



Land trusts offer American land reform

By Jim Naureckas

All across the U.S., housing advocates are trying to bring about a quiet revolution in the way property is looked at. In response to the housing crunch, communities in New York, Atlanta, Minneapolis and dozens of other cities have formed community land trusts as a way to provide permanently affordable housing in gentrifying neighborhoods.

A land trust is not really a trust—it's a non-profit corporation that owns real estate and renovates housing. The land trust sells the housing to individuals, but retains title to the land itself. People with lower incomes can then better afford to buy a home, since the price of the land often accounts for more than a quarter of the price of housing.

The land trust leases the land to the buyer under the condition that when the housing is resold, the new price will not be more than the original sale price, plus the value of any improvements made on the home.

The land trust is designed to avoid the paradox of urban renewal in which improvements to a low-income neighborhood drive real estate values up and eventually

drive the original poor residents out of the community.

According to the Institute for Community Economics (ICE), a group in Massachusetts that serves as a godparent to many land trusts, the concept is based on the idea that a community has an economic interest in private property. "All property is a public-private partnership," says Chuck Matthei, executive director of ICE. The value of a house depends not only on the private costs of building it, but also on the public's investment in neighborhood streets, schools and public services. In ICE's view, if the value of a property increases because the public has put money into improving a neighborhood, that increase should not necessarily go to an individual when the property changes hands.

The idea of community is reflected in the way the land trust is governed: typically, one-third of a land trust's board members will reside in units owned by the trust, while the other two-thirds come from local organizations and the community at large. This setup is intended to make land trusts more stable than ordinary cooperatives, where rising property values give residents an incentive to dissolve the co-op and realize profits.

Predictably, some people have criticized the land trust model for infringing on the free-enterprise right to speculate. Others have questioned the model's focus on ownership, noting that those who need housing most desperately could not afford to buy even a subsidized house.

But land-trust advocates believe that protecting the option of ownership is important to maintaining the stability of a community. They also note that for most people housing is the only feasible form of long-term investment. Many land trusts, in order to broaden the number of people who can participate, provide multi-unit apartment buildings in addition to single-family houses. Residents of those apartments usually own the building cooperatively.

Growing trusts: The community land trust model dates back to the '60s. But recently the movement has gained momentum, with as many trusts being formed in the last two years as in all other years put together. While the approximately 40 land trusts across the country still include less than 1,000 units, development of housing by land trusts is expected to accelerate as state and local governments begin to see the model as an economical solution to a growing housing crisis.

It's well known that rising housing costs and interest rates have made home ownership impossible even for many in the middle class. Less publicized is the developing crisis in low-income housing, where rent restrictions on millions of units subsidized by the federal government in the '60s are now coming to the end of their 15- or 20-year terms.

Yet at the same time that the need for housing assis-

tance is growing, the federal budget deficit makes adequate support for housing almost impossible. "The amount of public money is so much less that people are acutely aware of the need to reuse and recycle what resources are there," says the ICE's Andrew Baker. In the land-trust model, says Matthei, "the investment you make to provide affordable housing is preserved when the housing is transferred from owner to owner."

The land trust model is therefore gaining support from various levels of government. Rep. Joseph Kennedy (D-MA), for instance, has introduced legislation mandating the federal government to spend \$500 million on programs like land trusts that provide long-term affordability.

The state of Vermont has appropriated \$20 million to support land purchases by land trusts and conservation groups, legislation pushed by a surprising alliance between housing and environmental advocates. Many municipal governments have also played active roles in forming or supporting land trusts.

Land trusts are exactly the sort of public-private partnerships that presidential candidate Michael Dukakis says he favors. While he has not endorsed land trusts as a specific federal solution to the housing crisis, the governor's Executive Office of Communities and Development has been an important help to developing land trusts in Massachusetts, which has more of the trusts than any other state.

Across the country even some business groups have lent their support to the land-trust idea. The housing crisis has become so serious, Baker says, that "anyone who comes forward with a fiscally conservative proposal is welcomed with open arms."

Radical implications: The wide base of support for what Matthei describes as "a kind of American land reform" is surprising, given the somewhat radical implica-

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tions of the model. Proponents talk about "decommodification," of changing the way people look at property—not as a commodity to be profited from, but as a resource to be shared. The land-trust idea violates the American taboo about the inviolability of private property by stressing the rights of the community.

It also serves to provide that community with clout. "Community land trusts are more than benevolent real estate businesses," Matthei says. "They're social and political organizations." Often formed in communities that have histories of community action on issues like rent control, the land trusts provide a vehicle through which residents can assert a role in planning neighborhood development.

So far land trusts have made few property owners nervous. "Social ownership is not fundamentally threatening," says Baker, "so long as it is applied only to the poor and those locked out of the housing market."

But with its early signs of success in the housing arena, the land trust model is now being looked to as a solution for other problems. Some communities are trying to form land trusts to protect farmland from development, or to save industries when companies pull out of town.

If the land-trust movement continues to grow, as seems likely, it can expect to face legal challenges from the real estate interests it may begin to jeopardize. If the courts follow the tradition in U.S. law of giving maximum respect to property rights, they may rule that the land-trust leases that control resale value are illegally restrictive.

Land trusts may have to challenge Congress to pass new legislation authorizing this kind of semi-public ownership, expliciting endorsing the limits on property rights implied by land trusts. It would be ironic if socialization of property was legitimized because of the fiscal restraints imposed by the policies of a conservative president. ☐ The Institute for Community Economics is located at 151 Montague City Road, Greenfield, MA 01301.

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By Mike Tangeman

CHILPANCINGO, MEXICO

MEXICO'S RULING REVOLUTIONARY INSTITUTIONAL PARTY (PRI) is struggling to pull itself together after humiliating national elections. Meanwhile, center-left presidential candidate Cuauhtemoc Cardenas continues touring 14 states in which he says government vote fraud stole victories from candidates of his National Democratic Front (FDN) coalition. Cardenas lost to PRI presidential candidate Carlos Salinas in the contested July 6 vote.

Cardenas kicked off his tour in late July with a rally in this capital of the mountainous, poverty-stricken state of Guerrero. During the rally, speakers of both the right and left—including officials from the conservative National Action Party (PAN), the Trotskyist Revolutionary Workers Party (PRT) and the local affiliate of the National Council of Chambers of Commerce—charged the government with vote fraud. The speakers claimed a Cardenas victory in presidential balloting in the state.

Cardenas himself told thousands of supporters here and in the port city of Acapulco that FDN candidates had actually won eight of Guerrero's 10 seats in the federal Chamber of Deputies as well as the state's two Senate seats. The Federal Electoral Commission (CFE) awarded FDN candidates only two deputy seats.

In his characteristic low-key manner—a reliance on straight talk that has been dubbed his "charisma of anti-charisma"—Cardenas delivered a simple message to supporters in Guerrero and in other states he has since visited. He told them to organize themselves "in your villages, in your neighborhoods, in your *barrios*...so that the workers know how fraud was committed, so the *campesinos* know, the students know, so that the housewives know."

"Second election campaign": During his tour—which some have dubbed his "second election campaign"—Cardenas has threatened takeovers of town halls, highway closures, demonstrations and a national march on Mexico City. He said such actions would be a legitimate "defense of the vote" if legal efforts fail to win recognition of FDN victories by the CFE and the congressional Electoral Colleges.

According to Cardenas, the August 15 meeting of the congressional Electoral Colleges will mark the point when legal recourse to protest the election results will have been exhausted and a day for his backers to put pressure on the government "to respect our vote." He has called for demonstrations that day in plazas of local municipalities, state capitals and Mexico City as a show of opposition strength.

"If that's not enough, we will [march] on the nation's capital to make the authorities respect the balloting that took place July 6," he said.

Until the meeting of the Electoral Colleges, the vote count in 256 of Mexico's 300 electoral districts is being disputed by opposition parties in the Court of Electoral Contentions. The CFE has awarded PRI candidate Salinas the presidency with 50.36 percent of the vote and has given only four of 64 Senate seats and 240 of 500 seats in the Chamber of Deputies to the opposition.

Cardenas claims he won the election with 38 percent of the vote to 35 percent for

Protest grows over Mexican vote as ruling party searches for an out



Carlos Salinas: the president-elect faces huge challenges from both inside and outside his party.

Salinas. Conservative National Action Party (PAN) candidate Manuel Clouthier says the process was so fraudulent that it can never be determined who was the real winner.

The government knows a threat of mass mobilization coming from Cardenas is not idle. On July 16, his supporters surpassed all expectations and rallied 300,000-strong in Mexico City, overflowing the main plaza in front of the National Palace.

Looking for a "rabbit": Official response to such a mass mobilization is difficult to gauge, but with the governing party trying to sort out internal divisions caused by the embarrassingly close election, it is clear, as one diplomat here said, that the government will have "to pull some kind of rabbit out of its sleeve." The "rabbit" will most probably be an economic one and, according to informed sources, may be something as drastic as a moratorium on Mexico's

\$105 billion foreign debt.

But within the PRI there is trouble between the old-guard "dinosaurs" and Salinas' clan of "modernizers"—the group of young, mostly foreign-educated technocrats behind Mexico's neo-liberal economic policies of recent years.

The embarrassingly close vote has caused the ruling party internal divisions. Observers think the government may declare a debt moratorium to regain popular support.

The old guard blames Salinas' candidacy, as well as his economic policies as former planning and budget secretary, for the reported mass defection at the polls of PRI-affiliated labor unions—especially the powerful petroleum workers union, which is said to fear privatization of the state-owned petrochemical industry under a Salinas presidency. But Salinas supporters within the party are saying that Labor Secretary Fidel Velazquez has lost his grip over organized labor. Velazquez' political head is expected to roll as a result.

Faced with the possibility of mass protest after August 15 some observers here expect the PRI to look to the economic arena for a measure designed to take the populist winds out of Cardenas' sails.

An Asian diplomat noted the postponement of the July 31 date for renegotiating the government's "economic solidarity pact" shock plan with business and labor leaders until August 15. The diplomat, whose country has major investment interests in Mexico, said his government is expecting an important change in Mexico's economic policies sometime before Mexican President Miguel de la Madrid delivers his last state of the nation message on September 1.

Likewise, a political analyst with close links to the de la Madrid administration hinted that something is brewing in the economic realm for August, but would not specify what it might be.

Bad tidings: In fact, Mexico's economy is showing signs of strain, with an election-related lack of investor confidence resulting in capital flight of at least \$1.6 billion in recent weeks. In addition, a drop to nearly \$11 per barrel in the world price of petroleum means a serious loss of revenue from sales of Mexico's main export product.

Meanwhile, labor leaders are clamoring for a renegotiation of the "solidarity" pact to include a wage hike for workers. Until now, the government plan has held wages, prices and the peso-dollar parity steady since March. But given the strains on the economy and the post-election political atmosphere, a change in either domestic or foreign economic policies could be forthcoming.

Both the diplomat and the analyst said the government may try to come up with something spectacular to defuse protest over the election. Both hinted that it could be either a moratorium or the tying of payments on Mexico's \$105 billion foreign debt to a fixed percentage of export earnings, although such would go against the technocrats' neo-liberal economic policies.

But some observers here have pointed out that Cardenas' electoral platform calling for a debt moratorium and respect of national sovereignty is now no longer the issue. Since July 6, they say, the issue has become vote fraud vs. democracy. Even the announcement of a dramatic shift on the debt question may be too little, too late—with an indignant public seeing it as just a cheap political trick. □

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