



## Local Self-Reliance

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<http://www.motherearthnews.com/Nature-Community/1978-01-01/Maintain-City-Tax-Base.aspx>

*By the Mother Earth News editors*

It's no secret that most large U.S. cities are increasingly finding themselves in a fiscal quandary. They can't afford any further shrinkage of their tax base, so they encourage renovation of and the immigration of middle and high-income people to the inner city. But by doing so, they displace the lower-income and moderate-income families already living there, thus making the current shortage of decent low-cost housing that much more critical. Nowhere is this more evident than in Washington, D.C., where some houses that cost \$10,000 four years ago are now selling for \$60,000 ... *before renovation*. Obviously, a solution to this problem is needed.

Fortunately, there is a way to maintain the city tax base without displacing the poor. It's called community ownership of housing ... housing owned not by profit-motivated landlords, but by a non-profit land trust, community development corporation, or "coop". (Over 500,000 Americans now live in cooperatives. If the cost of home ownership keeps going up, this number is likely to grow much larger.)

Community ownership of housing has many advantages. At the head of the list are the economic benefits: Resident/owners of a community-owned building do not pay for the speculative profits of landlords or the ownership turnovers that drive rents sky-high. Once an initial monthly "payment" is decided upon, only increases in local and state taxes, utilities, etc., can cause a hike in the monthly charge.

What kind of "rents" do co-op residents actually pay? In three buildings completed in 1973 by Coop Services, Inc. of Detroit, co-op members pay from \$87.50 to \$111.50 per month (including utilities) for their housing. By contrast, the tenants of some nearby limited-dividend, *investor*-owned buildings constructed in the same gear (with financing similar to that of the Co-op Services development) pay monthly rents ranging from \$135 to \$225. (What's more, the three co-op buildings are air-conditioned, while their privately owned counterparts are not.)

Aside from the obvious economic benefits, cooperative or community ownership of housing can also have a positive impact on the surrounding neighborhood. Co-op residents realize that the more maintenance work they do themselves and the less vandalism there is to their property, the lower their monthly payments will be.

The New Ark Cooperative in Newark, New Jersey is a good case in point. New Arka housing project that was run as a rental property for six years was plagued by a high turnover rate, as much as 35% rent delinquency, and serious property abuse before the Cooperative was formed. Graffiti abounded ... basement and laundry rooms were ransacked. Eventually, there was a rent strike and co-op ownership was achieved, after which tenants were persuaded to buy paint and to paint the halls any color they wanted. (That eliminated the graffiti.) Vandalism has also declined since the switch-over, and today New Ark is a model co-op community.

Local government if it wants to can play an important role in encouraging the development of community ownership. A sympathetic city can provide financing, tax benefits, technical assistance in forming a corporation even existing *build* ingsto groups interested in starting a community housing venture. In New York City, for instance, the city itself has confiscated buildings whose owners owe back taxes and turned the structures over to nonprofit co-ops or community housing corporations. Other cities have helped with financing and with getting CETA (Comprehensive Education and Training Act) funds to hire rehab workers.

Why should cities do all this? Because ultimately, aggressive support of community ownership is in the municipality's best interest. If officials want to preserve the economic and social diversity of cities if they want to stabilize neighborhoods rather than have them speculated out of existence by profit-motivated landlords and developersthen community ownership of housing is a logical alternative. As more Americans are forced into the renter's market, this alternative will become not only more logical, but more unavoidable.

If you'd like to obtain a free booklist on cooperative housing, send a stamped, self-addressed envelope to: National Association of Housing Cooperatives, 1522 K St. N.W., Washington, D.C. 20005.

*To get on the mailing list for ILSR's bimonthly magazine, Self-Reliance, send \$6.00 to ILSR, 1717 18th St. N.W., Washington, D.C. 20009. Better yet, why not become an associate member of the Institute (and-in addition to receiving their magazine obtain a 20% discount on all ILSR publications) by sending \$25 (\$19 of which is tax-deductible) to above address? MOTHER.*

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For the past several years, the good folks at the Institute for Local Self. Reliance in Washington, D.C. have worked to help urban residents

In greater control over their lives through the use of low-technology, centralisttools and concepts. We strongly believe that more people *d ie* (city dwellers and country folk alike) should be exposed to the Institute's efforts ... which is why we're now making this "what's happening where" report by ILSR staffers one of MOTHER's regular features.