

Community Land Trusts and Low-Income Multifamily Rental Housing: The Case of Cooper Square, New York City

By Tom Angotti

With the assistance of Cecilia Jagu

Hunter College/City University of New York

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Abstract

Community land trusts have often promoted owner-occupied single-family housing in rural areas and small towns, but many CLTs have sizeable numbers of multifamily rental and cooperative units. As CLTs are engaged in a national dialogue about “scaling up” production, there is renewed interest in multifamily options in cities. This paper examines the costs and benefits of a multifamily project by the Cooper Square Community Land Trust in New York City. Comparisons are made with new construction and rehab projects of the Burlington Community Land Trust (Burlington, Vermont) and Northern California Land Trust (Berkeley, California). The Cooper Square CLT is a unique case that has so far not been studied. It provides low-income housing with guaranteed long-term affordability in a dense urban setting where gentrification is removing affordable units from the housing stock. Tenant and neighborhood organizing that started over four decades ago, which has resulted in a broad array of community-controlled land, has been a key to Cooper Square’s success, as has support from City government. Cooper Square uses City subsidies more effectively than other programs.

Tom Angotti is Professor of Urban Affairs & Planning at Hunter College, City University of New York, and Director of the Hunter College Center for Community Planning & Development. He is editor of *Progressive Planning Magazine* and *Planning Practice & Research*, and Land Use columnist for www.gothamgazette.com. His book *We Won’t Move* is forthcoming from MIT Press, and he previously authored *Housing in Italy* and *Metropolis 2000*.

Cecilia Jagu is a student in the Masters in Urban Planning program at Hunter College, City University of New York.

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Introduction: Community Land Trusts and the Single Family Home

Judging from the promotional literature and websites of Community Land Trusts (CLTs) across the nation, it might appear that the highest priority for community-based housing developers is single family owner-occupied housing. The earliest CLTs started in rural areas, small towns and cities where single family homes are the most common housing type because land is relatively inexpensive. Among the approximately 160 land trusts in the U.S., affordable homeownership has been one of the major objectives, if not the main objective. CLTs provide unique opportunities for first-time homebuyers with modest incomes, preserve affordability when homeowners sell, and maximize the benefits of public subsidies (Davis & Demetrowitz, 2003; Burlington Associates, 2005). On the other hand, public subsidies for the development of affordable homeownership through conventional means usually benefit only the first homeowners, and there are few guarantees of long-term affordability. In such cases in which there are little or no resale restrictions, turnovers may have an added effect of contributing to increases in both land and housing values in areas where affordable homeownership is losing ground. The CLT model and its resale restrictions, if broadly applied, can limit increases in land and housing values over the long term and help stabilize neighborhoods facing the traumas of speculative land development. In a recent study John Emmeus Davis (2006), demonstrates how the CLT model can be part of a broader strategy for "Shared Equity Homeownership."

Despite the apparent emphasis of CLTs on the promotion of homeownership, a sizeable proportion of the housing provided by the largest CLTs today is for rentals. CLTs have developed rental housing to meet the needs of low-income households, many of which are not in a position to qualify for mortgage financing. The interest in rental housing may also expand as CLTs grow in larger cities where multifamily building types are common. While multifamily housing projects may have different forms of tenure -- including condominium ownership, limited-equity coops, mutual housing, and rental -- the larger multifamily building type clearly lends itself more to rentals than do single family homes.

Since the Reagan presidency, national housing policy has, at least rhetorically, favored subsidies that promote affordable home ownership over those that finance the construction and maintenance of low-income rental housing. Homeownership is a priority of public policy not only in low-density areas but also in central city neighborhoods. Many local non-profit developers welcome homeownership because it promises to rectify past inequities and racial discrimination in mortgage finance. However, the benefits of homeownership are mixed and even with substantial subsidies homeownership by itself is unable to meet the needs of very low-income populations. Many households cannot qualify for financing even under liberal rules, some are highly mobile, and many have little interest in homeownership. Myths about homeownership sometimes make it the panacea for all urban ills and create the illusion that rentals are only for poor people (Kemeny, 1986). Upwardly mobile and the very wealthy in fact often prefer rentals; for example, 70% of the housing units in the nation's wealthiest neighborhood, Manhattan's Upper East Side, are rentals. It is now becoming clear that, decades after the shift to homeownership promotion, the proportion of U.S. households

owning homes has increased only incrementally and at 69% has possibly reached a ceiling.

CLTs and Multifamily Housing

Recently a dialogue about the need to “scale up” production has emerged in the CLT community, and this brings up the question of whether CLTs should shift their focus and give greater priority to the development of multifamily projects. Until recently, the successes of CLTs have been limited to small cities and towns and rural areas, and compared to more conventional non-profit housing providers CLTs have produced very few units overall. In this highly urbanized nation, CLTs have only a limited presence in large metropolitan areas (Greenstein and Sungu-Erylimaz, 2005). This may be changing as larger cities such as Chicago begin to establish CLTs.

Multifamily developments in general are more economically feasible in larger cities where land costs tend to be much higher. But in areas with high land costs, there are also intense pressures on existing affordable housing. Because CLTs can help preserve low-income housing in areas with rising land costs and rents, they can be an important instrument in urban housing policy. By producing more housing in multifamily buildings CLTs can achieve economies of scale, and at the same time help promote Smart Growth and sustainable, innovative approaches to dense urban development, help stabilize neighborhoods vulnerable to the displacement of affordable housing, and serve as models for local community development corporations (CDCs). In older urban neighborhoods CLTs could consider rehabilitation of existing units, which may require lower capital costs per unit if light and moderate rehab strategies are adopted. This could help save existing rental housing units and, especially when coupled with new construction strategies, maximize the overall number of low-income units.

Existing government low-income housing subsidies, especially those for homeownership, are typically of limited duration, have weak or no resale restrictions, and affordable housing units created under these programs often remain affordable for short periods of time. When government subsidies are not renewed (in both homeowner and rental situations) households may be forced to move because they can no longer afford to stay. CLTs are a powerful alternative because they promise long-term affordability. CLTs can operate with different forms of tenure – fee ownership with deed restrictions, limited-equity cooperatives, etc. – and thus can be used with a variety of existing subsidy programs, both rental and ownership. But since homeownership is often out of reach for many very low-income households, and CLTs can secure long-term affordability for this population, CLTs can be especially useful for low-income rental housing.

There are good reasons to be wary of major new increases in CLT production. The history of CDCs is littered with the remains of community-based developers that tried to leap into large-scale development without the management capacity to do so. Some failed to balance development with their social missions and ended up earning the enmity of their community support base -- the case of Banana Kelly in the Bronx (New York) was significant, one of the first and oldest CDCs in the city and country that not too long ago imploded with ambition and corruption. CLT principles include core values of community and resident empowerment as well as long-term affordability (Davis, 1994; Institute for Community Economics, 1982), and if those values are jettisoned CLTs can become deal makers that only mimic the private real estate market and place profit before people.

This study examines the costs and benefits of low-income multifamily rental housing provided by the Cooper Square Community Land Trust in New York City. Cooper Square is a unique case of a land trust in a densely developed Manhattan neighborhood that so far has not been studied in depth. All of its 303 housing units are in multifamily buildings, most of them attached and within a three-block area. The buildings are owned and managed by a mutual housing association. Our study finds that the success and survival of the Cooper Square CLT were made possible by decades-long political organizing and support from local government that drastically reduced land and financing costs. The CLT is one element in a broader housing and neighborhood preservation strategy that has deep historical roots in the tenant movement and organizing against abandonment and displacement by urban renewal programs.

There is ample potential in New York City for creating many more CLTs. While Cooper Square's unique history cannot be repeated, if communities are organized and city government provides support, CLTs could help protect a good deal of existing affordable housing and at the same time guarantee the long-term affordability of new housing.

We compare the Cooper Square experience with selected multifamily housing projects in two other land trusts: Burlington Community Land Trust (Burlington, Vermont) and Northern California Land Trust (Berkeley, California). The Burlington and Berkeley cases also benefited from supportive political environments. Burlington set the national standard for CLTs because of its successes, operates in an area about the size of Manhattan's Lower East Side, and has a significant stock of multifamily housing. The Northern California trust had roots in a rural area and in recent decades established itself in a relatively low-density suburban part of the San Francisco Bay Area. It is perhaps typical of the many smaller CLTs, but operates within a large metropolitan region. Its multifamily buildings are relatively small and, in contrast to Cooper Square, they are scattered among multiple sites in a relatively low density urban area more typical of U.S. cities than New York.

From the vantage point of New York City, Burlington and Berkeley look like small towns. At the 2000 Census, the Burlington area had a population of barely 170,000, compared to some 21 million in New York and 7 million in the San Francisco-Oakland-San Jose Area. However, while the scales of the metropolitan areas are radically different, Manhattan's Lower East Side, Burlington and Berkeley have roughly comparable numbers of residents, around 150,000.

Our research shows that these land trusts are able to provide multifamily housing at very low cost when compared to local markets, but in all cases this depends on strong local government and/or neighborhood support. We shall show how the successes of Cooper Square are bound up with and part of a broader social and political trend within its neighborhood favoring social ownership and control of land. Cooper Square could be a model for multifamily development in a city that is losing affordable housing units and subsidies at a rapid pace due to gentrification. So far, however, the Cooper Square experience is not well known, either in New York City or beyond, a situation that this study will hopefully help to remedy.

When land trusts are one among many tools used to stabilize land values, including public ownership, rent controls, and land use controls, their benefits are maximized. This hypothesis is consistent with the framework introduced by John Emmaus Davis in "Beyond the Market and State" (1994), where he postulates the need for multiple forms of social housing (see also DeFillipis, 2004). We maintain that it is also necessary that communities consciously exert control over land by using a variety of tools, thereby obtaining a social purpose for land. Thus,

“social land” or “community land,” is an important concept for preserving and developing neighborhoods in large cities. Community land is land which local residents and businesses control collectively either via public or non-profit ownership or their power to influence tax, fiscal, zoning, and land use policies the influence the way land is used. It has to do with control over economic and financial institutions that otherwise determine local land use and development patterns. It is an issue of political control, not simply one of legal ownership of the land. While it is not within the scope of this paper to fully elaborate this concept, we will attempt to show how the Cooper Square CLT has been part of a broader decades-long struggle in Manhattan’s Lower East Side for community control over land. Since this is the only CLT in the neighborhood, however, it is clear that one of the more powerful available tools to secure community land – the CLT model – has not been fully utilized.

THE COOPER SQUARE COMMUNITY LAND TRUST

New York City has the largest stock of low-income public housing, publicly assisted housing, and limited-equity coops in the nation, housing close to 800,000 people or ten percent of the city’s population. It has a significant pool of SRO and supportive housing and over 80 community development corporations that produce and manage almost 100,000 units of low-income housing. Over the years, much of this housing developed in response to a dynamic real estate market that placed pressures on affordable rental housing needed to house a large working class and immigrant population. The city’s powerful Real Estate Board of NY (REBNY) boasts that New York is the “Real Estate Capital of the World,” and they can point with pride to a dynamic downtown market that has historically had ripple effects on nearby affordable neighborhoods. New York’s history of liberal social policy has been in many ways defined by conflicts between these forces (see Freeman, 2000).

The Lower East Side of Manhattan is one such neighborhood. This classical immigrant working class neighborhood is sandwiched between the Wall Street and Midtown business districts. While bordered by the two most desirable business districts, it is also the quintessential new immigrant neighborhood. The tenant movement started there in the early 20th century, and grew with support of the Socialist and Communist parties, both of which had large constituencies in the neighborhood (Lawson, 1986). The nation’s first public housing was built there in 1934, and some of the largest projects every built in the city soon followed. The Lower East Side was the site of several large limited-equity coop projects financed in part by union trust funds. Reflecting its radical political history, the Lower East Side’s community board (one of 59 appointed neighborhood boards in the city that vote on land use matters) has been one of the few in Manhattan to welcome homeless housing, supportive housing and SROs when many others tried to keep them out. This large stock of low- and moderate-income housing and an organized tenant movement placed a great deal of land outside the private market and for decades acted as a brake on gentrification and speculative land development. In addition, New York City has had the longest history of local rent controls, and a large proportion of the neighborhood’s renters have been protected from eviction and precipitous rent increases. In the last half century, the neighborhood’s political leadership fought off several developer-driven proposals for zoning changes that would have allowed for high-rise market-rate development in the area. When large-scale abandonment hit the Lower East Side and other low-income neighborhoods in the 1970s, thousands of squatters and homesteaders further expanded the inventory of land and housing that remained outside the purview of a relatively weak private land market. With current moves to privatize public housing and end public support for moderate-income housing, this situation may well change in coming years, but for now the Lower East Side still has one of the largest and most diverse arrays of

affordable housing in the city.

As other nearby neighborhoods like Greenwich Village rapidly gentrified since 1960, the Lower East Side's median income relative to the Manhattan median did not change. However, gentrification did occur and continues to occur in a portion of the Lower East Side due to speculative redevelopment of private rental housing and the conversion of rentals to private coops and condominiums (with no resale restrictions). Between 1960 and 2000, the neighborhood lost 29% of its population and 6% of its housing units; 11% of all rentals were lost. The population that left was disproportionately low-income households, who tended to live in rental units, many of which were converted to condominiums. These changes were the combined result of abandonment and gentrification, and illustrate why preserving rental housing is a top priority among neighborhood leaders. (Sites, 2003; Abu-Lughod, 1994)

The Cooper Square CLT was created in 1991, but its roots go back to 1959, when planning czar Robert Moses proposed to level an 11-block area in the Lower East Side and replace it with what might now be dubbed "affordable housing" – union-sponsored coops. The Cooper Square Committee (CSC) of residents and businesses organized in opposition to the Moses project stating that even at below-market prices the new coops would be out of reach of the majority of current residents. In 1961, the Committee completed its own plan for the urban renewal area that included preserving existing housing and building new low-income housing. After ten years of advocacy, the City accepted their Alternate Plan for Cooper Square (Cooper Square Committee, 1961), the first community-initiated plan to be adopted in the city. Shortly thereafter, the City's fiscal crisis and the federal shift in housing policy away from low-income housing left the neighborhood advocates with few programs with which to implement their plan. Their first low-income project was completed in 1984 using project-based Section 8 funds. It took over two more decades to see the entire urban renewal plan implemented. Currently construction on the remaining vacant lots will result in new mixed-income housing and community facilities supported by the CSC. Negotiated by a new Cooper Square leadership, the latest phase of new housing has almost 70% market-rate units, but even with this new development 60% of all housing in the urban renewal area is still far below-market and houses tenants falling under 50% of the Area Median Income.

The buildings in the neighborhood that had been slated for removal under the original urban renewal plan remained, thanks to the opposition of the CSC. However, with the cloud of eminent domain hanging over them, and in the absence of any intervention by the City, these buildings were abandoned by their private owners, in part a product of "planner's blight." Building abandonment in the Lower East Side was also a widespread phenomenon outside designated urban renewal areas. In the 1960s and 1970s, New York City landlords walked away from hundreds of thousands of units of multifamily housing occupied by low-income tenants in the South Bronx, Harlem, Central Brooklyn, and the Lower East Side. Lacking heat, hot water and other services, some tenants left; others took over their buildings and kept them operational.

Squatters and homesteaders were particularly active in the Lower East Side. The abandoned buildings joined the growing stock of *in rem* housing (taken by the City for non-payment of taxes). In a matter of a decade the City wound up owning over 150,000 housing units city-wide. Despite calls by housing activists for a land banking policy (Homefront, 1977), the City's policy was to dispose of the units, either to the tenants or to non-profit or private developers. The Division of Alternative Management Programs (DAMP) of the City's housing agency, through its Tenant Interim Lease (TIL) program, was responsible for managing the

units and planning their ultimate disposition, not for maintaining them in perpetuity. The problem they faced, however, was that most tenants, particularly those in the Lower East Side, were too poor to afford even a minimal down payment, and the formation of stable tenant-run entities in each building was a difficult and long-term task for which the city was ill equipped. The Urban Homesteading Assistance Board (UHAB), a non-profit group established in 1973, successfully guided 27,000 families in 1,300 buildings in the formation of limited-equity coops, and other buildings were either vacated and demolished or sold.

The Cooper Square Committee wasn't just looking to acquire units from the City. It was led by community organizers and tenant advocates who were committed to stopping displacement and preserving existing housing, and they became housing developers only to confront the practical problems they faced when their members found themselves taking more and more responsibility for their buildings. Frances Goldin, Cooper Square's main organizer for decades, had been a founder and leading activist in the Metropolitan Council on Housing, the city's largest tenant organization. Cooper Square helped tenants organize to get the City to provide services in the *in rem* units. They helped tenants fight evictions.^[2] After fighting off efforts by the City to get rid of the *in rem* units and all responsibility for them, in 1990 the CSC faced a more friendly approach in the new administration of Mayor David Dinkins, New York's first African American mayor, and whose home base, Harlem, was the Lower East Side's closest ally in the political battles for low-income housing and community control of vacant land.

The CSC created the Cooper Square Mutual Housing Association (MHA) in 1991 to manage 303 units of multifamily housing and 23 commercial units in 19 buildings, mostly within three blocks of the urban renewal area. The MHA has a central management covering all the buildings, and is governed by a board made up of two-thirds tenants and one-third appointees of the Land Trust. The cost per household to join the MHA was (and still is) \$250. The Cooper Square Community Land Trust was founded in 1991 at the same time as the MHA, with a board made up of one-third tenants and two-thirds community residents or public members.^[3] The Land Trust owns the land on which the MHA buildings reside.

The Cooper Square MHA is one of several mutual housing associations in New York City (see Krinsky and Hovde, 1996). Despite other efforts to organize land trusts we found only two currently functioning in New York City – Cooper Square and an East New York (Brooklyn) land trust, also affiliated with a mutual housing association. The housing in the latter land trust consists of several hundred units in 113 buildings that were once *in rem* and occupied by low-income tenants. ACORN (Association of Community Organizations for Reform Now) was the main community organizer and the Pratt Center for Community & Environmental Development (PICCED) provided technical assistance, as it had with Cooper Square.

According to CSC leaders, the principal influence in founding the mutual housing and CLT was the mutual housing model from northern Europe. Dutch students and professionals who interned at CSC made the case for the mutual housing model, which was also supported by housing specialists at PICCED. While there was some initial connection with emerging land trusts in other parts of the U.S., the Cooper Square CLT emerged in relative isolation and has not been a part of national coalitions or had any consistent contact with other land trusts. This isolation may be a product of the dramatic differences between Cooper Square's central city context and those of other land trusts. At present, they are in the process of seeking State approval for cooperative ownership of the buildings. The new limited-equity coops would

remain affordable in the long term under the land trust. In effect, they would continue to function more or less as they have under the mutual housing model.

The Cooper Square units are undoubtedly among the lowest cost housing in what is now a partially gentrifying neighborhood. Two bedroom apartments, for example, rent at \$431 per month, affordable to households at less than 25% of the Area Median Income (AMI). Since 1991, rents increased only once, in 1994, by slightly more than 3%. We will discuss the significance of these low costs later on.

Since we compare CSC projects with multifamily projects in Burlington and Berkeley, we offer brief background sketches of the other two CLTS.

Burlington Community Land Trust (BCLT)^[4]

The BCLT is the largest established land trust in the U.S. and arguably the standard against which other land trusts are measured because of its size, durability and track record of successfully developing and maintaining affordable housing. While BCLT is often looked to for its successful home ownership development programs, it is not often recognized for the lessons it offers to urban community land trusts aiming to develop low-income multifamily rental housing.

BCLT fosters homeownership through a program to counsel prospective homebuyers and includes in its portfolio 172 homes. However, over 57% of BCLT's housing stock is low-income rentals and limited-equity coops -- about 375 units in all, of which 49 are SROs. According to a recent study of BCLT renters, their median income is less than 50% of the Area Median Income, the apartments and households tend to be smaller, with more children and single parents, fewer elderly, and fewer cars (Gent and Sawyer, 2005). Because of its extensive experience with low-income rentals, BCLT might serve as both a benchmark against which the unique experiences of Cooper Square can be compared, and an indicator of where more developed land trusts may be heading in the future.

BCLT's recent merger with the Lake Champlain Housing Development Corporation, a regional non-profit that manages 1,100 affordable rental units, resulted in the largest regional community land trust in the nation, The Champlain Housing Trust. This will presumably create new opportunities for growth and scale economies in development and management. It remains to be seen whether the new housing corporation will focus development activities in strategic communities where the land trust, along with other forms of non-market ownership, can have a wider effect on stabilizing land values, or spread out over a larger region, thus benefiting individual households without necessarily helping to stabilize land values in communities. While BCLT, acting in concert with the city administration, has focused development in the Old North End and a few other areas, it remains to be seen where the new merged entity will prioritize intervention.

The Northern California Land Trust^[5]

The Northern California Land Trust (NCLT) was founded in 1977 in Berkeley, California with the ambition of expanding throughout the San Francisco Bay Area. The trust had its roots in the New Life Farm in Lodi, California, two households set up by peace activists with a vision of improving links between city and countryside. Peace Gardens, a six-unit cooperative in

Oakland, started by war tax resisters, was the first urban project.

NCLT currently has 94 units of housing in 14 projects, most of them in Berkeley. 38 of the units are coops, 32 are condos, 23 are rentals and there is one single family home. The trust is moving towards a condo and coop base and converting 10 rentals to coops, leaving only 13 rental units. These totals do not include five commercial units and two units on the New Life Farm. Twenty new condominium units are under construction. NCLT recently rehabilitated and resold 75 foreclosed single family homes under the former HUD 203k program, plus another 11 single family units.

The three NCLT projects all provide affordable housing to low-income tenants. Unlike Cooper Square, they are relatively small buildings in scattered locations. Fairview is near a concentration of some 7,000 square feet of NCLT commercial space that is rented at below-market rates to local businesses and service providers. Still, NCLT's projects are for the most part as sprawled as the metropolitan region. While a proposed transit-oriented development at the nearby Ashby BART (rapid transit) station might offer NCLT opportunities for economies of scale, the future of that project is by no means certain.

Selected Projects for Comparison

We selected six projects for comparison with Cooper Square, three from BCLT and three from NCLT (see Table I). Two of the projects – Maple Tree and Waterfront -- are the largest BCLT multifamily projects and among the most recent new construction projects. The others are rehab projects – BCLT's BHRIP and NCLT's Fairview, Addison and Blake Street. The rehab projects are in relatively low-density areas and average around 3-5 units per building.

Projects	Year completed	Number of Buildings	Number of Units	Square Footage
Cooper Square	1996	19	303	221,010
New Construction				
BCLT Waterfront	2004	1	40	55,425
BCLT Maple Tree	2002	1	50	41,644
Rehabilitation				
BCLT BHRIP	1997	13	33	26,428
NCLT Fairview	1996	1	9	5,640
NCLT Addison	1996	1	10	5,200
NCLT Blake Street	1998	1	5	3,786

Table I. Cooper Square and Comparison Projects

New Construction

- *Maple Tree Place* (BCLT). This project is made up of 50 units of low-rise multi-family housing built in 2003. It was built next to a new suburban shopping mall in response to community concerns about the insularity of the mall development. 37 of the units were

developed using tax credits and 13 are rented at “market” rate but with project-based Section 8 rent subsidies. Many of the tenants work in the mall.

- *Waterfront* (BCLT). This project has 40 units in a single building first occupied in 2004. This is the first land trust building to be LEEDS certified. 28 of the units have tax credit financing, 10 have project-based Section 8 subsidies, and 12 rent at “market” rates, but 8 of these 12 have some other form of subsidy such as Section 8 vouchers.

Rehabilitation

- *BRHIP* (Burlington Redevelopment Housing Improvement Program), BCLT. This project totals 33 units of rental housing in 13 buildings. Unlike the other two BCLT projects in our study, these were existing buildings rehabilitated with land trust financing. Located in Burlington’s Old North End, a low-income neighborhood, the BRHIP project was part of a broader City strategy for neighborhood improvement in a low-income area where only 30% of households were homeowners and many failed to qualify for financing.
- *Fairview* (NCLT). Fairview is an 8-unit SRO in Berkeley established as a limited-equity coop in two buildings. Fairview started in the 1970s as a collective household in a privately-owned building. According to one of Fairview’s original tenants, “after ten years of rent strike” the owner walked away from the building in the early 1990s for a modest settlement. To begin with, rents were relatively low as a result of Berkeley’s strict rent regulations;^[6] when tenants withheld all rent, that removed any incentive for the owner to invest in maintenance and forced the tenants to organize themselves to cover most operating and maintenance costs. As a result of deferred maintenance, the building value had depreciated, but clearly the land cost had grown over the years. Thus, at least in theory, conversion to a CLT reduced the land value dramatically. The tenants saw NCLT’s land trust model as a way to get financing to improve their buildings. Fairview’s collective household, which was one of many in Berkeley’s mini-culture of communal living,^[7] wasn’t bankable because tenants did not have fee ownership of either land or building.
- *Addison* (NCLT). Addison is a 10-unit project in Berkeley established as a limited-equity coop in two buildings. Addison’s tenants wanted to buy their property from an owner who was anxious to sell to them instead of a third party, but the tenants had trouble qualifying for loans. Unlike Fairview, Addison was located in a low-income area with relatively flat land values.
- *Blake Street* (NCLT) includes five units of very low-income rentals in two buildings. Blake’s tenants had very low incomes and were mainly seeking a way to improve their living conditions, and the land trust was able to secure financing and services for this purpose.

Development and Financing Costs

As shown in Table II, the development cost (in 2006 dollars)^[8] for gut rehabilitation of the CSC units is less than for the two new construction projects but somewhat higher than the other rehabilitation projects, with the exception of NCLT’s Addison. This is consistent with the

experiences of many other non-profit developers. The higher rehab costs for CSC may have something to do with high labor costs in New York City. Like some of the other rehab projects studied here, the CSC units have no mortgage financing or interest costs and there was no direct cost for acquisition of the land. A single no-interest renewable loan by the City of New York covered gut rehabilitation of the CSC buildings.

The highest development costs of all the projects are for BCLT's Waterfront and Maple Tree, both of which are new construction. Despite a relatively low land cost due to contributions from the City of Burlington, BCLT's Waterfront development cost is high, and includes a modest additional cost to cover green building and LEEDS certification.

The lowest development cost per square foot, in NCLT's Fairview, may be due to a conscious choice by tenants to undertake only a light rehabilitation. Also, some tenants were contracted to do the work themselves, presumably at a lower cost than if it were contracted out. ^[9]

Projects	Land Cost	Land/SF	Mortgage	Development Cost	Development Cost/SF
Cooper Square	\$26	\$0	\$0	\$26,569,416	\$120
New Construction					
BCLT Waterfront	109,958	2	3,401,744	7,525,776	135
BCLT Maple Tree	872,269	21	2,701,714	6,186,985	148
Rehabilitation					
BCLT BHRIPP	278,623	10	1,513,707	2,457,274	92
NCLT Fairview	62,476	11	0	426,021	75
NCLT Addison	67,196	13	577,884	658,519	126
NCLT Blake Street	121,492	32	190,016	383,831	101

TABLE II. Development Costs (All amounts in 2006 dollars)

As with Cooper Square, Fairview and Addison had unusually low land costs. Both were the result of owner abandonment, though in somewhat different circumstances. Abandonment in New York City's Lower East Side had been widespread, and the buildings involved were within a contested urban renewal area. The Berkeley buildings, on the other hand, were in relatively stable low- to moderate-income suburban-style neighborhoods – not the affluent Berkeley hills, but also not densely populated areas of concentrated poverty.

In the mid-1990s, NCLT acquired Fairview, Addison and Blake with the help of 30-year low-cost loans by the City of Berkeley, which made possible major renovations in each of the projects. The terms of the City loans are quite favorable: no annual payments need to be made unless there is a positive cash flow (which can be avoided rather easily by adjusting member payments), and after the 30-year term the loan may be renewed. In this sense, the favorable financing of NCLT projects allows the land trust to lower operating costs in much the same way that CSC has done.

In the case of Fairview, the City loan helped to pay tenants for their labor in the rehabilitation of the units. Fairview's \$100,000 loan included \$46,500 for rehab costs and \$45,000 to purchase the property. The coop tenants performed much of the moderate rehabilitation, so what was

formally a housing subsidy also doubled as an employment program. While details about wages and income levels of Fairview tenants are not available, we can assume that the wages were set at relatively low, non-union scale and that construction employment was only temporary or part-time. In any case, since tenants are not required to report changes in their incomes, there is no way to monitor the use of these benefits.

Addison's \$150,000 loan financed rehabilitation of the property. In addition to a \$20,000 down payment from the tenant cooperators, Addison took out a \$280,000 loan from a commercial lender to purchase the property from the private owner. While this was a relatively low price (only \$30,000 per unit) it also represented an additional burden on Addison's tenants that Fairview tenants mostly avoided. Construction was contracted out and Addison tenants did not work on the rehab. Since Addison was located in a low-income neighborhood that has experienced gentrification since 1997, the market value of land in the area has increased dramatically.^[10]

Blake Street's \$150,000 loan included \$45,000 for rehab costs and \$85,000 for property acquisition. The steep financing costs combined with a tenant profile including very low income and some physically or mentally challenged tenants mean that Blake Street has a significant annual net operating loss -- about \$6,500 per year (\$1,300 per unit).

Benefits to Households

While there has been a good deal of discussion and research about the benefits of homeownership to low-income households, there has been very little recognition of the benefits of below-market rental occupancy. Homeownership provides opportunities to households for equity accumulation, contributes to stability of tenure, and may provide other social and psychological benefits to household members, and contribute to neighborhood stability. Although the benefits to low-income homeowners may not be as great as for middle- and upper-income homeowners, and they may be more vulnerable to foreclosures and financial losses (Rossi and Weber, 1996; Belsky, Retsinas and Duda, 2005), the focus on homeownership tends to underplay the benefits of rental housing.

Cooper Square clearly provides housing at significantly less than market rent. While homeownership opportunities may create opportunities for savings and equity accumulation, Cooper Square and other CLT tenants also have opportunities to expand household disposable income and savings.

In Table III we calculated the annual household potential for savings as the difference between the Census median rent and the CLT median rent.^[11] These numbers are conservative since they do not take into account rent vouchers available to tenants, which further lower household payments. Since rents in CLT housing tend to cluster closely around the median, the comparison most likely understates the differences with the market. Also, we assume that no household in the census tract pays more than 30% of income on rent when many do in reality.

Table III shows that the average Cooper Square household had a potential for saving over \$4,000 per year on housing costs. CSC tenant benefits are much greater than for the new construction projects – BCLT's Waterfront and Maple Tree. This may be a consequence of the higher development costs for new construction. The benefits are fairly similar to NCLT's

Addison and Blake Street, but much less than NCLT's Fairview and BCLT's BHRIP. Fairview's favorable rents may have something to do with relatively low monthly operating and maintenance costs, but this does not appear to be the case with BHRIP.

CLT tenants in the limited equity cooperatives (Fairview and Addison) may realize modest equity gains over the course of their tenancy. However, the potential for household savings due to low rents may be even greater. In homeowner or coop options, similar benefits might be folded into equity gains and not realized until sale of the unit.

Projects	Median Rent 2006 \$ (1)	Census Median Rent 2006 \$ (2)	Annual HH Savings Potential Since Development (3)	Total Since Development (4)
Cooper Square	405	771.1	\$4,393	\$43,932
New Construction				
BCLT Waterfront	762	737.6	-293	-586
BCLT Maple Tree	533	737.6	2,449	9,797
Rehabilitation				
BCLT BHRIPP	182	737.6	6,667	60,005
NCLT Fairview	344	883.3	6,472	64,716
NCLT Addison	500	883.3	4,600	45,996
NCLT Blake Street	501	883.3	4,588	27,526

(1) Based on 2006 data from CLTs

(2) Based on Census Bureau data from 2000

(3) Based on assumption that tenants have moved in first year of development. Difference between the median market rent and CLT rent

(4) Savings per year multiplied by number years since development

TABLE III. Median Rents And Household Benefits

We used the Census rent figures instead of figures for units currently on the market; the latter are consistently higher. If CLT tenants in Cooper Square had to leave their apartments and find comparably-sized housing on the market, they would likely face rents about five times as high as the rents they currently pay, as shown in Table IV and Figure 1.

Apt. Type	Cooper Square Rent	Market Rent (Craigslist)
Studio	\$285	\$1,400
1 Bedroom	379	1,600
2 Bedroom	431	2,200
3 Bedroom	578	3,000

TABLE IV. Cooper Square CLT vs. Market Rents

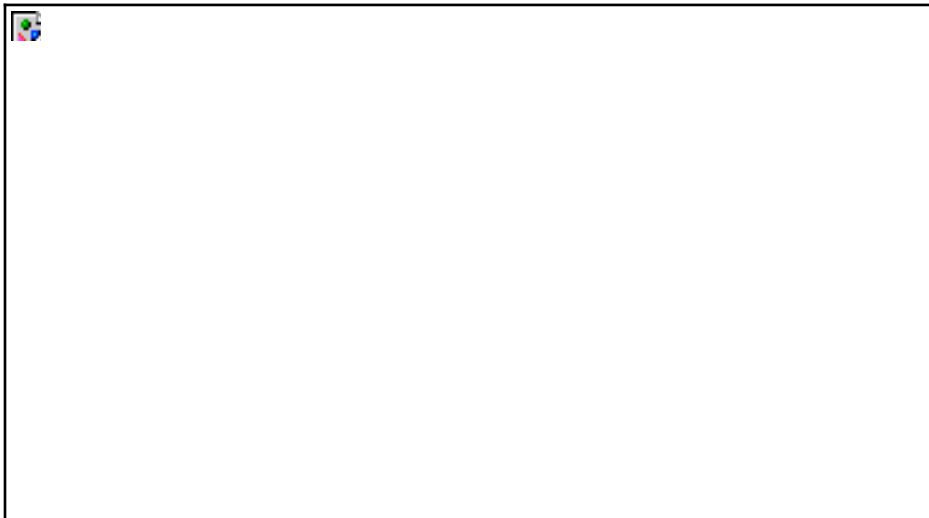


FIGURE 1. Cooper Square vs. Market Rents

While we were not able to get precise data on rent increases over the course of the projects, it is clear that rent increases are far below increases normally found in market rents. Cooper Square's rents, for example, increased less than 4% in 10 years in a market that almost doubled in the same period. The average annual increase allowed under New York City's rent stabilization is normally around 3-4% annually.

We do not know how households utilize the increases in disposable income, though one might assume that a portion is spent in the local community and contributes to overall community development. Savings by owner-occupiers, on the other hand, tend to be in the form of equity gains that are realized at sale and often get reinvested in real estate, except when owners borrow against their equity to make purchases. It may be significant that the rental savings in at least half of the CLT cases would easily cover a 10% down payment to purchase a home after only ten years. It would be interesting in future research to track renters who have left CLT rental units and learn how many of them bought homes.

Affordability

CSC's multifamily housing serves very low-income households. This is generally true, however, for all of the projects studied here, as shown in Table V. All of the projects are serving households falling below 45% of the Area Median Income, and most frequently under 30%. Throughout New York City over 25% of all households pay more than 50% of their incomes for rent; Cooper Square's extremely low rents are thus even more advantageous than shown by our calculations. BCLT's BHRIP and NCLT's Fairview serve tenants with even lower incomes than CSC.

PROJECT	AMI 2006 \$	Median CLT Rent 2006 \$	CLT HH Income as % of AMI (1)
Cooper Square	\$70,900	405	22.8%
New Construction			
BCLT Waterfront	\$70,500	762	43.2%
BCLT Maple Tree	\$70,500	534	30.3%
Rehabilitation		Rehabilitation	Rehabilitation
BCLT BHRIP	\$70,500	182	10.3%
NCLT Fairview	\$83,800	344	16.4%
NCLT Addison	\$83,800	500	23.9%
NCLT Blake Street	\$83,800	501	23.9%

(1) Definition of Area Median Income (AMI): HUD estimates the median family income for an area in the current year and adjusts that amount for different family sizes. The AMI is estimated for a family of four including two children. The table assumes that households pay 30% of income for rent.

TABLE V. Area Median Incomes And CLT Rents

Operating and Maintenance Costs

Cooper Square's operating and maintenance costs per square foot are comparable to those in other projects, both new construction and rehabs (see Table VI). Only BCLT's BHRIP had significantly higher costs. BCLT management acknowledged the higher costs and attributed it in part to the scattering of the units and to their rental tenure. Management at both BCLT and NCLT suggested that coop maintenance costs tended to be lower because tenants take responsibility for some management tasks without compensation. Cooperators may also economize on such things as fuel or energy costs because they see a direct link between these costs and their monthly payments. On the other hand, strictly rental units rely on central maintenance for more things, and the added costs may well outweigh any scale economies of central maintenance.

Projects	Annual O & M Cost	Cost/SF
Cooper Square	\$1,465,759	\$7
New Construction		
BCLT Waterfront	443,746	8
BCLT Maple Tree	248,063	6
Rehabilitation		
BCLT BHRIP	280,670	11

NCLT Fairview	37,152	7
NCLT Addison	40,000	8
NCLT Blake Street	27,166	7

TABLE VI. Operating And Maintenance Costs

NCLT's management considers Blake Street among the costliest to maintain, and the project operates at a net loss when expenses are calculated on a per unit basis. However, when looking at costs on a per square foot basis, we find only marginal differences between Blake Street and the other projects under study. It is not clear whether this is due to a large unit size in Blake Street, but it does suggest that any conclusions that higher operating costs are necessarily due to scattered-site low-density configurations, as in the case of BHRIP, require further study.

Effective Use of Public Subsidies

Does Cooper Square more effectively spend public subsidy dollars than other forms of low-income housing in New York City? There are different ways of looking at this question. One is to consider the extent to which public subsidies are recaptured. For example, when new homeowners that received subsidies sell their homes, the subsidies may be recaptured and used to support other new homeowners. Subsidy recapture has not been a major policy priority for many public programs (see Cohen, 1994; Olsen, 2000) nor has it been the case in New York City. Another way to look at the effectiveness of subsidies is to compare the number of years of affordable housing each dollar of public subsidy will buy. While it would take much more extensive study to compare Cooper Square to all other programs in the city, we are able to make some rough approximations to the issue here. Our preliminary analysis suggests that the Cooper Square CLT more effectively spends public subsidies than other city programs for low-income multifamily housing.

The largest new housing production program in New York City since the 1980s financed the construction of new "affordable" housing mostly on city-owned vacant land through the New York City Housing Partnership, a public-private collaboration financed by the city. This program, backed by the city's real estate industry, involved building on city-owned land, which was provided free. Due to widespread housing abandonment in the neighborhoods where this land was located, the land had little or no market value, and there was no direct cost to government for the land. The same was true for the land in the Lower East Side that Cooper Square occupied. The typical public subsidy for the homeownership program was about \$25-35,000 per unit for one to three-family homes. The City's New Partnership Homes program, which incorporates many more multifamily buildings than the original homeownership program, has produced 20,000 units of housing and another 1,000 are under construction. The City contributes up to \$10,000 per unit and the State of New York up to \$40,000, and the City holds a no-interest second mortgage on the property.

In these programs, resale restrictions are minimal: owners can sell after three years, and after ten years they can sell without repayment of the second mortgage. Homes were generally sold to households earning up to 120% of the AMI, and sometimes as high as 160% (every project is a unique "deal").

In these programs almost none of the public subsidy is recaptured. Any increases in house value accrue to the individual households. The City gets the land back on the tax rolls, but

since houses with four units or less, the majority of the original Partnership program, tend to be underassessed, we estimate it would take over 45 years to recover the initial public investment from tax revenues, though some or all of this repayment may be used to finance city services. In cases where the new housing was in neighborhoods that would later gentrify, the program turned out to be a windfall for the original owners but the housing quickly lost all pretext at

being affordable.^[12] In cases where the new housing was in neighborhoods that did not gentrify, usually communities of color farthest from the center of the city, owners were often saddled with property they could not maintain, and were vulnerable to refinancing scams and foreclosures, the bane of communities that were once redlined (see Bajaj and Nixon, 2006). In addition, most original Partnership homes were 2-3 family structures; the renters received no direct benefits and their units were not covered by rent and eviction controls.

The development cost per square foot for Cooper Square is about the same as for Partnership units. But Cooper Square is likely to remain affordable for decades to come and the

Partnership units are guaranteed to remain affordable for only three years.^[13] Using very conservative assumptions that Cooper Square provides affordable housing for only 50 years, and Partnership homes remain affordable for ten years, the Cooper Square units cost on average \$1,900 per year in subsidies, compared to over \$3-5,000 for the Partnership units. This doesn't take into account the rental units in the Partnership projects, which received equal amounts of subsidy but from the day of sale rented at market rate with no guarantee of affordability; however, the portion of subsidy that goes towards development of the rental unit effectively helps increase homeowner affordability and enhance the homeowner's ability to resell and realize equity gains. Thus, one result of this program has been to expand the economic gap between homeowner and renters.

No matter how we annualize this cost, the City clearly got a better deal in the long run by investing in Cooper Square than it did with its Partnership project; the land trust essentially allowed for retention of the public subsidy. This does not change significantly even if we reduce the benefit by the average \$1,500 per unit in tax abatements each Cooper Square apartment received over ten years (these abatements may no longer apply once Cooper Square becomes a legal coop; all of the other coops we studied pay local taxes but usually at a reduced rate).

An unknown proportion of the Partnership units are no longer affordable, but even a cursory review of the location of these units leads to the inescapable impression that most have been swallowed up in the overheated surge in the city's real estate market over the last decade. Every unit of Partnership housing that is no longer affordable means a net loss of an affordable unit in a city that has a seemingly endless need for them. If the City were to pay the price for that loss today it would require another \$150,000 – the cost to develop the average new affordable unit. Also, to the extent that Partnership houses contribute to land value increases in the neighborhoods where they are built – indeed, such is the aim of the City's policy – they push other housing out of the reach of low- and moderate-income families.

Partnership units typically used prefabricated components while Cooper Square's solid masonry buildings, many of them already a century old, clearly have a longer lifetime and are more energy efficient than large numbers of Partnership homes because they retain heat in the winter and cool air in the summer. Visitors to New York City can easily corroborate this, and while going through Cooper Square's rowhouse inventory only a few blocks away they will find First Houses, the nation's first public housing project, a high quality rehab

demonstration that should have become the model for all public housing.

HomeWorks, a more recent addition to the city's housing programs, is a rehab program roughly modeled on the Partnership approach. Since it is a rehab program, it is worth comparing to Cooper Square. Through HomeWorks 215 city-owned properties have been redeveloped in Manhattan, especially in Harlem, and 200 in Brooklyn. Many of them are rowhouses, like Cooper Square's buildings, in densely developed areas like the Lower East Side. Income-eligible owners compete for the buildings through a lottery and once they purchase the homes the only restrictions are that they must live on the property for six years or pay a penalty. New owners have reported dramatic short-term capital gains, and the program appears to serve more as wealth-creation for a small number of households than as a stable source of affordable housing. Capital growth has been especially significant for those who bought just before the onset of the most intense land value increases. One owner resold his property for \$1.34 million after just two years, and while facing a \$30,000 penalty he received \$900,000 in profit.^[14]

We did a rough overall comparison of Cooper Square to the average TIL building (see page 8

for an explanation of TIL).^[15] The average capital contribution by the City for rehabilitation under this program was \$55,000 per unit. The average TIL building was managed by the City for 16 years before being sold to a limited-equity coop, with training and support from the non-profit Urban Housing Assistance Board (UHAB). The cost for purchase by each

household is \$250, the same as for Cooper Square's MHA.^[16] While this could easily be a formula for long-term affordability if it reduces monthly charges to tenants, one thing is missing: resale restrictions. After conversion to coops, the tenants can decide to go private if they pay the City 40% of the price of the sale. In areas with rampant land speculation, this is a weak incentive, and the temptation to evade the restrictions by making all-cash side deals or conceal contracts from the City is high. Sales in coops financed by the city's financing agency are income-restricted but these restrictions expire with the City's 20-year financing. A major problem is that the City does not have an adequate system to monitor TIL buildings once they've been converted to coops.

Some TIL buildings experience just the opposite problem: inability to sustain themselves financially due to low tenant incomes or poor management. A 1998 audit of 45 TIL buildings by the New York City Comptroller found that 28 were in tax arrears and 15 were in danger of tax foreclosure. These buildings may qualify for limited tax abatements, but clearly all the dreams of solving the housing problem by putting buildings back on the tax rolls have not become reality, and the promise that public spending on affordable housing is bound to yield future tax revenues has also proven illusory.

In sum, programs created to prevent land banking by the City have turned out to be the biggest lost opportunity to create affordable housing for generations to come. With minimum capital cost and financing, the City could have preserved this stock of city-owned property following a model similar to Cooper Square. However, to do this the City would probably have to change its policy from one of disassociating itself from buildings and their tenants to a posture of support, similar to the way Burlington and Berkeley dealt with their CLT partners. Land banking and the Cooper Square model may not be applicable in areas that already have extremely high land values, since it depends on relatively low cost land, but even when land values are high CLTs can help retain public subsidies and limit the need for future subsidies.

In general, Cooper Square's financing is similar to federally-subsidized public housing, where there are no land or finance costs to the developer. However, unlike public housing Cooper Square requires no operating subsidies. Cooper Square rents are low enough so that most tenants do not have to rely on Section 8 vouchers (only 25% do), thus reducing annual public subsidies to a minimum (mostly property tax abatements). The minimal use of Section 8 deprives Cooper Square of a potentially lucrative source of income, since the gap between the AMI and tenant incomes is substantial. However, since the federal government has been reducing the number of new Section 8 vouchers, in the long term this program may not be sustainable. The Cooper Square model may end up being a better key to long-term sustainability for low-income housing.

BCLT's projects and NCLT's Blake Street rely heavily on Section 8 subsidies. In the case of BCLT's Waterfront and Maple Tree projects, relatively high new construction costs require the use of other subsidies, like low-income housing tax credits (LIHTC). From the point of view of the local communities and community-based housing developers, every unit that can be produced without these subsidies is a net gain because those subsidies can be used elsewhere to multiply the number of units of low-income housing. States and municipalities have finite allocations of Section 8 and LIHTC subsidies, so the total benefit to them, in terms of numbers of units, can never go beyond these allocation limits. The Cooper Square model can therefore be a useful option in helping to maximize the number of affordable housing units given a finite amount of public subsidies.

New York City is now losing affordable units faster than it is building them (Scott, 2006). The current administration has set a goal of creating 65,000 units of affordable housing yet if existing affordable units continue to be lost at the current rate, losses will outweigh gains. A recent study by the Community Service Society found that between 1990 and 2005 almost one-fourth of all federally assisted apartments were lost, and perhaps over 10% of all non-market housing. City and State-funded limited-equity coops (Mitchell-Lama coops) are disappearing at the rate of over 4,000 units per year. This program, which might have financed the Robert Moses project in the Cooper Square Urban Renewal Area, allows building owners to opt out of the program after 20 years. A stone's throw from Cooper Square, one of the oldest limited-equity coop projects recently went private, and apartments were sold at over 10 times their original value with monthly maintenance payments nearly tripling. Up to now, the New York City Housing Authority has lost only a small number of units through Hope VI projects but the authority is exploring rent increases and privatization strategies to deal with declining operating subsidies from Washington. Finally, the latest revision to the city's rent law allows landlords to remove apartments from rent regulation once rents exceed \$2,000 per month – placing more affordable rental units in gentrifying neighborhoods at risk.

Conclusions: Community Land and Low-Income Multifamily Housing

The Cooper Square CLT is helping to insure long-term affordability at a time when many public subsidy programs either fail to restrict conversion to market-rate housing or are being cut back. CLT protections do not now apply to most of the city's affordable housing stock. This presents new opportunities for "scaling up" and using land trusts to safeguard these units. CLTs could produce and protect many more multifamily rentals and coops in large cities where land costs are high, and it is clear that this potential is far being realized.

Our study shows that rehabilitation of existing multifamily units is marginally less expensive

than new construction, and maintenance of multifamily projects isn't necessarily cheaper. However, in central city neighborhoods like New York City's Lower East Side, where land costs were originally low and there was a significant stock of abandoned housing units, rehabilitation proved to be a feasible approach. Effective management in concentrated rather than scattered-site multifamily housing can lower costs, although this benefit does not appear to be substantial. Low-income tenants in Cooper Square also benefit from significant additions to their disposable incomes. There are also non-material benefits such as building community and a sense of solidarity that are not as easily attained in scatter-site homeownership projects. As former NCLT director Mary Carlton told us, "it's hard to build community out of such disparate properties."^[17]

The net result of Cooper Square's long-term struggle to preserve and develop low-income housing in an 11-block urban renewal area is a mix of 60% low-income and 40% market-rate housing, a far cry from the typical 80% market/20% "affordable" split now common in developing neighborhoods. This is even more dramatic when considering that current Federal (?) definitions of affordability used by the City may go as high as 160% of AMI and in some cases exclude all households earning under 50% of AMI.

In Cooper Square as in the other areas studied, local political support is essential to CLT development. In New York and Burlington, the CLTs are part of broader community-based development strategies that reinforce non-market, community control of land – *community land*. In Cooper Square, minimal land and financing costs combined with decades-long organizing by tenants to secure support from the City. This support ranged from allowing tenants to stay and manage the property to providing funds for rehabilitation and favorable tax status. The result was 303 units of stable low-income housing, plus affordable commercial units, in a dense neighborhood sandwiched between two business districts where land values are currently growing rapidly. Skeptics might assert that not every neighborhood and community organization has the political savvy, long-term vision, and determination to fight the long fight that Cooper Square has, but a careful look at many other neighborhoods in the city will show that Cooper Square is not alone (Angotti, forthcoming). Furthermore, the persistence of Cooper Square and many other community-based organizations has created more favorable conditions for the growth of land trusts in the city. And with a City administration today that is talking about preserving long-term affordability, and considering wider support of CLTs, many neighborhood groups may be relieved of the need to wage such persistent struggles.

Cooper Square's experience could apply to other New York neighborhoods that are now relatively affordable but face potentially dramatic increases in land values. Land may not be "free" as it was three decades ago but it may be much less expensive now than it will be ten or twenty years from now, when any public subsidies will have to contend with a thoroughly prohibitive land market. The CLT model can also be adopted by CDCs in these neighborhoods as a sort of insurance policy to protect their units from drastic changes in markets and public policy.

But the CLT model could also be relevant under just the opposite conditions, in neighborhoods with stagnating or declining land values. The financial pages of local newspapers now predict an overall decline in the local housing market in the coming years. The prospect of a new period of cyclical decline could open up possibilities for the city to reconsider its stubborn rejection of land banking as a strategy. If the market takes a dip, the

City's current use of linkage and inclusionary zoning bonuses to produce new affordable units will slow, and the City will be forced to shift its focus on building new affordable housing to areas with little market interest instead of those facing rapid gentrification.

In sum, whether the next short-term cyclical swing is up or down, and whether the city decides to concentrate its subsidies in relatively stable or gentrifying neighborhoods, the CLT model could help preserve and create more low-income multifamily units over a longer period of time with the same limited public investment. At a time when the city administration is launching an unprecedented long-term strategic planning process, the advantages of CLTs should not be ignored.

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[1] We would like to acknowledge the help we received from staff of the three CLTs we studied; the generosity and intellectual leadership of John Emmeus Davis; and the significant support of Rosalind Greenstein of the Lincoln Institute of Land Policy for this and many other CLT studies.

[2] Based on multiple interviews with Frances Goldin; Walter Thabit, the planner responsible for the Alternate Plan; and Valerio Orselli, former director of the Cooper Square Committee and current director of the Cooper Square Mutual Housing Association.

[3] This is different than the "classic" CLT membership which includes three instead of two classes of directors. We were not able to find a reason for this difference.

[4] Interviews and data were generously provided by BCLT Director Brenda Torpey; Gail Beck, Director of Property Management; and Amy Demetrovitz, Project Developer, during a three-day visit to BCLT in May, 2006.

[5] Ian Winters, NCLT Director and NCLT staff member Hank Obermeyer provided useful information and access to NCLT files.

[6] Berkeley's rent controls are no longer in force and vacancy decontrol applies to those units originally covered.

[7] Another NCLT property, East-West, the only one in San Francisco, was an intentional community made up of students of Zen poet Alan Watts.

[8] Development costs are defined as costs to the developer (the land trust). They include all costs for land, construction, and financing. The costs do not reflect the value of free land, discounted interest, tax relief, or other government subsidies.

[9] Development costs for Cooper Square are 20% lower than average development costs for New York City (about \$150 per square foot). Costs for Waterfront were 17% higher than the average for Burlington (\$115 per square foot) and Maple Tree was 30% higher. In all of the rehabilitation projects, development costs were below average. The lowest was Fairview, about half the area average (\$140 per square foot).

[10] Interview with Addison Board member Liza, July 4, 2006.

[11] This is admittedly a crude measure and does not take into account many variables, including differences

between contract rent and total housing costs, variations among neighborhoods and between cities, and disparities in household incomes,

[12] In the interest of full disclosure, the main author of this article became part owner of a two-family Partnership home built in 1986. He bought in 1996 at about twice the price paid by the original owner, today the property is worth about 8 times its original value in a rapidly gentrifying neighborhood, and if sold at current market value the new buyer(s) would need to be making over twice the AMI.

[13] Aside from Maple Tree, with a development cost of \$109 per square foot, the other projects studied have development costs slightly under the cost for the Partnership homes.

[14] Josh Barbanel, "Reaping a Profit, With the City's Help," *New York Times*. September 3, 2006. Real Estate Section, 1,10.

[15] We attempted to secure hard data about tenants and tenancy for individual TIL buildings but were unsuccessful, both because reliable data is not systematically kept and coop boards are reluctant to share it. However, we did speak informally with housing officials, organizers and some TIL tenants.

[16] This price was set decades ago by the City's housing agency as an incentive to get low-income tenants to buy.

[17] Interview with Mary Carlton, September 23, 2006.