Housing Cooperatives as a Policy Tool for Affordable Home Ownership

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Housing Cooperatives and Affordable Home Ownership

In this paper I propose the use of cooperative housing as a means of addressing several critical issues in modern cities:

1. The difficulty of finding affordable home ownership for working and middle class residents
2. Displacement of low income rental tenants when the property owner either abandons the building or plans to sell it out from under the tenants
3. The need for building of wealth by urban minorities

In Boston, Mayor Walsh has often declared that a key element of housing policy should be to encourage more housing for middle class residents, especially home ownership. In his new plan for Boston2030 "The bulk of the housing to be created will be in the middle-income sector, where the City aims to double the pace of middle income housing production, helping create 20,000 new units of middle class housing (Walsh website). The administration "is considering several steps to boost production, including the designation of more city-owned property for development. The mayor may also grant zoning and tax incentives to make certain projects financially feasible (Ross, 2014*).*"

Boston has a larger percentage of affordable housing set-asides than any other major city (Walsh website), although that still falls well short of the stated need. The bulk of current construction is at the high end, both rentals and condominiums, driven by the market. There is also low-income subsidized housing being built, but the middle is where the city has been unsuccessful in either providing or maintaining homes. I have heard this many times from my students at Roxbury Community College, who see that they cannot continue to live in the city in which they grew up.

My students, like most minorities in Boston and other cities, suffer from a serious lack of wealth, as opposed to white residents. The Federal Reserve of Boston found that "striking racial differences are evident when looking at total household wealth. Nonwhite households have only a fraction of the wealth of white households. Whereas white households have a median wealth of $247,500, Dominicans and U.S. blacks have a median wealth of close to zero (Munoz et al, pg 20)."

The causes of this vast difference are mainly due to discrimination in the field of housing over the past century, including restrictive covenants, redlining, and other lending practices (Munoz et al, Oliver & Shapiro 1995). "Moreover, people of color were excluded from post-Depression and World War II (1939– 1945) public [housing] policy, which was largely responsible for the asset development of an American middle class -- for example, racially discriminatory local implementation of Federal Housing Administration loans and G.I. Bill benefits (Munoz et al 2015, pg 22)."

For most people (excluding the upper class) the main source of family wealth is real estate. This is the wealth that enables a secure life, helps pay for children's education, allows for retirement, and provides something to pass on to the next generation. In the US, minorities – especially blacks – have been largely excluded from this accrual of family wealth, and this is a major driver of the persistent disparities between races in this country. As the Federal Reserve paper states:

> The cumulative consequences of a lack of net worth exacerbate the enormous racial divide in wealth in Boston. The staggering disparities identified in this analysis should urge us to find policies that can help narrow the wealth divide by providing opportunities for asset development; ensuring fair access to housing, credit, and financial services (Munoz et al 2015, pg 23).

I suggest policies encouraging cooperative housing can help to address these issues outlined above. In fact, there is a long history of such policies in US cities that have indeed be of great benefit over the past 100 years.

Personally, cooperative housing has been an important part of my life for 50 years. In the late 1960s, about fifty of us young artists, writers, musicians and general societal misfits were inspired by the ideals of living together cooperatively, and we found a beautiful – though nearly abandoned – area on a hill in Roxbury. We bought property there, mainly from older whites who were fleeing the oncoming "ghetto". We bought houses for a few thousand dollars each, and we currently own six properties for which we paid approximately $35,000 in total. We established a realty trust in which we were (and still are) all partners, and we have deposited our income and paid our bills through a cooperative banking account. We learned construction skills because the houses all needed work, and we have lived as an extended family for five decades. Our construction skills were the basis for a very successful business in Los Angeles, New York and Boston. For all the difficulties of living together, it has been a rewarding way to live.

On the financial side, the properties we bought for $35,000 are now worth some hundred times that amount. We were fortunate to choose a place that was favored by city policies, including the relocation of the Orange Line, and the neighborhood has become quite gentrified. As we are fewer nowadays, with children off on their own, several of the properties provide us with rental income.

We believed ourselves to be poor in those days, but in fact we were able to purchase property with inheritances, loans from parents, and other means not available to most truly poor people. However, there are government policies that can certainly enable poor and working class city residents to benefit from cooperative living as we did.

The key distinction in cooperatives is between Limited Equity and Market Rate structures. I consider that both are of great value, though they serve different goals. They go to the heart of the tension between housing as a commodity and wealth creation mechanism versus housing as a right and a community value. In fact, both of these are needs in poor urban areas.

Market Rate: This was the earlier form of cooperative in the US, serving mainly the wealthy. Coop memberships are bought and sold at market value. In practice, this functions similarly to a condominium, except that members do not own specific units, but rather shares of the cooperative corporation that owns the property. And unlike condos, members have more control over who is eligible to buy in. For lower income people, especially blacks who typically have much lower wealth than whites, market rate coops could offer a means to build wealth. However, the entry cost and loan requirements can be a barrier without significant public assistance of some form. My own situation is a market rate coop, and in the event we were to sell our property, we would share in the profits.

Limited Equity: There are several forms of this type, but the essential factor is that the maximum resale price of membership can be limited. Resale price is determined by an agreed-upon formula, usually including initial cost plus inflation plus improvements. This system maintains permanent affordability, and it is especially valuable in an area such as Roxbury, where gentrification is proceeding rapidly. This limited equity contract does limit potential wealth gain for the residents, but it serves public policy by preserving affordable home ownership. (Sazama & Willcox 1995, Lund 2003)

One subset of a Limited Equity Coop is the Community Land Trust, the classic example of this being the Dudley Street Neighborhood Initiative in Roxbury, which was the first urban CLT developed on a large scale. In a CLT, the land is owned by the cooperative, which is set up as a non-profit entity such as Dudley Neighbors Incorporated in the case of DSNI. DNI Trustees include residents of both the CLT and the surrounding community. The individual family purchases and owns the house itself. As in a limited equity cooperative, the resale value of the home is limited by the covenant of the land trust, again generally to purchase price plus improvements plus inflation. The homes stay permanently affordable – which is in the interest of public policy – and the owners are able to attain the stability of home ownership with a modest ability to accrue value.

DSNI came into being through a combination of community organizing and government assistance. The key government aid was when Boston and the BRA granted DSNI the right of eminent domain over abandoned and tax-delinquent properties in the DSNI capture area. There was much city (as well as non-profit) assistance and advice in establishing the land trust instruments, especially since the CLT concept was originally set up for rural areas, and DSNI was the first urban CLT in the US. The city, under Mayor Flynn, helped DSNI as a part of the effort revitalize Roxbury as well as to head off Roxbury's attempt to secede from Boston as the City of Mandela, so there was much politicking involved throughout. Once the land trust and eminent domain were established, much of DSNI's funding came from foundations, although the city facilitated the lending process through guarantees. In addition, the city aided DSNI in getting federal finding to restore the brownfields that were rampant through the catchment area. But the critical city policy was to grant DSNI rights to the land upon which the community came to be built. (Medoff 1994, Shutkin 2003)

There is still a great deal of publicly owned land in Roxbury, and the city has the ability to contract this land for development in any way it sees fit, within the parameters of policy and developers' profit. DSNI was so successful because it acquired a critical mass of land in a concentrated area, but the CLT concept could still be used effectively in more scattered parcels throughout Roxbury and other parts of the city. As Tom Angiotti writes about the CLT:

> "[It] guarantees permanency for residents and makes no claim to be a builder of equity. That is not its purpose. It helps prevent displacement and preserve community... It begins to establish a solidarity within the community based on shared principles of social justice and not shared profits from land." (Angiotti 2007, pg 1)

Inspired by DSNI, CLTs have been used as an instrument of public policy in other cities in the US. It has been developed successfully in places as varied at New York City, Burlington, VT and Berkeley, CA. In each of these cases, the CLTs were developed in partnership between the city and private foundations, and in each case the CLT was seen as a bulwark against gentrification.

> 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 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. (Angiotti 2007, pg 3)

Community Land Trusts may not be an effective method of furthering affordable housing in growing cities with high property values, such as Boston. DSNI could attain "critical mass" because of the abandonment of a vast swathe of Roxbury. (Medoff & Sklar, 1994). CLTs might not work as well on scattered parcels of land, which is what is left in Boston. However, in a contracting city such as Detroit, the Community Land Trust should be an important element in housing policy. The establishment of DSNI in Boston, combining city/state policy with private and foundation funding – and most critically, community organizing -- can serve as a guide to successful CLT development. In a city like Detroit, it is important for public policy to define those areas of the contracting city that are still viable, a kind of urban triage. CLTs can serve as nuclei for future community, as DSNI has done in the Dudley area (Medoff & Sklar 1994).

Beyond the specific case of land trusts, cooperative housing has an important part to play in urban housing. There are three different ways in which cooperative housing can be facilitated by the government, serving different sets of stakeholders. Each offers the benefits of community building and stable homeownership, but they implement the different aspects of public policy that I outline at the beginning of the article, and would each require differing kinds of government support.

1. Market rate cooperatives emphasize the wealth building value of cooperative housing. These are not necessarily intended to be permanently affordable units, but rather allow the coop members to accrue value as the market (with luck) rises. There is no need for government to subsidize such units, but there is non-subsidy assistance that can be helpful, including financial advising, education in property rehabilitation and management, and guidance in best practices for cooperative members and boards.
2. Limited equity cooperatives for moderate income permanently affordable home ownership. This is important in a growing city like Boston, where middle income affordable housing is rapidly disappearing. A moderate level of subsidies are needed to help set these up, as well as support and guidance as I outline below.
3. Limited equity cooperatives to preserve low income housing units. Subsidies are needed for this level of coops, but to no greater degree than the level of

> typical subsidized housing. These coops offer real benefits to the tenants, over and above subsidized rental units.

Both of these types of LECs serve stated public policies for which governments already allocate funds. Some of these funds are needed to facilitate the creation and maintenance of LECs, as has been done over the past fifty years in other cities. Boston has encouraged LECs far less than cities such as New York, Washington and San Francisco. "Some hypothesize that co-ops and land trusts never achieved critical mass in the Commonwealth, in part because nonprofit community development corporations became so strong (Rose 2006 pg 13)."

Sazama and Wilcox (1993, pg 3) provide an overview of LECs:

> Initially LECs became known in the United States through the various union and state and local government programs started in New York City and the upper Midwest in the 1920s. Then in the 1950s and the 1960s in New York approximately 40,000 units of LECs were formed while the New York State Mitchell Lama low interest loans were available to LECs. From the mid - 1960s through 1973, the federal government financed about 60,000 LEC units throughout the country by means of its Section 236 and 221 (d)3 affordable housing loan subsidy programs.

New York has the most extensive history of LECs, using both public as well as private, especially union, funding. The largest program of LECs in New York was developed through the Mitchell-Lama Act, which supported 269 developments with over 105,000 units. (DeSalvo 1975).

Mitchell-Lama did not provide subsidies to coop members, but included loan guarantees and other forms of assistance to these developments. "Under the law, owners of buildings constructed during that period who later decide to leave the subsidized program can raise their rents within limits dictated by the state's rent stabilization rules. They can demand full market rents only under 'unique and peculiar circumstances' (NY Times 2007)." Recently, as real estate values have soared in New York, several coops have voted to accept financial penalties to go market rate, taking their buildings out of "affordable housing". In this way, what was once a means to enable low-income residents to own their own homes has now become a means of wealth building when they cash out.

When I spoke recently to Purnima Kapur, Executive Director of Planning in New York City, she said that the Mitchell-Lama program is not being used now, but that New York since the 1960s has mainly used LECs in order to preserve subsidized housing when landlords seek to sell. (Kapur pers comm).

Susan Saegert studied the low-income LECs in New York that came out of the massive landlord abandonment of affordable rental units during the down years of the city in the 1970s. The city seized many of these properties for non—payment of taxes. “Generally, the buildings were in bad physical conditions, and residents organized themselves, with the aid of technical assistance groups, the CBO, and government agencies, to convert many of these building to LECs. (Saegert & Benitez 2005 pg 438).”

With government help, the residents were able to keep their apartments and improve the living conditions there. "Tenant run co-ops can only succeed when the legal\policy structure supports ownership transfer, when funds for needed rehabilitation are made available, and when necessary training in long term housing management is provided. (Saegert 1997 , pg 19).” Just as subsidies had been necessary for the previous low-income rentals, different kinds of subsidies were needed for the coops, with similar costs. The conversions required financial and legal supervision and oversight, as well as low cost development loans, and mortgage insurance. Also needed was shareholder education, counseling and technical aid. “Just as home ownership and rental housing are sustained by large networks of government, financial, legal, and technical organizations with an interest in their success, LECs’ prosperity would be aided by the creation of formal and informal associations of the professional, governmental, financial, and technical institutions that contribute to their functioning (Saegert & Benitez 2005, pg 438).”

But Saegert emphasizes that it was not just keeping their apartments that was so important to the residents (mainly in Harlem and the South Bronx), it was the community and the skills that were equally valuable.

> LECs nurture the social and human capital of residents, thus supporting the personal and community development of residents who remain in distressed communities. Their dense social networks, as well as the formal, democratically determined rule structure of LECs, can contribute to informal helping arrangements for the inevitably large segment of such populations whose lives are limited by old age, chronic disabilities, and multiple family demands. (Saegert & Benitez 2005 pg 430)

When I spoke recently with Eric Shaw, Director of Planning in Washington, DC, he said that his city has made extensive use of a Tenant Opportunity to Purchase Act (TOPA), which assists low to moderate income tenants to cooperatively purchase their apartment buildings when they go up for sale (Shaw, pers. comm). "DHCD provides seed money, earnest money deposits, and acquisition assistance to tenant groups that are threatened with displacement due to the sale of their apartment building (DC Department of Community Housing and Development)."

> Public investment in co-ops makes ownership available to low-income residents and helps maintain a much more diverse group of co-op residents. Today, there are co-ops in every ward of the city, with 3,000 residents living in 86 limited equity cooperative buildings.... Many DC renters can't access the tax benefits, stability and capital that a limited equity co-op provides, and traditional homeownership may not be possible either. Cooperative housing started as an option only for the wealthy, but today it's a gateway to homeownership and financial stability for those who need it most (Falcon 2013).

In a 2014 study of Washington TOPA conversions, Julie Lawton interviewed tenants and outlined the many non-financial benefits of cooperative housing, with similar findings to those of Saegert. "For homeowners, the idea of homeownership goes beyond the home simply as a physical structure. Homeownership is closely aligned with other factors, such as accomplishment, self-worth, stability, and a place to raise a family (Lawton 2014, pg 214)."

Washington DC DCHD had originally offered the residents the choice of converting to condominiums or coops, and Lawton was curious as to why they had preferred the coop, which offered less potential for financial gain. At first, they said that they did not have the income and credit qualifications that would have allowed them to each obtain individual mortgages for the condos. DCHD had offered much more favorable loan terms for converting to an LEC, since DC was dedicated to preserving affordable housing stock. Even when an opportunity came a few years later to change from an LEC to condominiums on better financial terms, the tenants chose to stay with the LEC. Lawton asked them why not take the opportunity to have a better financial situation:

> Perplexed, I reminded them that in a condominium, residents were not as interdependent on one another. They patiently explained that the interdependency was one of the traits of homeownership they valued. I reminded them that in a condominium, the residents would be able to sell their units at a price significantly higher than the price they would pay for their unit. They patiently explained that financial gain was not the primary concern for their choice in housing. I reminded them that in a condominium, the residents would be able to easily bequeath their unit to their heirs. They explained that a building where residents do not have the interdependency of a cooperative was not a dynamic they wanted to give to their children. I then reminded them that in a condominium, the residents would own real property instead of owning a share in a cooperative, which is personal property. They explained that owning a home where they are comfortable, where the residents know and trust one another, and where the residents must, by virtue of the ownership structure, work together to rise or fall together was much more important than the ownership structure. The cooperative form of ownership was, to my surprise, their preference and informed choice. The residents viewed homeownership as a means of providing non-economic benefits that were of greater value to them than financial gain. (pg 217-8)

This conversation between Lawton and the tenants perfectly captures my own ideas about the values of cooperative living, from my personal experiences over five decades. Interdependence, relationship and sense of community are, in a way, forced upon the members. They rely on each other. This is not the "American Dream", of a suburban house with the picket fence to keep the neighbors in their place. Fifty years ago, my friends and I were rebelling against this idea of separate nuclear suburban families. Inner city residents have not had this independent option, for many reasons, and they often want to hang onto their interdependence, but with the stability of owning a home that the landlord cannot take from them.

In the 1980s, Boston established five LECs when the US Department of Housing and Urban Development (HUD) was disposing of properties it no longer wanted to manage. These include Marksdale Gardens in Dorchester, Warren Gardens in Roxbury and Methunion Manor in the South End, and they were all used for low-income subsidized housing. They had originally been developed as a part of BRA urban renewal efforts in the 1960s and 1970s, using HUD money, but they were no longer viable when HUD decided to divest the properties. These properties continue as tenant-owned cooperatives and seem to be doing well (Atlas & Shoshkes 1997). There are a few other low income LECs that were developed in Boston in the 1990s using Federal Low Income Housing Tax Credits (LIHTC), including Alexander Magnolia in Dorchester and Stafford Heights in Roxbury, which was done in partnership with DSNI. (Dalzell, pers comm). But coops have been the exception in Boston, and seem to have been confined to low income and senior housing.

Thinking of my Roxbury students who look forward to the idea of cooperative living, many of them come from immigrant families where cooperative interdependence and community are key to the fabric of life. It is natural to them, often more natural than the nuclear family alone. As the tech world says: it is a feature, not a bug.

As Leavitt and Saegert (1998) noted in their studies,

> We began to observe what we call community-households in many of the co-operatives. Those households shared the economic and managerial burdens of a common residential dwelling by drawing on social relationships based on generalized reciprocity of personal and social aid, as well as on an emotional attachment to the dwelling and its setting. A dense, supportive social network was encouraged by the co-op's formal and informal activities (pg 494)

The LECs in New York, DC and Boston have been primarily for low-income residents, and the coops are subsidized by the government in a manner similar to rent subsidies. My students plan to make enough income to disqualify themselves for subsidized housing, but still not enough to afford to live in Boston, let alone to buy a home here. Coops would serve as a middle ground between subsidized and market rate housing. Government policy for this kind of cooperative housing would be structured differently than in the case of low-income LECs. There would be fewer direct subsidies, more along the lines of Mitchell-Lama, but there would be financial advice and assistance in purchasing and setting up the cooperative.

I consider the target properties for this policy to be those owned by the city, of which there are many in Roxbury, or owner-abandoned distressed buildings. Boston Department of Neighborhood Development (DND) should be the key player, as it currently manages most such properties. DND already sells its properties at reduced cost when used to further public policy goals, one of which is affordable home ownership. Also feasible would be run down buildings with good quality structure, similar to the buildings we bought years ago in Highland Park.

The city should concentrate on areas that will likely be subject to gentrification if left to market forces. This includes the Fairmount Corridor, where government (MBTA and state) is paying to transition from commuter rail to full mass transit. Properties in this corridor will increase in value just as those along the Orange Line did in the past years, and this is an opportunity for the city to capture some of that value. Another target area could be Highland Park, a rapidly gentrifying neighborhood that also has a significant number of city-owned parcels. Other likely areas are Elm Hill and Walnut Hill in Roxbury and parts of Mattapan, where housing stock is well-built but run down. As I noted earlier, LECs can be scattered properties, unlike CLTs which work best with a concentrated critical mass of land.

The managing agency (such as DND) can determine the target composition of the coop. For instance, this could be Roxbury-resident students, adult children of families in Section 8, working minorities, older adults, etc. The prospective members should be financially stable and willing to work hard – and work together – to make the coop succeed. DSNI has a good record of screening prospective owners of its properties. DSNI had zero foreclosures after the 2008 crash.

Similar to what DSNI has done successfully, all coop members would take financial training, both as to how to manage their own money as well as how to establish and maintain the financial health of the Coop. Education in property maintenance and rehabilitation is also critical, since the selected existing homes would need some degree of improvement work, while new construction also requires regular maintenance. The city Inspectional Services would conduct a thorough building inspection to help define and cost out work needed to be done to render building properly habitable. The necessary work should be done by professionals working with capable coop members, using low cost developmental loans. This 'sweat equity' by new members can be an offset from the cost of initial membership. In the case of new construction, the new coop owners should participate in aspects of the construction process, as is done with Habitat for Humanity projects. This is an opportunity to learn skills that help in maintaining the coops after move-in. Perhaps it even might lead some members to a successful career in construction – the path that we took.

Resources should also be provided to guide coop members in the inter-personal and leadership aspects that are critical to coop success. The city can develop and provide a template for coop by-laws, to be modified as needed in consultation with new coop members. (such as Lund, 2003 "Toolbox for Success").

Boston already has an agency geared toward providing much of this necessary assistance. "The Boston Home Center (BHC), is a part of the City's Department of Neighborhood Development, helps Boston residents purchase, improve and keep their homes. BHC provides training and financial assistance to first-time home buyers, as well as guidance and funding for homeowners' house improvements and counseling to help families avoid foreclosures (Walsh website)." BHC could be expanded to support new coops.

Boston also has a new source of funds that could help finance the development of cooperative affordable housing: the newly passed Community Preservation Act, which targets a 1% property tax increase toward affordable housing, historic preservation and parks. CRA money has been used elsewhere in Massachusetts and "has provided an important new funding mechanism in some communities… A minimum of 10 percent of the funds collected through this property tax surcharge must be dedicated to affordable housing financing. The state has been providing a 100 percent match to these funds (Rose 2006, Pg 16)."

Cooperative living is very cost effective in its regular operation, as we have found over the years. "Since LECs are resident owned, there is no third-party profit and the building operates at-cost. In addition to an initial share purchase, shareholders pay monthly fees — similar to a mortgage or rent payment—to cover: building debt service, if applicable; operations and maintenance expenses, whether self-managed or contracted to a third party; and a building reserve fund dedicated to major repairs and emergencies (Ehlenz 2014, pg 8)." Typically a resident will be paying lower monthly costs than in either an equivalent rental or mortgage situation. At first, however, the sponsoring agency should contract for financial and building management professionals to be in place for a specified period of time (no less than two years). These management professionals would also train coop members to take over these responsibilities when their contracts lapse. In addition, the sponsoring agency should monitor the health and success of coop for no less than five years. This would help to ensure both the success of the cooperative and also that the city be repaid for any costs it has allocated.

In sum, I believe that the various forms of cooperative housing should be used as one important element of Boston's housing policy. In this city, it can be a means to provide middle-class home ownership and to preserve communities from displacement by market forces. It should be targeted at communities of color, where opportunities for home ownership have seriously lagged. Just as it would be good policy in growing, high-inequality cities such as Boston and New York, encouraging cooperative housing can provide even more benefits to contracting cities such as Detroit and Cleveland, where communities are being hollowed out.

I spoke recently about LECs with John Dalzell, Boston Planning and Development Agency Senior Architect, at a community meeting discussing development of BPDA/DND owned land in the Highland Park neighborhood of Roxbury. He said that BPDA and DND had developed a few projects recently as LECs, but that they did not believe that DND has the needed infrastructure in place to do more of them at this time

(Dalzell, pers comm). Jay Lee, Director of Design Construction at DND, agreed that that LECs were a good idea, but agreed that DND did not have the required infrastructure yet (Lee, pers comm). I suspect that they have more of what is needed than they believe, as I outline above.

When I asked Lee and Dalzell about which players might be opposed to LECs, they said that they did not know of any particular opponents, although some potential developers might be opposed since it could cut into their profits on new construction. Community Development Corporations (CDCs), who are the primary developers in low income areas of Boston, have worked together with the city in the past to develop LECs – as was the case with Nuestra Communidad on the Alexander Magnolia project in Dorchester. While there seem to be few stakeholders opposed to cooperatives, there is a broad range of stakeholders who would benefit from them, as I have outlined above, including low- and middle-income residents and entire neighborhoods threatened by free market forces. Most of all, they are a benefit to the city as a whole, as stated by Mayor Walsh in his push for affordable home ownership.

> The social benefits of LECs can also be viewed as collective assets. The success of LECs depends on the ability of residents to cooperate. The relationships and skills built through cooperation not only contribute to shareholders' quality of life but also provide potential resources for the neighborhood. Social networks that facilitate cooperation to achieve group as well as individual goals provide network members with social capital (Saegert & Benitez 2005, pg 430)

Both Lee and Dalzell asked me to send them what I have been developing in this paper, because I believe that DND currently has most of the needed elements in place to use LECs as a part of their policies for affordable homeownership. I look forward to further discussion in this regard.

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