

Stewardship of Land and Resources

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"Men did not make the earth..It is the value of the improvement only, and not the earth itself, that is individual property...Every proprietor owes to the community a ground rent for the land which he holds." – Thomas Paine

In our efforts to provide affordable housing – whether it be new home ownership or affordable rental – and to preserve existing stock, we have come up against a number of obstacles over the years. These have included a lack of wider community consensus that affordable housing is a priority and sometimes intense local community sentiment against the siting of affordable housing projects in the vicinity. A marked decrease in public expenditures to provide for social needs and a disillusionment with public solutions to common problems can be added to this list. A general inability among the body politic to focus for any length of time on a public policy issue contributes to our difficulties. Lastly, there is the pressure of urgent, competing needs, few of which lend themselves to evident solutions.

To all of these must be added two critically important obstacles: conflicting land use priorities and finite public and private resources.

One model that is especially helpful with regard to these latter is the community land trust (CLT), which the West Rehoboth community

is in the process of developing there. The CLT provides for the “perpetual affordability” of its dwellings by restricting resale value and thereby retaining the initial subsidy. No future subsidy is required to keep the property affordable for a target income-group in future resales. As Figure 1 indicates, through resale restriction, the initial investment (I) keeps the unit affordable and is not lost. The climbing investment line, without the resale restriction, illustrates the equal or greater subsidy required at each subsequent resale in order to keep the unit affordable for the next buyer. This stewardship of resources is accomplished by the community holding the land “in trust.”

As a recent (March/April 2005) article in Dollars & Sense pointed out, since the buying price of the home does not include the price of the land, this contributes to affordability. Resale restriction preserves this affordability over time. Through the groundlease the resale “formula” enables the sellers to get their “mortgage equity” plus a restricted portion (25% for example) of any market increase in

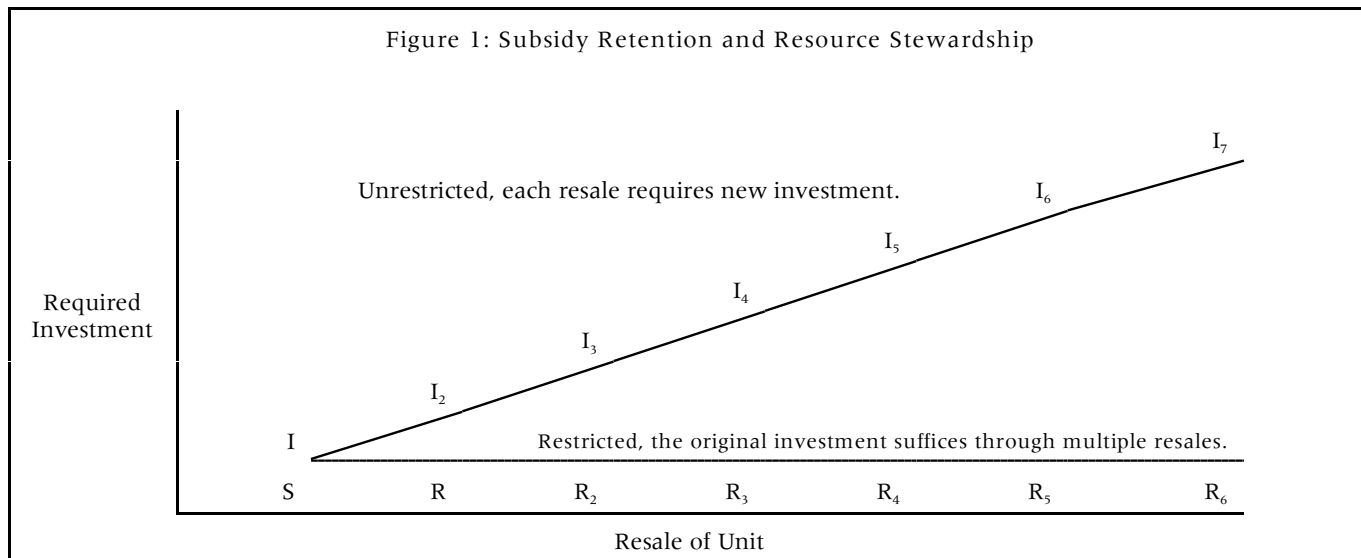
value. The next buyers can meet target income requirements and still afford to become homeowners. (“Burlington Busts the Affordable Housing Debate,” p 20.)

The City of Burlington, Vermont, has invested in the CLT model to make the fullest use of its public resources. Burlington’s website states:

“Limiting equity in housing ownership makes it less possible for owners to profit from the fluctuations in the real estate market, and more possible for people to afford housing ownership for the first time. Land Trust housing ownership helps keep housing permanently affordable by controlling the ownership of the land and through limiting equity.”

The website also discusses the concept in which the CLT model is embedded: the housing ladder of tenure. As can be seen in Figure 2, the housing market is usually almost like an on/off switch. You either rent or you own. The housing ladder of

Figure 1: Subsidy Retention and Resource Stewardship

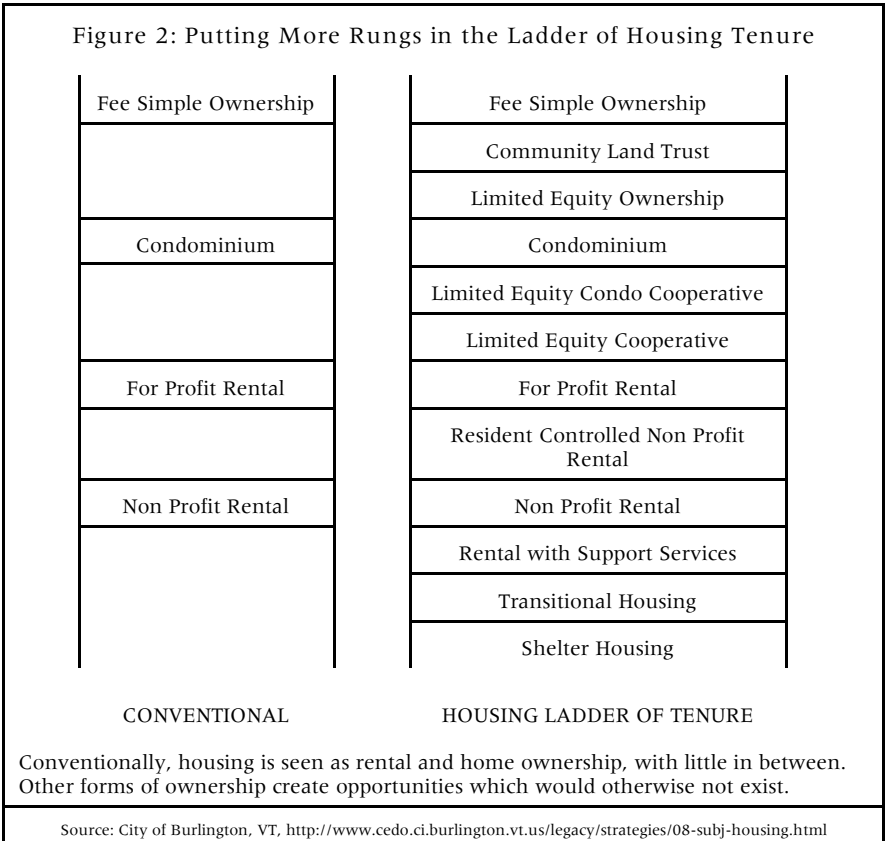


tenure, however, treats the market as comprised of – and requiring – many more rungs in order for renters and owners to climb toward stand-alone home ownership.

The interim forms, including the CLT, are not meant to usurp conventional home ownership. Instead, they are “mixed” ownership forms that fill a specific purpose for a specific segment of the population.

One objection to restricting equity comes from the hesitation to limit in any way any transaction into which people enter to secure a dwelling. This viewpoint sees unfettered wealth-creation as a necessary aspect of ownership. It creates an equation, a covalent link, between dwelling and investment. As Figure 3 illustrates, while investment can lead to the creation of dwellings (primary residences which meet basic needs), it can also contribute to the displacement of them. Wealth-creation can become speculation. At the extreme (right half of figure), investment destroys dwellings and puts a basic human need in jeopardy. In this atmosphere, human community becomes dominated by investment, its values and its universe of discourse defined in an anti-communal way. Permanent communities can be swept aside to make way for a “highest and best use” determined by profit alone.

Making a place for the more variegated set of ownership forms shown in Figure 2 allows a diversity to the housing marketplace that helps it to resist the monoculture of commercial speculation. As the



Dollars & Sense article noted, CLTs and other social ownership forms constitute a “compromise between a flawed free market approach and heavy-handed government intervention.” This approach falls within the traditional conservative paradigm which values local community self-determination, seeks to avoid top-down solutions, and shuns reliance on government constraint.

think of the next generation by preserving affordability and future generations by holding land in trust. It permits us to think of our children, our community, and our environment. We are allowed, and even called upon, to manage “development” and assure that the built environment does not jeopardize the living environment and our relations with one another.

Stewardship encourages us to

