 1985, when I was 25, I made a decision to distribute all the assets to the Funding Exchange and its member foundations.

C.E.: What was hardest about that decision? What was complicated about it?

Chuck: It was complicated because it was tied up with my family. My father had gone to the trouble of setting up this trust fund for me, and some of the money that went into it was money that he had earned. It was a gift, but a gift I felt I couldn't keep. I think the hardest thing was the risk of endangering my family ties by a perception that I was rejecting this gift.

All that money that had accrued to me did not belong to me.

What I was doing was something that is a major taboo in wealthy families. You grow up learning to eat with the right fork, not to talk to strangers, and not to touch the principal. It's okay if you want to be eccentric with the income from the trust fund, but if you go beyond that and dip into principal, then you have committed the unspeakable. So it's very tied in with family, this decision, and I took time and care, though I wish I had done more, to communicate with family members.

C.E.: In the book, you describe your father's concern with whether your action was an ideological statement of some kind — a Marxist statement. Was it an ideological statement? What kind of economic analysis does lie behind your decision?

Chuck: I think the only way my father and several others who had known me for a long time could explain my choice was that I had become possessed by some alien ideology. But I think the statement is actually quite simple, if there is a statement. It's that all that money that had accrued to me did not belong to me.

I believe that wealth is accumulated from natural resources and the value of people's labor and that people who own capital in our society extract wealth from the ownership of enterprises where people do not own the value of their own labor. I suppose we could call that a Marxist analysis, but in terms of a Marxist prescription for society, I don't believe that the state should become the owner of the means of production. But I do believe that natural resources and land should be socially owned in some more decentralized way. I've probably been affected more personally by the early Christian teachings about wealth. I believe that none of us create wealth entirely on our own and that there is a social mortgage on capital, meaning that society, the common good, has a claim on all wealth, that it just doesn't absolutely belong to me as an individual.

To personalize that, it was clear to me that this wealth, although I owned it legally, really came from the workers at Oscar Mayer who were paid but not as much as they should have been paid, and who weren't sharing in the profits of the business. As family members and shareholders we were reaping the majority of these benefits.

Between the ages of ten and twenty-one, my assets increased from $180,000 to $300,000 through no sweat of my own. That in itself is an experience that affected me. It was more money than I would probably ever be able to save from my own earnings in my whole lifetime.

And here before the age of 21 I already had that much. So it just didn't belong to me. It was not mine to hold on to.

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C.E.: Some people would argue, yes, wealth comes from the labor of those who produce goods and services and, yes, those workers do not receive the full value of what they produce, but it is necessary for the economic good of society that wealth be accumulated, to form capital, to expand the means of production, to create more goods and services and more jobs. How do you respond to that kind of argument?

Chuck: What I question is not whether capital should be formed but whether it should be owned and controlled by a limited number of individuals. A more economically just society would have a fairer distribution of assets and more wealth owned by social institutions, not just by the state. I think in the United States in particular what we miss is the idea that there is socially created wealth and that there need to be social institutions that hold and administer and invest that wealth, so the profits are reinvested in the community.

For instance, as I understand the Mondragon cooperatives in the Basque region of Spain, their system is an example not of state-owned wealth but socially held wealth. Ownership and control don't belong solely to the person who had the money to invest. I think there are things about the Basque culture that have given rise to that unique brand of social ownership. And I think we have a lot of experimentation to do with what is appropriate for the United States. I think one of our biggest barriers is that we do not have a shared concept of social wealth; we just see it in stark terms as either mine or Caesar's. We don't have enough examples of independent, democratic organizations like community land trusts or municipally-based development corporations as stewards of society's wealth.

What I was doing was something that is a major taboo in wealthy families. You grow up learning to eat with the right fork, not to talk to strangers, and not to touch the principal.

I'm getting to the limits of my vision, but I expect the United States will continue to have a dynamic private small business sector that will respond to local needs and provide a livelihood for many. I was thinking about someone I know who was formerly living on the streets and this winter got together with several other homeless people and started making Christmas wreaths, and next year they're going to do it again and make a lot of money. We don't want to overly regulate all private initiative. We want to allow this sort of flourishing of people getting ideas and pursuing market niches. Yet at the same time we need a socially owned credit and housing sector where lower income people trying to meet basic needs are not at the mercy of predatory capitalism.

C.E.: Another question, separate from the question of how wealth is created, is the question of inheritance. In connection with community land trusts we talk about legacy as a legitimate interest that people have, but part of what your book is about is the problem of dealing with inherited wealth.

Chuck: I think that when people inherit an asset that they themselves will inhabit or use with their own labor for their own livelihood — whether it's the corner store or the family homestead or a farm — it's very different from inheriting stock in other people's businesses. When I think about my own situation, I don't think it was ever the intention of my great grandfather to work very hard all of his life so that all of his heirs for four generations would not have to work if they chose not to. I think he believed that people should contribute to society with their time, with their labor, and draw their sustenance from their work.

In our insecure society, I think it makes sense that people should be able to pass on some legacy to their children. But if society was organized differently, if there was full employment and low cost education, a decent social housing sector and health care system, there would be less need for people to look to inheritances to provide for security. I think it makes sense to increase taxes on larger inheritances and tax assets to a certain degree, especially if we can change our national budget priorities. There should be some kind of a limit as to how much wealth gets passed on, and at a certain point it should be taxed away, or hopefully given away by people who realize they don't need it.

I do think there's another question besides where the money comes from and how it's passed from generation to generation. Even if you've earned a million dollars, or won the lottery — wherever it came from — what is the right thing to do? I would say share it, move it, put it to use, donate it to a social ownership institution, donate it to community organizations. We are in this situation where some people have gotten extremely wealthy in the last twenty years and are sitting on top of mountains of money. And there are all the middle class baby boomers about to inherit wealth from the sale of their parents homes that were bought in the fifties and are now worth small fortunes in themselves. There's all this wealth, and there's this tremendous need and great opportunity.

Chuck Matthei [former ICE Director] used to say you're sitting at the dinner table with a ten course meal and everyone else has a cup of water, and it's your decision whether to pass the plate or to sit there and eat it all yourself. I think that's the moral question no matter where the money came from. I was moved to give the money away not only because it was not mine, but also because I didn't need it compared to the urgent needs around the world.

C.E.: Even so, you might have seen yourself in a stewardship role, managing and investing the money for social benefit. Don't some people genuinely feel that they are stewards of wealth that has been given to them — and that they shouldn't give it up for that reason?

Chuck: That's right. Many people we interviewed in the book have a strong belief in the notion of individual stewardship, that we have a responsibility to manage all this money and make decisions about its distribution. But it just seemed it was an enormous amount of power for me to have as an individual to play God with. Even though I think I have good ideas of what effective funding is, my outlook may still be defined and limited by my class upbringing. I wanted to share that decision-making with people from different class backgrounds and people working in different situations. In giving the money to the Funding Exchange, I gave the decision-making power away, because I wanted to share not only the asset, the privilege, but the power over its distribution.

C.E.: Would you talk about why and how the book was written.

Chuck: I was very lucky at the age of nineteen to meet George Pillsbury, who had founded the Haymarket People's Fund in Boston. He invited me to a conference of people who had inherited wealth, where I met all these people who shared my concerns. I made a lot of friends there, and over the years those were the people who understood my dilemma and stood by me as I made the decision to divest.

They were looking at their own individual security as being interrelated with the larger society. They wanted to build collective security, not just build a wall of money around themselves.

A couple of people in particular were important for me — Christopher Mogil, and Edorah Frazer, and Nancy Brigham who used to work at ICE. The four of us met regularly for probably two years. We had heard through the grapevine that there were other people who had given away all or most of their money, and we wanted to talk to them to find out why they did it, what they did with it, whether they had any regrets, all those kinds of questions. So we started to interview those willing to talk. A lot of them were quietly telling their stories for the first time, and some of them were quite amazing stories. And we kept meeting more and more people who would say "oh you should talk to so-and-so." By the end we had interviewed 40 people who had given away significant amounts — from $100,000 to $40 million. All of them had given at least 25% of their principal. They had all broken that taboo. For the book we pared it down to 16 interviews of people with a diverse range of stories.

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C.E.: What would you say those people have in common?

Chuck: They are very different in age, lifestyle, and where their money came from, but they do share certain things. Most of them were directly involved in economic justice work, or had travelled and worked in third world countries, so they had direct personal involvement with people from very different class backgrounds and with projects that make a difference. Also they thought about security in broader terms than just their own individual security. They saw their own security as being interrelated with the larger society. They wanted to build collective security, not just build a wall of money around themselves.

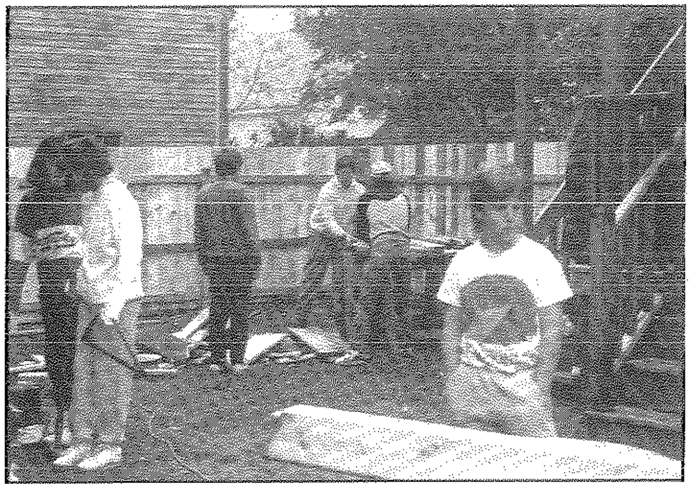
C.E.: Has it ever been a consideration for you or others in the book to keep the money in order to fund your own work?

Chuck: Some of the people in the book have made that decision — to keep some of their money to fund their own work. That's definitely an option. It wasn't my choice because it was important to me to know that I could support myself entirely through my work, whether it was lower paying political work or working at a convenience store. I did consider funding ICE. But I didn't want to create confusion. If there was a reason to fire me, for instance, I didn't want there to be this conflict because I was a funder. I wanted my performance to stand on its own. Besides, there were all kinds of other things in addition to ICE that needed the money.

C.E.: How has working at ICE affected your thinking about wealth?

Chuck: I have definitely been affected by ICE — by working here, meeting people, working with community organizations. In my first couple of years here I actually was coming into control over this inheritance and living the contradiction of working with very low income people knowing that I could write a check and solve all their problems, at least temporarily.

Being at ICE helped sharpen my sense that there is a critical perspective on wealth. I have been exposed to some very inspiring and effective organizations and that has given me hope. Some wealthy people have said to me "Well even if I gave my money away it wouldn't do any good. What am I supposed to do, just hand out dollar bills on the Bowery?" People don't always have a concept of all the work being done that is making a difference — and that could make a bigger difference with more funding. Working at ICE has certainly sharpened my sense of that — of the difference that funding can make. ■



Cheshire Housing Trust

Cheshire Housing Trust (CHT) is a community land trust serving the city of Keene in Cheshire County, New Hampshire. Founded in 1987, it launched an ambitious affordable housing program, but by 1990 a depressed economy and slumping real estate market forced it — and its primary funding source — to pause and reassess that program. This reassessment and the careful planning that emerged from it, combined with very strong support from the community, make the story of this now thriving CLT particularly interesting and encouraging.

Background

Keene, in the southwestern corner of the state, felt New Hampshire's real estate boom less directly than some other areas, but Keene had its own healthy and relatively diverse economic base. Clean and spacious, with good schools and services, it was widely perceived as a desirable place to live, and local real estate prices reflected this perception — to the point that many local people could no longer afford to live there.

Rising property values put homeownership beyond the reach of most people who were not already owners. At the same time, rents were driven higher; tenants were displaced; homelessness increased. Problems for lower income tenants were intensified by competition for available apartments from students at Keene State College. At the time, a United Way needs assessment identified housing as the most pressing unmet need in the area.

Cheshire Housing Trust was incorporated in 1987 by a group organized in response to the United Way assessment. Including social service professionals, several bankers, and other citizens, the group had agreed they wanted to create a democratic, locally controlled organization that would provide long-term solutions. Searching for the best model, they consulted with the City planner, who referred them to the Institute for Community Economics. ICE introduced the community land trust model to the group and provided technical assistance as the CLT was organized.

The new organization focused initially on developing a "classic" CLT program that would allow lower income families to purchase single-family homes on land leased from the CLT, with a ground lease requiring owner occupancy and limiting the price at which the home could be resold. The organization's first acquisition was a pair of single-family homes located on a single parcel of land that could not be readily subdivided. One of these homes was eventually sold to a family, with financing from the New Hampshire Housing Finance Authority — the first time the NHHFA had provided mortgage financing for a home on CLT land. The second home is under purchase agreement with the current residents, for whom CHT is escrowing monthly amounts toward a down payment.

However, like many other CLTs established in the rapidly appreciating real estate markets of the 1980s, CHT found the cost of most single-family homes to be so high that any attempt to subsidize larger numbers of such homes simply did not make sense as a way to provide cost-effective affordable housing for lower income people. In seeking Community Development Block Grant (CDBG) funding for a larger project, CHT therefore shifted its emphasis to multi-family buildings.

Photos above: **Residents of future coop working together to improve their buildings and yard.**

In 1988, the City was allocated $500,000 in CDBG funds for CHT's program (with $470,000 going to CHT for acquisition and rehabilitation and associated administrative costs). At this point CHT needed a full-time director, and Bob Bernstein, who had worked on the initial project as a rehab contractor, applied for the job and was hired.

Bernstein was interested in the position, he says, because he "was looking to get back to working more with people and less with hammer and nails." He brought to the job 20 years of experience as a home rehabilitation contractor and neighborhood organizer in Worcester, Massachusetts, and a commitment to the community land trust model extending back to 1977, when he was involved in an effort to establish a land trust in Massachusetts. His experience, skill and dedication have been crucial to CHT's success.

The First CDBG-Funded Project

Also crucial to CHT's success has been intensive support from Keene's Community Development Block Grant (CDBG) Program. Unlike larger cities, which receive direct CDBG "entitlements" from the federal government, small municipalities such as Keene must compete for CDBG funds on a project-by-project basis. Keene had a successful history of gaining and utilizing CDBG funds for programs such as day care and Head Start as well as for the rehabilitation of rental housing for low-income residents.

Linda Mangones, who administers the CDBG Program out of the Keene Housing Authority, became actively involved with CHT at an early stage as a member of its "Legal Committee." Bob Bernstein says, "She's been doing CDBG work for at least as long as any one else in the state and housing has been her field of expertise. She's been almost like another staff person for this organization for its entire history, and it's been invaluable.

According to Bernstein, The support that Mangones and other local officials have shown for the CLT approach to housing is based on experience with previous rehab programs: "The City had seen properties that had been rehabilitated with CDBG funds turn over on the market. The funds were recaptured but the community lost the affordable housing and all the development time that went into doing those projects. So City officials were very open to hearing about permanent affordability and how that might work. The clarity and strength of that realization is what has gotten Cheshire Housing Trust a million dollars in Block Grant money to date."

The first $500,000, allocated for the 1988-89 fiscal year, allowed CHT to acquire and rehabilitate five multi-family properties including 13 housing units, and to subsidize the purchase of ten new condominiums by lower income households. Allocation of a portion of the CDBG funds for acquisition allowed CHT to buy the multi-family properties with 20% down payments, the balance of the cost being financed with mortgage loans from local banks. Rehabilitation, at an average cost of approximately $18,000 per unit, was subsidized through the federal Rental Rehab Program as well as with CDBG funds.

These units were occupied by lower income tenants when they were acquired and were rehabilitated with tenants in place. CHT now manages the properties as rental housing, with a long-range goal of arranging cooperative resident ownership when and where it is feasible. To date one cooperative has been incorporated to serve a pair of two-family buildings on a single lot. The co-op is not yet fully organized and does not yet own the buildings, but the residents already participate in managing, maintaining and improving the buildings (see photos above).

The ten condominium units were made available to CHT by a private developer who had worked closely with the City in developing a relatively affordable 82-unit project. The prices of these homes were further reduced with $15,000 per unit in CDBG funds. The New Hampshire Housing Finance Authority provided mortgage financing for the full amount of the remaining cost — $58,000 — so income-qualified households could purchase the homes without down payments. With this project, CHT does not own land. It controls resale of each unit not through a ground lease but through a second mortgage and a "subsidy and security agreement" giving the CLT an option to repurchase at a limited price. Three of the units have already been resold through CHT at still-affordable prices.

Recession and Reassessment

In the year following the first CDBG-funded project, Keene applied for another $500,000 in Block Grant funds to acquire and rehabilitate more housing. However, the Office of State Planning, which allocates New Hampshire's Small Cities CDBG money, rejected the application based on its view that the project would not be financially feasible if rents were to be affordable. Though the rejection was a disappointment, CHT itself had reasons to reconsider some aspects of its approach, and made good use of the year that followed in analyzing both the results of the initial project and the changing housing market.

The first round of properties had been purchased at the high point of the market. "The opinion at that time," Bernstein says, "was that the market would keep appreciating, so even though we were buying at a high price, we would at least be able to upgrade homes, stabilize rents and insulate against further increases." Following the initial acquisitions, however, the market began to soften. And, in any case, the rents that had to be charged for the rehabbed units were less affordable than CHT would have liked, and even with these rents, the income generated was not sufficient to cover CHT's management costs while also funding replacement reserves.

The market downturn did not result in major reductions in local rents. Landlords who had purchased expensive properties were burdened with mortgage payments and high property taxes, and could not afford to lower rents significantly. At the same time, tenant incomes were being reduced through loss of overtime, second jobs, and sometimes primary jobs. By 1990, Keene area rents, as a percentage of annual income, were the highest of any city in New Hampshire. Some residents were leaving the area in search of jobs and more affordable living situations. The resulting

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— Bob Bernstein

increase in vacancy rates created further difficulty for owners of rental housing.

Careful preparations were made before submitting a new CDBG application for the next fiscal year. Bernstein says, "We wanted to do everything possible this time, so we started right off negotiating with the Office of State Planning around the financial feasibility issue." The policy eventually established by the Planning Office was that projects had to be financially feasible with rents set no higher than 80% of fair market rents. Applying this standard and budgeting increased amounts for management and for reserves, CHT found that down payments of 30% to 40% would be required to reduce mortgages to the necessary level. Based on these assumptions, a new CDBG application for $500,000 was approved in the Spring of 1991, and CHT is now moving to acquire 20 additional housing units.

Building the Long-Term Organization

The time without funding for new projects proved to be an opportunity not only to reassess the approach to project-planning but to address other basic organizational issues as well. "It was a soul-searching time in a lot of ways," Bernstein says, "but not in a sitting-on-our-hands sense. We had a lot of loose ends to tie up — a lot of internal questions around everything from accounting practices to property management — and a lot of thinking to do about what kind of organization we want to be for the long run."

CHT seized this opportunity to address a range of interrelated questions that are too often slighted by growing organizations preoccupied with one housing project after another. If a CLT is to preserve affordable housing for the long term it must build an economically stable, enduring organization. At the same time, it must be more than a well-managed real estate business. If it is to carry out its mission of empowering low-income residents and increasing community control, it must develop its membership base and involve residents in meaningful ways.

One pressing question was how to assure adequate financial support for long-term operation. While CDBG projects were being implemented, funds were made available through the City's CDBG Program to cover a substantial portion of CHT's administrative expenses. During the period when new project funding was not available, CDBG program income was allocated by the City to help sustain CHT operations. Other support had come from state and national foundations and, significantly, from the local United Way, which provided "venture grants" in CHT's early years and in 1991 designated the CLT as a United Way Agency, a regular annual recipient of United Way funding ($14,500 in 1991).

But in spite of its success in attracting operating support, CHT knew that long-term financial stability required that more revenue be generated by the housing program itself. In particular, there should be adequate staff to manage an increasing amount of rental housing, and rents should cover the cost of this staffing as well as other expenses. The 20 units that CHT plans to acquire in the next year are expected to generate up to $10,000 per year in management fees — a big improvement over the first round of acquisitions, but still not enough to pay for a full-time property manager.

Like many housing organizations, CHT has wrestled with the question of how many units will be needed to allow a cost-effective property management program. In the mean time, however, funding from other sources has made it possible to create a full-time "property manager/resident coordinator" position. CHT recognized that combining the two func-

Foreclosed Property to Provide Affordable Housing

Cheshire Housing Trust expects soon to complete a remarkable transaction to acquire a large building in downtown Keene with 13 units of recently rehabbed housing and three storefront units. A prominent structure on Keene's Main Street, the Latchis building (pictured on front cover) is now owned by Granite Bank as a result of foreclosure. The bank expects to donate the property to a unique New Hampshire agency, the Community Development Finance Authority (CDFA), which provides tax benefits to New Hampshire corporations for investments or donations benefiting community development projects.

The CDFA was established in 1983 through legislation conceived by Michael Swack, who is Director of the New Hampshire College Community Economic Development Program, a founder and board member of the New Hampshire Community Loan Fund, and long-time member of ICE's board. In 1991 the legislation was amended to facilitate donations of real estate to provide affordable housing or meet other community needs. The Latchis project is one of three such projects approved by the CDFA since the amendment.

The previous owner's redevelopment plans for the Latchis property, conceived when the economy was booming, called for rehabilitation of the 13 apartments above the storefronts and conversion of an adjoining structure, once a movie theater, to provide space for new restaurants. Rehab of the apartments was completed, but conversion of the movie theater was stalled in the slumping economy. Granite Bank, which had provided about $1.3 million in financing for the project, was forced to take title to the property.

Current plans, following the projected donation to CDFA, involve transfer of the property, at low cost, to CHT and the Keene Housing Authority. CHT will manage the existing apartments. The Housing Authority will develop up to 20 units of very low-income congregate elderly housing in the space previously occupied by the movie theater. The existing apartments are in excellent condition and are now occupied by students, but as current tenants depart, CHT will rent the units to lower income households. With very low debt service, CHT will be able to reduce rents while retaining a level of cash flow that will help to support its operation.

Granite Bank has already worked with CHT as a lender on more projects than any other institution and has been represented on CHT's board and committees. The collaboration of the bank with CHT, the Housing Authority, and the CDFA to provide permanently affordable housing and preserve an important downtown facility is an example of a truly constructive public-private partnership. ■

tions named in this title would not be easy. Property management requires a business-like approach to landlord-tenant relationships that can inhibit efforts to assist and involve tenants. But CHT was determined not to ignore either of these important functions, and was fortunate to find a person well suited to both.

Ann Cramer was hired to fill the new position in September of 1991. She brought to the job a number of years of experience with government housing programs, including management of a public housing project. She took the job with CHT because she wanted to be "more involved with people's lives." In the government programs, she says, "It was almost against the rules to care about your clients. Having a case load of 250 didn't help. It was depressing because you didn't feel you could offer people any real hope of things getting better."

Together with Vista volunteer Deb Douglas, Cramer attended ICE's introductory CLT workshops in Washington at the beginning of October, and says she "came home inspired and ready to go to work." She finds the new job "exciting but harder than I expected. Every situation is different. It's not all black or white like the work I did before."

As she feels her way into the new job in an expanding organization, there continue to be questions about the future relationship between property management and "resident coordination." As Bob Bernstein notes, "By the time you've got 60 or more units, a single person in that job is likely to do more managing than coordinating." Before reaching that point, however, Cramer hopes to "make the extra push to work with the residents — to give them the tools to take care of their own business." As residents assume more

"So establishing our own voice and our own identity is something we're working on now. We're in a kind of individuation process." — Bob Bernstein

control, she believes there will be less need for conventional property management.

Encouraging resident participation is part of a fundamental concern with developing CHT as a broad-based democratic membership organization. Bob Bernstein says, "The biography of this organization is that it has developed more from the top down than some." Access to resources through mainstream channels has strengthened the organization in important ways but has also tended to define it in the community's eyes. "In terms of our identity, how do we relate to the community as a community land trust," Bernstein asks, "rather than as a kind of private offshoot of the housing authority? This building where we have our office is owned by the Community Action Program, and it's a little like a social service mall. I think the pressure from the environment is to make us become more like a business, more like the housing authority, more like a social service agency, because those are the models people know. When people call us up they ask us questions as though we're that and if we're not careful we tend to answer them as though we *are* that. So establishing our own voice and our own identity is something we're working on now. We're in a kind of individuation process."

Other Projects

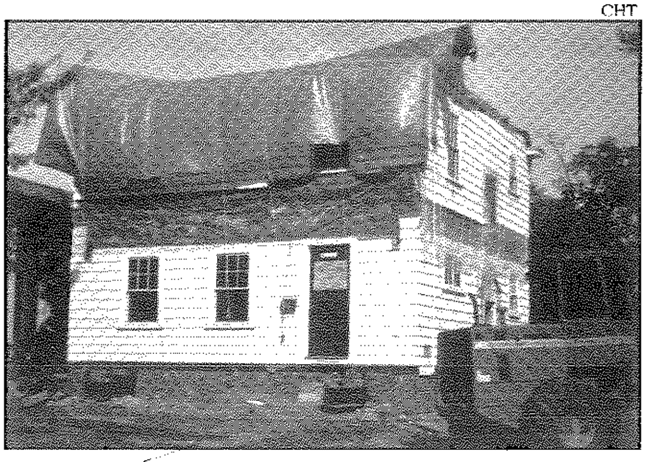
CHT is now pursuing an expanding range of projects, including the "Latchis project" described on the facing page. A smaller current project involves yet another constructive collaboration with community institutions. Keene State College donated a single-family home that had been used as a "mini-dorm" but was to be replaced by a parking lot. The tasks of acquiring and preparing a new site and moving and rehabilitating the house on an affordable basis have been time-consuming, but they have provided attractive opportunities for volunteer participation and in-kind contributions — everything from the power company agreeing to move power lines free of charge to donations of building materials. As a highly visible project with broad community participation, it has provided excellent publicity.

CHT is discussing a possible project of a different sort with Keene's Monadnock Family Services, which has received a grant from the New Hampshire Division of Mental Health to organize a housing cooperative for members of the Wyman Way Cooperative, a well established producer coop owned and operated by workers with long-term mental health concerns. Bob Bernstein says, "Wyman Way has a great history, and we want to pursue the possibility of doing a housing coop with a group of people who are already used to working with each other in that way."

Another new frontier involves possible expansion of the program into other communities within Cheshire County. CHT was established to serve the whole county, but its program has thus far been limited to the City of Keene, since Block Grant Funding has come through the City. Now Bernstein says CHT "has begun to work to spread out into other towns. We're hoping to do a feasibility study, with the help of the Regional Planning Commission, for a CDBG application through the County.

With these possibilities added to the task of acquiring and rehabilitating another 20 units of housing with CDBG funding in Keene, CHT has plenty of work ahead. It approaches that work as a vital organization that has thought through the challenges it faces, strengthened its own capacity, and established crucial relationships with other community institutions. ■

CHT



Donated to Cheshire Housing Trust by Keene State College, this house is shown in the process of being moved.

Seasoned Pioneer

The New Hampshire Community Loan Fund

Since its founding in 1983, the New Hampshire Community Loan Fund (NHCLF) has been a pioneering force in promoting, financing, and assisting community-based housing efforts in a state where such initiatives were previously almost non- existant. It was the first fund to be organized on the community loan fund model promoted by ICE, and, as a founding member of the National Association of Community Development Loan Funds, it has helped to shape the national community investment movement.

In its eight year history, the Loan Fund has received more than 200 loans from community investors, totalling more than $4 million, plus gifts of permanent loan capital totalling more than $450,000. It has made more than 100 loans to community organizations, totalling more than $5.7 million, and involving more than 750 units of affordable housing.

In 1990, however, as New Hampshire's recession deepened and real estate prices plunged, the NHCLF found itself facing many of the same extreme difficulties faced by the state's banks. Many of those banks failed. The Loan Fund has survived. Its loan losses have been significant, but none of its lenders have suffered losses and the Fund is now solvent, stable, and, in some important ways, stronger than ever. Its ability to survive this period of economic crisis can be credited to the strong financial reserves with which it entered the period, to a very capable and dedicated staff and board, to the enduring relationships it had developed with its lenders and supporters, and to the fact that most of its borrowers have themselves come through hard times in excellent shape.

> ***"Banks normally lead the way out of recession. In New Hampshire the banks are on their backs."***
>
> **— Charlton McVeagh, New Hampshire banker**

Breaking New Ground

From the start, the character of the NHCLF was influenced by the fact that there were very few community-based nonprofit housing or community development organizations in the state, few programs to support such organizations, and relatively little public awareness of the needs and opportunities for such organizations. With few potential borrowers, the NHCLF launched an effort to increase public understanding of housing problems and to introduce community-based solutions such as community land trusts and coops. It also assisted local groups in developing such organizations.

With its first project, the Fund helped a group of mobile home park residents prevent the loss of their park to a condominium developer. The NHCLF assisted the residents in forming the state's first mobile home park cooperative; then financed the coop's purchase of the park. Word of this success spread quickly, and the Fund began receiving calls from other parks. With support from the New Hampshire Charitable Fund, the Loan Fund hired additional staff to provide organizing and technical assistace to residents of at-risk parks. Today 20 New Hampshire mobile home parks are owned by resident cooperatives (more than in most larger states). Fifteen of these coops have received financing from the NHCLF, and all 20 have benefitted from the Fund's trend-setting efforts.

The Fund has been equally active in promoting the community land trust model as a means of preserving affordable housing, and has helped to nurture CLTs in a number of communities.

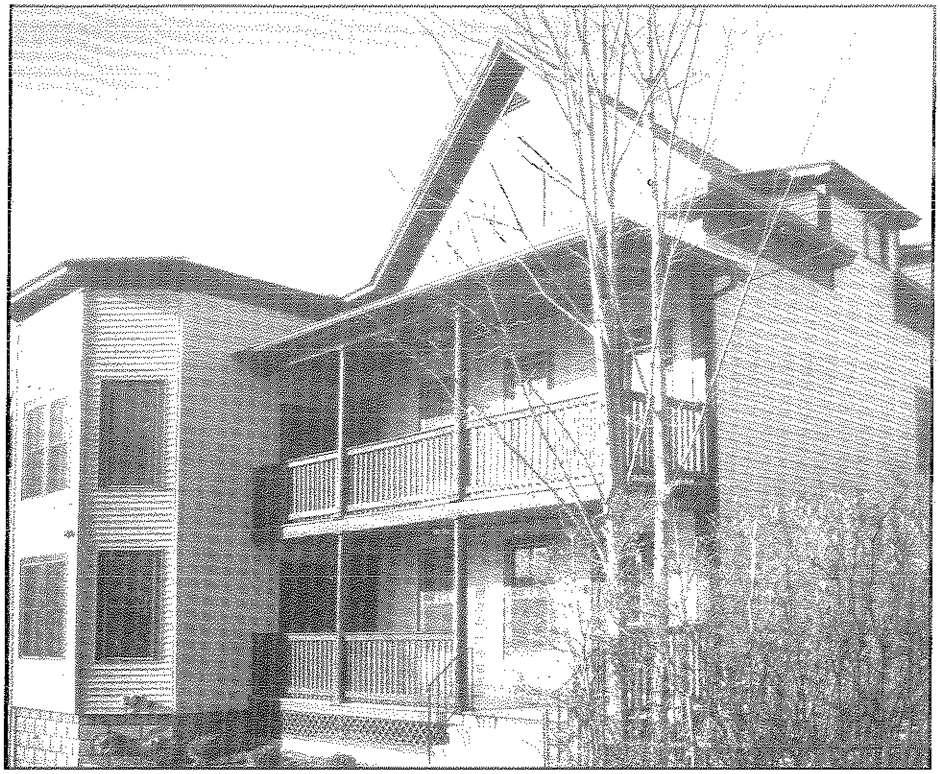
Boom and Bust

New Hampshire's "Great Recession" is directly related to the economic boom that preceeded it. During the 1980s the state's economy benefitted from the extraordinary growth of high tech industry along its southern border in eastern Massachusetts. The population grew rapidly, and new infrastructure had to be built to support the growth, which meant more jobs, and still more growth.

These developments were further fueled by major changes in the banking industry, which at the beginning of the 80's had been primarily an industry of small savings and loan institutions with very limited territories, limited capital and limited expectations. During the decade, many of these S&Ls were converted from mutual ownership to shareholder ownership, giving them immediately two or three times as much capital. At the same time, government deregulation allowed them to expand their territories, merge, open new branches, and to attract new deposits by offering money market rates. Charlton McVeagh, a banker who has been active with the Economic Justice Task Force of the Episcopal Diocese of New Hampshire, describes these rapidly transformed thrifts as "drunk with capital, without a natural place to put their money." Not surprisingly, they were eager to pour capital into real estate ventures with little questioning of the economic assumptions on which these ventures were bases.

One result of all of this activity was of course to make housing less and less affordable for lower income residents of the

NHCLF



Spruce Street Transitional Housing, developed and owned by the New Hampshire Community Loan Fund, provides five units of affordable housing with support services for homeless women and children in Manchester.

"Any lender is only as strong as its borrowers, and we're not immune from the environment we work in."

— Julie Eades, NHCLF Executive Director

state. Home prices were driven upward. Rents were driven upward. The supply of affordable rental housing shrank drastically.

In 1989, when the market began to soften, real estate ventures based on expectations of continued growth and appreciation began to fail in large numbers. By 1990 property values were falling precipitously. New Hampshire's banks, facing mounting defaults while watching the value of their collateral shrivel, were overwhelmed. Twelve of these banks have now been taken over by the FDIC, including five of the seven largest banks in the state (all five were formerly mutually owned savings banks converted to stockholder ownership). Total losses by New Hampshire banks have been estimated at $2 billion.

The collapse of the banking industry has intensified the effects of the recession in crucial ways, and has made recovery difficult. By 1991 the state's economy had lost about 49,000 jobs, a decline in seasonally adjusted employment of 9%. Credit has virtually dried up. Business prospects are bleak, and there is little reason to expect improvement soon. Charlton McVeagh says, "How do you jump start this economy? Banks normally lead the way out of recession. In New Hampshire the banks are on their backs."

For lower income residents, the situation is grim indeed. With diminished employment for working class families, high housing costs have become even less affordable. Most landlords, faced with substantial debt service obligations and very high property taxes, cannot afford to reduce rents significantly. Rental vacancy rates have increased in many areas as tenants have doubled up or moved away in search of employment and more affordable housing. Reduced tenant incomes, unstable occupancy and increased vacancies have meant major problems for owners of rental housing, including some nonprofit owners.

Dealing with Crisis

"Any lender is only as strong as its borrowers," says NHCLF Executive Director Julie Eades, "and we're not immune from the environment we work in." As the economic environment worsened, it became clear that several borrowers were in serious trouble. At this point, the Fund conducted an intensive review of its portfolio. Eades says, "We have always paid attention to how our borrowers are doing, but in mid-89 we reviewed all borrowers to decide where we should focus our energies. I think one of the reasons we're here today is that we picked the right ones to focus on."

The NHCLF brought important financial resources to the challenge facing it. At an early stage it had adopted a goal of raising "permanent capital" (as opposed to money owed to the Fund's lenders) equal to 10% of its total loan capital. This goal had been achieved, so the organization knew it had "room to operate" and could accept significant losses before endangering its lenders' investments. It had also built up a substantial operating reserve, allowing it to hire additional staff on short notice to work intensively in problem areas.

The first major problem to be addressed was in the city of Manchester, with the failure and pending dissolution of the once-healthy New Hampshire Nonprofit Housing Development Corporation (NHNHDC). The Loan Fund held second mortgages on four multi-family rental properties owned by NHNHDC. The market values of these properties were now far below the amounts of the first mortgages held by banks. If title had been transferred to the banks upon dissolution, the Loan Fund would have lost the full amount of its investment, and the community would have lost an important affordable housing resource.

The Fund responded boldly. It arranged to purchase the banks' mortgages for a substantially discounted price — higher than what the banks calculated the liquidation value to be but low enough to give the NHCLF a chance to preserve the properties as affordable housing. The Fund then took title to the properties, assigned a full-time staff person to oversee rehab and management, and set about mobilizing local support and resources — with impressive success. The United Way and a local foundation provided a portion of the funding needed to staff the project.

Contributions also came from individuals, churches, and other institutions.

One of the properties was determined to be no longer viable as affordable housing and was sold. The other three, containing thirty units of housing, are now financially sound and operational for low-income residents. One of the buildings has been developed to provide transitional housing for homeless women with children. The project is designed to combine decent housing with support services provided through another nonprofit, with assistance committed by a local Episcopal Church.

Through these efforts the Fund has preserved not only 30 units of housing but the full value of its original loans to NHNHDC. The Fund now owns and manages the properties itself, but it is working with a local affordable housing committee to organize a community land trust, and hopes to turn the properties over to the CLT when it has developed the necessary capacity.

The Fund's other major problem was in the Franklin area, 20 miles north of Concord. Because Franklin and the surrounding communities had a large low-income population, high unemployment, and limited local resources with which to address a mounting housing crisis, the Loan Fund had helped establish a community land trust for the area and had provided some initial staff support for the new CLT.

In the summer of 1989, when we described it in these pages, the Franklin Area Community Land Trust (FACLT) had acquired 80 units of housing in scarcely more than two years, and had done so almost entirely without government subsidies. Typically, properties were acquired and rehabed with bank mortgage financing covering 80% of the cost. In most cases, some or all of the remaining 20% was provided by loans from the NHCLF.

"My faith in the land trust model is actually renewed and heightened from this crisis. Most of our housing trusts have done very well, and where they haven't it's because they didn't have the kind of partnership that's at the heart of the land trust model."

— Julie Eades

"The lenders responded quickly and very trustingly to the information we put out to them. We didn't have any lenders take their money out because they thought they'd lose it."

— Julie Eades

The "fully leveraged" acquisition of so much property by a young organization in such a short period of time can be questioned, but it is important to remember the economic environment in which that strategy was conceived. In the hot real estate market of the late 80's, practically everyone assumed that property would continue to appreciate, and in such a market even fully leveraged CLT housing would be increasingly affordable in relation to other rentals. FACLT therefore sought — as did a number of organizations, including NHNHDC in Manchester — to acquire as much housing as possible, as quickly as possible, before continued appreciation made it less affordable.

But with the downturn of the economy, FACLT faced serious problems. The area was hard hit by unemployment and out-migration. Vacancy rates for FACLT and the coops it had established reached the level of 30% to 40% in 1990. There were also problems with rehab and unresolved management issues. And, with the market value of FACLT's real estate holdings drastically reduced, its debts now far exceeded its assets. By the time the magnitude of the over-all problem became clear, the CLT had run out of operating funds and was forced to lay off all staff.

Again the Loan Fund acted decisively, hiring an experienced person to staff the CLT and analyze the viability of each property. After a full assesment of the situation, NHCLF submitted offers to the banks holding first mortgages on the properties it believed could be preserved. Several of these offers have been accepted; some are still pending; others have been rejected. Negotiating with the many banks involved in the situation proved more difficult than in Manchester, where bank loans had been made through a participation, allowing focused negotiations with the lead bank, and where the banks were not yet overhwelmed by larger problems.

At least 11 units of housing will be preserved in Franklin and perhaps substantially more, but the over-all effort will not have been nearly as successful as the Manchester project. NHCLF has now written off significant loan losses in Franklin and has expensed an additional amount to a loss reserve to cover projected further losses. The Franklin area is the only community in which the Fund has had to accept loan losses, and it has been able to cover all current and projected losses out of its "permanent capital." It has not lost any of its lenders' money.

The Franklin Area CLT is now being dissolved, but the Loan Fund plans to work with local people to assist with a long- term strategy for developing a new CLT. Any new organization will benefit from the hard lessons of its predecessor, but it will also benefit from the positive examples of other CLTs in the state.

Successful Borrowers

The large majority of NHCLF's varied and widely distributed borrowers have come through hard times with impressive strength. All of the mobile home park coops are in good shape. As owners of their own homes, park residents are more rooted than apartment tenants, and cash flows in the parks have remained stable. Nonetheless, the coops have had to work dilligently to succeed. Julie Eades says, "Our staff meets with them regularly and we carry their stories back and forth so they're learning from each other and not re-inventing the wheel, but each group still has had to do it for themselves."

Except for FACLT, the Fund's CLT borrowers are also healthy. The NHCLF now provides full-time staff support for a

CLT program that offers technical assistance and brings representatives of the state's CLTs together monthly, so that, like the mobile home coops, they can learn from each other and strengthen themselves in their dealings with lenders and funding sources.

Some of these CLTs are still in a fledgling stage, but others are flourishing. Cheshire Housing Trust, described in this issue, is one such CLT. Another is the Concord Area Trust for Community Housing (CATCH), organized with substantial support from the Concord-based Loan Fund. Eades says, "My faith in the land trust model is actually renewed and heightened from this crisis. Most of our housing trusts have done very well, and where they haven't it's because they didn't have the kind of partnership that's at the heart of the land trust model — the residents and community people and institutions. That partnership is essential to CLT governance, but also to getting resources. Cheshire Housing Trust is a good example. They've done a good job of managing what they have, but they have also built good relationships in their community — with their United Way, with their Housing Authority. I think that is a key to their strength."

A Community of Support

Good relationships have also been a key to the strength of the Loan Fund itself. It has been sustained in a time of crisis by strong relationships both within the board and staff and with its lenders and supporters. "To a person," Eades says, "our board and staff responded to the crisis in a way that was mutually supportive. We also reached out to more people — saying this is where we are: can you help? That proved to be a healthier approach than trying to go within ourselves until we're all fixed and then going back to the public."

"The situation that stared the Loan Fund in the face a year and a half ago was darned scarey. But they did their job. A lot more people are supporting them today because they made their point."

— Charlton McVeagh

Continued support from lenders, grantors and donors has been crucial. Among the grantors, the New Hampshire Charitable Fund's strong support was especially important. Julie Eades says, "We wouldn't be here without the Charitable Fund. They have been committed to our existence, and it's been a good collaboration." Eades also emphasizes the Fund's constructive relationship with the NCB Development Corporation, an early partner in promoting coops in New Hampshire, which restructured its loan to help the Loan Fund continue its cooperative development work.

Support from the Fund's lenders has been unwavering. Facing serious problems, the Fund increased its efforts to keep lenders informed, particularly as their loans came up for renewal. It also arranged a special meeting with interested lenders to report to them and answer their questions. According to Eades, "The lenders responded quickly and very trustingly to the information we put out to them. We didn't have any lenders take their money out because they thought they'd lose it. Some didn't renew because the money was saved for their child's college expenses and it was time for her to go to college — things like that. And many of our lenders were just incredibly encouraging. I can't say enough about the impact it had on staff and board morale when lenders would send a note with their renewal saying 'I like your approach. Keep going.' Or, 'Hang in there, you didn't invent business cycles.'"

A number of lenders forgave the interest on their loans for a period of time. A number made donations to the Fund. Some increased the size of their loans. And although the Loan Fund did not actively seek new lenders during this period, new loans came in, with full disclosure of the Fund's circumstances.

Steve Dawson, a consultant to the Loan Fund and former director of the Industrial Cooperative Association, describes what he calls the "community of support" that has sustained the Loan Fund: "New Hampshire is a small state. A lot of people know Julie Eades or another member of the staff or board, or a lender. That is a foundation that gets built over time. And what the Loan Fund is doing is something no one else is doing. For it to dissappear would have been a great loss in the eyes of many people, so they were willing to rachet up their support."

In fact, the Loan Fund seems to have been a rallying point in a time when people wanted to do something about the problems of their communities but were otherwise hard pressed to know what to do. Among those that welcomed the opportunity to support the Fund was the Episcopal Diocese of New Hampshire. Julie Eades says, "The Episcopal Church gets a gold star for their activity during this period. On the national level the Episcopal Church has challenged itself to put some of its resources into community investment. New Hampshire has participated in that and taken special initiatives of their own. The Diocese has loaned to the Fund, six or seven parishes have loaned, and individual parishoners have loaned. But they haven't just made loans; they've gotten involved."

Banker Charlton McVeagh, who has participated in the initiatives of the Episcopal Diocese, says, "Not only did the churches come through with loans but there were direct grants. People turned up the heat on the whole effort." As one of those who contributed his own time to help the Fund, he speaks of the performance that has earned his respect: "The situation that stared the Loan Fund in the face a year and a half ago was darned scarey. But they did their job. A lot more people are supporting them today because they made their point. And in some ways they are stronger than ever. The whole thing has sort of picked up and become even more professional." McVeagh adds, "A lot of that is due to Juliana Eades."

Having come through the crisis, the Fund looks to the task of rebuilding its financial reserves, and it clearly has the support needed to accomplish this task. The Fund also looks to continuing needs and opportunities around the state. "There is still a strong demand for affordable family housing," Eades says, "and right now prices are low, and there's the possibility of working with banks to acquire property that they own."

The survival of this organization through extremely difficult times is impressive, but even more impressive is that the seasoned organization that has emerged has the same clear sense of mission, and the same energy in pursuit of that mission, as the new-born organization that hired Julie Eades as its first staff person eight years ago. ■

Diverse Group Attends CLT Workshops

In Washington, D.C., at the beginning of October, 1991, ICE presented an intensive three-day program of introductory panels and workshops on the subject of community land trusts for representatives of groups organizing CLTs or considering doing so, new staff and board members of existing CLTs, representatives of public agencies and private funding sources, and others interested in the CLT model. Held at the National 4-H Center, October 1 - 3, the event, entitled "Gaining Ground," was attended by approximately 70 people from around the United States, several Canadian provinces and South Africa.

This group brought a strikingly broad range of interests to the event. In addition to new and existing community land trusts, a variety of other institutions were represented. A partial listing of these institutions illustrates how widespread the interest in community land trusts has become.

- Kalamazoo Neighborhood Housing Services, Kalamazoo, MI.
- Land Loss Prevention Project, North Carolina.
- U.S. Department of Housing and Urban Development, Washington, D.C.
- Community Action Organization of Erie County, Buffalo, NY.
- Campaign for Human Development, Washington, D.C.
- Community Resource Group, Austin, TX.
- Stewards of the Land, Winnepeg, Manitoba.
- City of Bend, Oregon.
- New York State Tenant and Neighborhood Coalition.
- Anglican Church of Canada.
- National Trust for Historic Preservation, Washington, D.C.
- Office of the Comptroller of the Currency, Washington, D.C.
- Pomona Valley Habitat for Humanity, Claremont, CA.
- Evangelical Lutheran Church in America.
- ACTSTOP Civic Organization and PLANACT, Johannesburg, South Africa
- Meridian Bank, Philadelphia, PA.

One afternoon during the event was devoted to a tour of the New Columbia CLT in the Columbia Heights and Shaw neighborhoods of Washington, D.C.

The final day of the three-day series of introductory sessions coincided with the opening of the First National Community Land Trust Affiliate Meeting, held in the same facilities. The overlap allowed those attending the introductory event to meet and talk with experienced representatives of Affiliate CLTs, a number of whom participated in the final day of introductory workshops. ■

First Meeting of CLT Affiliates

The First National Community Land Trust Affiliate Meeting was held in Washington, D.C., October 3 through 6, 1991. The approximately 80 participants included representatives of more than 30 of the organizations that have joined ICE's new CLT Affiliate Program as either Affiliates or Associates. These representatives gathered with members of the ICE staff and others at the National 4-H Center in Washington to share information, participate in the development of the new Program, and elect the first Affiliate Representatives to ICE's Land and Housing Committee.

The Affiliate Program began accepting applications for membership in the spring of 1991. By the time of the October meeting, 26 community land trusts had joined as Affiliates, and another 19 organizations had joined as associates, with additional applications pending.

The Program is designed to facilitate sharing of information and experience among community land trusts, promote united initiatives by these organizations around the country, give CLTs greater influence in the planning of ICE programs, and clarify and promote the essential features of the CLT model.

To be accepted as an Affiliate, an organization must affirm the basic principles of the community land trust model and show that it conforms to the basic features of the model: (1) the organization must be a nonprofit corporation with open membership; (2) a majority of the board of directors must be elected by the membership, with board representation for both leaseholder members and non-leaseholder members; (3) corporate purposes must include providing access to land and housing for low and moderate income people; (4) there must be a commitment to holding land permanently for the benefit of the community; and (5) there must be a commitment to the practice of limited-equity resident-ownership of homes on the land (to the extent that ownership is feasible for low-income residents).

ANDREW BAKER

Conference participants on a tour of the New Columbia CLT in Washington, D.C.

ANDREW BAKER

Affiliate Representatives Cindy Reid, Arlene Wooley, Liz Scranton, and Kay Smith.

Associate status is open to a wide range of private organizations and public agencies that support the purposes of the Program. Initial associates include community organizations that do not meet all of the criteria for Affiliate status, organizations that are sponsoring the development of a CLT, several regional land trusts that address agricultural issues, several community loan funds that support CLT development, and the Community and Economic Development Office of the City of Burlington, Vermont.

An important part of the three-day meeting was a series of planning sessions by five specialized workgroups, with each person participating in the sessions of a single group. Topics addressed by the workgroups were: "defining a CLT public policy agenda," "building and supporting diversity within the CLT movement," "designing an affiliate evaluation program," "coordinating fundraising efforts," and "planning for effective technical assistance to CLTs." Each group met four times during the three days and reported on its work at a closing plenary session.

Also at the closing session, Affiliate Representatives were elected to fill four positions on ICE's Land and Housing Committee, which oversees the Affiliate Program and ICE's technical assistance activities. Eight candidates were nominated for these positions by the Affiliate delegates. Those elected were Cindy Reid of the Burlington Community Land Trust in Vermont, Liz Scranton of the Lopez Community Land Trust on Lopez Island in Washington, Kay Smith of the Community Land Coop of Cincinnati, and Arlene Wooley of United Hands Community Land Trust in Philadelphia.

At a subsequent meeting of the Land and Housing Committee, the four representatives chose from among themselves two people — Kay Smith and Arlene Wooley — who will fill newly designated seats on ICE's Board of Trustees as Affiliate Representatives. Also at this meeting, Liz Scranton was elected Chair of the Land and Housing Committee. Other members of the Committee include Board members Joanne Sheehan, Michael Swack, and Kirby White. Executive Director Greg Ramm and Technical Assistance Director Martin Hahn are ex officio members of the Committee.

With the successful conclusion of an energetic national meeting and the election of active Affiliate leaders, CLTs across the country have begun the process of structuring and strengthening a national CLT movement. ■

Thanks, and It's Not Too Late!

Thanks to the 375 people who have responded to our fall appeal. We are at the beginning of a new fiscal year with much of our program work dependent on individual donations — including production and mailing of *Community Economics*. We hope that those of you who have not made a recent contribution will do so soon! ■

New Staff Person and Open Positions at ICE

We are pleased to welcome **Pat Byrnes** to ICE as Director of Outreach and Development. Pat comes to ICE with 20 years of housing experience, including four years with the Massachusetts Housing Partnership. Pat's major responsibility will be fundraising.

We are accepting applications for the **Director of Community Investment** to oversee ICE's $12 million Revolving Loan Fund; lead a ten-person staff working with community-based borrower groups and individual and institutional lenders; and represent ICE in the larger community investment movement Qualifications: three to five years experience in community investment, minimum tw o years supervision and management experience, and a commitment to community development as a vehicle to foster economic justice.

One-year Internship positions from June 15, 1992 to June 30, 1993. Interns perform support functions in one of ICE's departments while gaining exposure and skills in the community development field.

Technical Assistance Intern: helps with training events, answers inquiries for information, conducts research.

Revolving Loan Fund Intern: supports loan officers' work with community groups to secure financing for their affordable housing projects.

Outreach Intern: assists in building ICE's network of supporters through fundraising and marketing projects, information distribution and data base management.

ICE offers interns a stipend to cover living expenses and health benefits. Qualifications: experience with computers and strong writing skills required. Experience with non-profit, cooperative, or business groups, direct service programs, or community organizing desirable. Application deadline April 1.

Write to Lynn Benander, Personnel Coordinator, 57 School St., Springfield, MA 01105 for job descriptions, compensation information and internship application forms. ■

LAST WORDS

ICE Squeezed by Drop in Interest Rates: Appeals to Lenders

As a result of drastically reduced interest rates now offered by banks, the ICE Revolving Loan Fund (RLF) is appealing to its lenders to accept lower interest rates on their loans to the Fund.

Over the past twelve years the RLF has made 280 loans to community organizations, totalling over $18 million. The Fund currently has more than $12 million under management. Varying but significant amounts of this total must be kept in bank holding accounts before it can be lent to community groups, or after it is repaid by them. With recent dramatic reductions in the interest paid on these accounts ICE is caught in an interest squeeze.

In an effort to encourage participation by as many investors as possible, the RLF has tried to pay close to money market rates to those who wished, though many have accepted lower rates, and 15% have lent at 0% interest. Minor variations in money market rates were not a problem in the past, but the recent plunge in rates has left ICE losing money on its holding accounts. The RLF is therefore inviting lenders receiving higher interest to lower their rates to 4% or less. This would return about $70,000 to the RLF operating budget and allow lending to community groups at lower rates.

To discuss a rate reduction or a loan to the RLF contact Sr. Louise Foisy at (413)746-8660. Thanks to those who have already dropped their rates! ■

CLT Legal Manual Now Available!

Several years in preparation, ICE's *Community Land Trust Legal Manual* is now in print. Drafted by a team of attorneys and ICE staff, with input from a larger circle of legal professionals and CLT practitioners, the manual provides background and advice on relevant legal matters, together with model documents, for CLTs and their attorneys.

The manual includes an introductory section with chapters on the CLT model as a response to long-term problems of housing affordability, approaches to implementing restrictions on ownership of residential property, and the legal consequences of separating ownership of land and buildings. A second section deals with issues of corporate structure, bylaws and tax-exempt status for CLTs. Sample articles of incorporation and annotated model bylaws are included.

The third and largest section focuses on issues relating directly to the CLT ground lease. Chapters on designing CLT resale formulas, setting ground lease fees, and financing homes on leased land are followed by a model CLT ground lease, with extensive commentary. A final chapter discusses the legal enforceability of the CLT's pre-emptive option to repurchase homes at a limited price.

The CLT Legal Manual is worth countless hours of legal and technical assistance and costs $100 ($50 for CLT Affiliates and Associates). Contact Alison Chilcott at ICE to order. ■

Mark Your Calendars:

New England CLT Roundtable: *Planning for the Management of Rental and Cooperative Housing*, Friday, February 21, Springfield, MA. Roundtables are day-long workshops sponsored by ICE which focus on specific organizational, project development, or political issues of concern to CLTs.

Reclaiming the Land: Midwest CLT Summit, Friday, March 27 — Sunday, March 29, Rockford, IL. This event begins with a one-day workshop introducing the community land trust model followed by two-days of technical workshops and caucuses for Midwest CLT activists. Participants may choose to attend either the introductory workshop, the weekend conference or both events. Contact Carrie Nobel at ICE, (413) 746-8660, if you are interested in attending this event.

New England CLT Roundtable: *Training for CLT Residents and Board Members*, Saturday, May 2, Providence, RI.

Second Annual Community Land Trust Affiliate Meeting. Thursday, July 30 — Sunday, August 2. Contact Julie Orvis at ICE for more information on the Affiliate Program. ■

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