A DREAM DEFERRED?

Utilizing the Limited-Equity Housing Cooperative Model as a Solution to Atlanta's Affordable Housing Issue

An option paper submitted in partial fulfillment of the requirements for the degree of Master of City and Regional Planning

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"If cooperation means anything, its values must be measured in terms of people…cooperation has given people the opportunity to accept responsibilities and obligations inherent in homeownership as well as to have confidence in one another."

Abraham E. Kazan, 1927

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Abstract

As most of the nation continues to recover from the financial repercussions of the Great Recession, the struggle for housing affordability remains. Home ownership is more difficult to obtain, while rental rates are on an up rise (Hudson, 2016). The traditional "American Dream"—distant and distorted—is more like a nightmare for those whose economic growth is disproportionate to the increasing costs of housing. Even more, new urbanist trends encouraging people to come back to the city, coupled with the sprawling of neighborhoods, create unequitable cities that are divided by race and income. In the Atlanta metropolitan area, the racial wealth gap is delineated geographically between northern and southern communities.

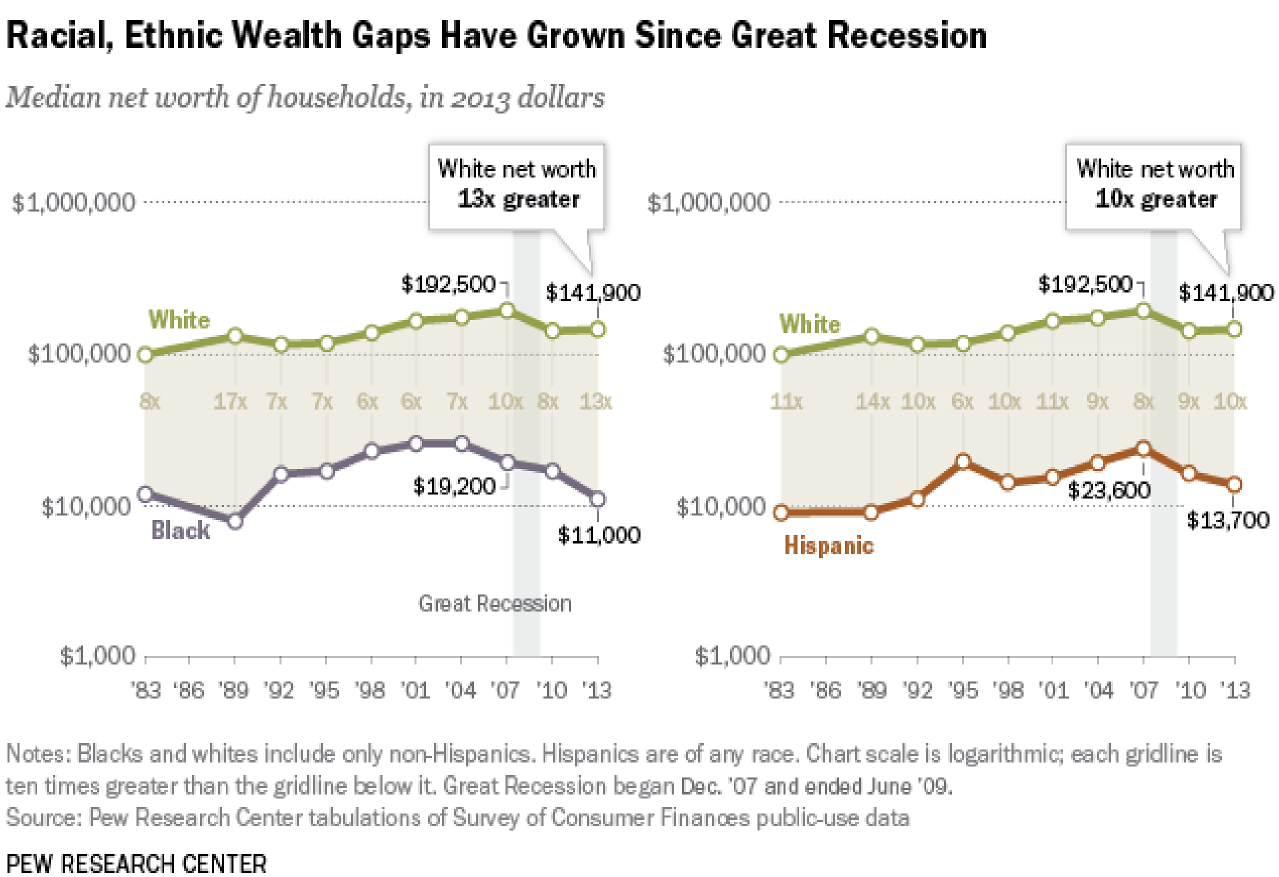
The purpose of this paper is to illustrate the Cooperative Housing Model and its application as a solution to housing disparities in Atlanta, GA. A review of the literature highlights the Limited-Equity Cooperative Housing (LEHC) model as a viable alternative to affordable housing. An analysis of domestic cooperative housing case studies provide background for the model's challenges and opportunities. Both inform the final recommendation to utilize the Limited-Equity Housing Cooperative Model as a solution to Atlanta's affordable housing issue.

Background and Significance

Financial Crisis and Recovery

Nearly eight years ago, the nation was bracing themselves for the impact of the Great Recession sparked by the housing crisis. Jobs, homes, and savings were lost by many—altering their life trajectory. Today, as job growth increases and unemployment rates decrease, housing affordability is still a looming concern; especially, for those who are recovering from the crisis at a slower rate. Studies show that Blacks are among those groups hardest hit by the recession and the slowest to recover (White, 2015). In fact, an American Civil Liberties Union report estimates that by 2031, black household wealth will be 40% lower than it would be had the recession never happened; juxtaposed to white households whose wealth will be 31% below (Burd-Sharps & Rasch, 2015). Further, the Pew Research center reported on the ethnic wealth gap in Figure 1, highlighting that white net worth was 13 times greater and ten times greater than Black and Hispanic net worth, respectively.

Figure 1: *Racial, Ethnic Wealth Gaps Post-Recession*



One reason why the disparities are so great is due to the predatory lending practices pre-recession. Predatory lending occurs when:

> A financial institution takes unfair advantage of a customer by providing a loan that is likely to harm the borrower economically by resulting in default or foreclosure, typically by charging excessively high fees, imposing unnecessarily high or complicated interest rates, or including other terms that carry excessive risk. (Burd-Sharps & Rasch, 2015, p. 9).

Subprime mortgages were the tool utilized by predatory lenders to provide homeownership to individuals that would not qualify for ordinary mortgages - also characterized by higher-than-average interest rates. In black neighborhoods where predatory lending has been most destructive, borrowers were "five times as likely to refinance in the subprime market" (US Department of Housing and Urban Development and US Department of Treasury, 2000). Even more, "Borrowers in *upper-income black neighborhoods* were twice as likely as homeowners in *low-income white neighborhoods* to refinance with a subprime loan" (US Department of Housing and Urban Development and US Department of Treasury, 2000, pp. 47-48). In combination, these forces worked to establish a "dual mortgage market," consisting of targeted and disproportionate lending experiences for minority groups when compared to white borrowers (Apgar & Calder, 2005, p. 102).

Additionally, minority groups experienced declining median income values. In 2013, the Federal Reserve reports that the median income of minority households, including Blacks, Hispanics and non-whites, decreased by 9% between 2010 and 2013. Conversely, non-Hispanic white households experienced a median income decrease of 1% (Kochhar & Fry, 2014) and (Bricker, et al., 2014). With regard to median wealth, between 2010 and 2013, non-Hispanic white households experienced a 2.4% increase from $138,600 to $141,900. Contrarily, Hispanic households experienced a 14.3% decrease4 from $16,000 to $13,700. Non-Hispanic Black households fell from $16,600 to $11,000, a percentage equivalent of 33.7%. Collectively, median wealth is still well below the pre-recession values. Figures 2A and 2B delineate total wealth versus wealth excluding home equity in white and Black households (Burd-Sharps & Rasch, 2015).

Figure 2A: *Total Wealth vs. Wealth Excluding Home Equity in White Households*

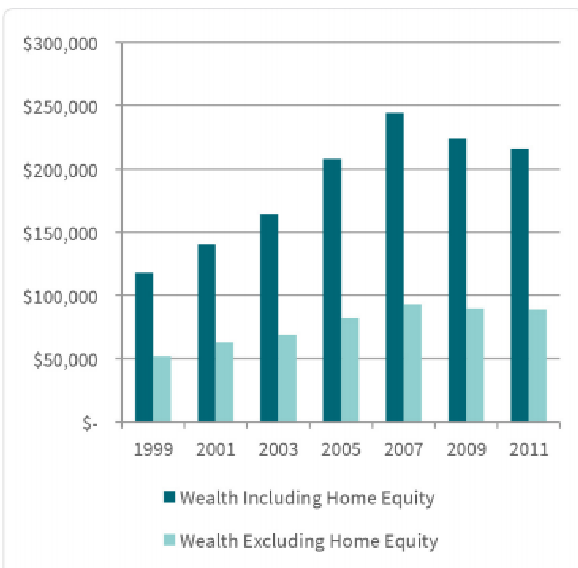
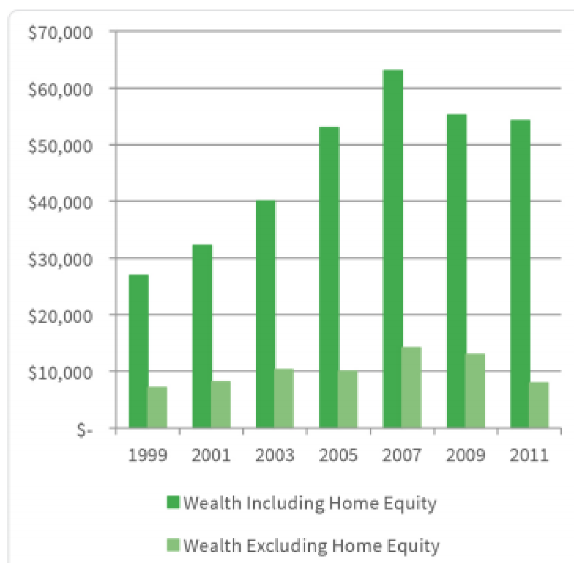
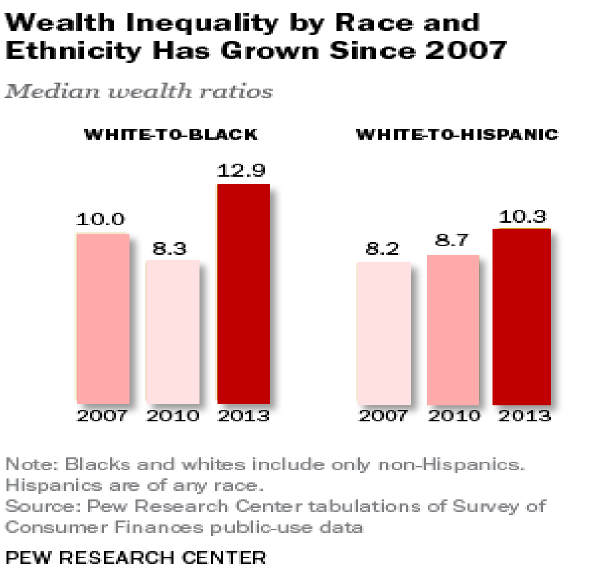


Figure 2B: *Total Wealth vs. Wealth Excluding Home Equity in Black Households*



As a result of these realities, higher rates of foreclosures were observed among minorities and especially in Black communities. In a 2010 report, the study found that, “the greater the degree of Hispanic and especially [Black] segregation a metropolitan area exhibits, the higher the number and rate of foreclosures it experiences" (Burd-Sharps & Rasch, 2015, p. 9). Hence, the crisis further exacerbated the wealth divide between Whites and minorities, especially Blacks, nationwide (Kochhar & Fry, 2014). Figure 3 illustrates that divide, with each bar representing the wealth gap between minorities and whites.

Figure 3: *Wealth Inequality by Race and Ethnicity*



Millennial Plight

In addition to a widening wealth gap, millennial populations—age 18 to 34—are also experiencing the residual effects of a failed financial market. At the peak of the recession, the first cohort of millennials born in the early 80's were in their prime career development stages (Adamczyk, 2016). Unfortunately, the halted job market forced companies to be more conservative in their hiring decisions and applied pressure to the economic policies that support the unemployed and underemployed. Post-recession, the competition pool for jobs increased, as older and more experienced professionals were re-entering the workforce at the same time (Council of Economic Advisers, 2014). For millennials, the American Dream, dreamt by their parents is far less attainable. According to a recent study, only 50% of people born in the 1980's are making more than their parents, compared to 90% of children born in 1940 (Bomey, 2016; Chetty, et al., 2016). The economic mobility that propelled Baby Boomers and Generation X'ers is absent for millennials, and that absence is one of the leading causes of their housing insecurity (Thompson, 24). With less job security and economic stability, the need to be anchored in one place subsides.

Some have pointed millennials to education as the path for stability, resulting in growing enrollment nationally. However, as college enrollment consistently increases, however, so does student loan debt for many recent and future graduates' (Council of Economic Advisers, 2014). Even more, the average burden of debt for millennials has doubled over cohorts from 2003 to 2016; increasing from $18,271 to $37,172 to pay back upon graduation as reported by the College Investor (Adamczyk, 2016). As a result, millennials are starting families and purchasing homes later than their parents (Dickerson, 2016).

Delaying the purchase of a home may be a good strategy for millennials who are juggling student loan debt, job insecurity, and the inability to consistently save money—all factors that affect the credibility of a person attempting to secure a mortgage. While studies suggest that some millennials are choosing to rent, others, with the exception of those who live at home, have no choice (Cohn & Passel, 2016) and (Rampell, 2016). Perhaps, underemployment, low wages and slow economic growth may be additional reasons why millennials are also hesitant to enter the world of homeownership; or, maybe a hybrid of all the aforementioned struggles (Abel & Deitz, 2016). Figure 4 illustrates the percent change in median income by age group from 1995 to 2013. Figure 5 illustrates the percent change in median net worth by age group from 1995 to 2013.

Figure 4: *Percent Change in Median Income by Age Group, 1995-2013*

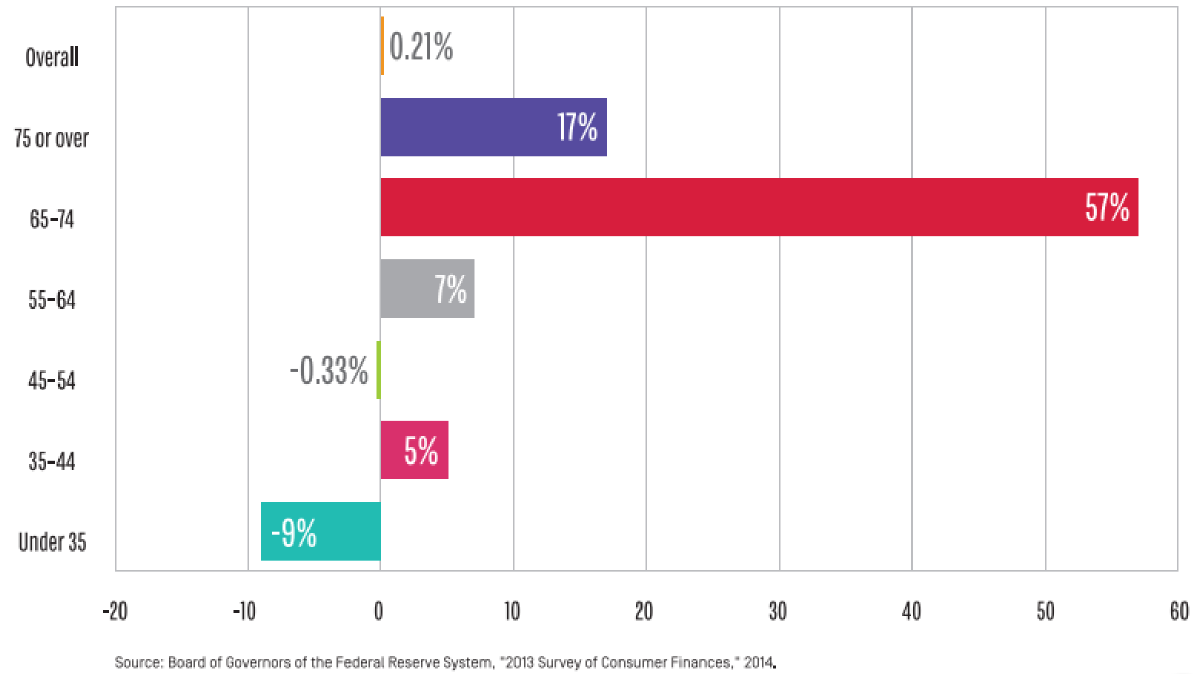
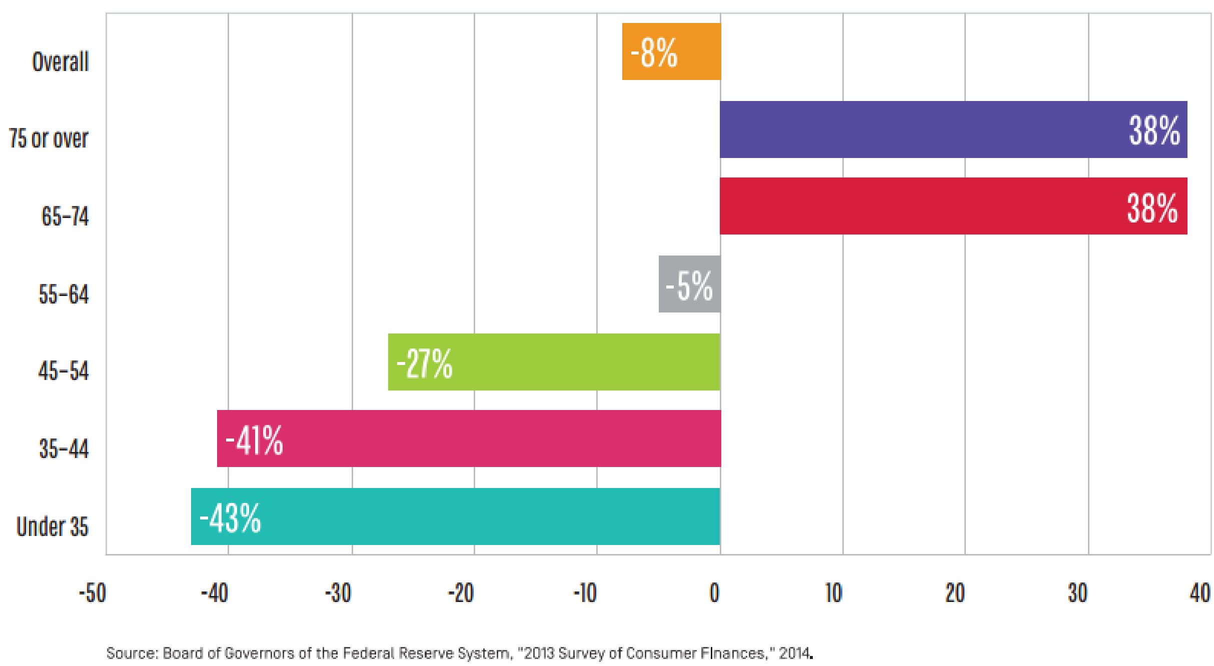


Figure 5: *Percent Change in Median Net Worth by Age Group, 1995-2013*



At any rate, studies support the notion that millennials, during and after the recession, have experienced historically lower incomes and access to wealth (Emmons & Boshara, 2014).

Evolving Urban Trends and Developments

There are major trends that are catalyzing development all over the nation. The Urban Land Institute identified many of those trends in their *Emerging Trends in Real Estate Report* (Kelly, Billingsley, Warren, & Kramer, 2016). Patrick Sisson summarized some of the top emerging trends as depicted below (Sisson, 2016).

1. ***A Calm Real Estate Market.*** Following catastrophic financial decline triggered by the foreclosure crisis, the market seems to be inhibiting a period of clam. The current cycle consists of 85 months of business, entering a mature phase. There are some signs of development decline due to increasing capital pricing and challenges obtaining construction financing. Many developers are proceeding conservatively.

2. ***Options!*** Multi-use projects are on the rise, as developers are trying to address multiple needs and satisfy different tenant types in their development projects.

3. ***location, Location, LOCATION!*** As urban cores are being revived, developers are utilizing adaptive reuse methods in addition to new development to create live/work/play environments. Positioning projects in areas that can help to resuscitate declining cities help municipalities reclaim their areas, and encourages the current trend of people moving back to the city.

4. ***Honor thy Entrepreneur***. Available capital is far less risk-averse than it was pre-recession, making it more difficult for smaller developers to compete. However, taking advantage of the current growth opportunities in smaller markets may prove to be beneficial, albeit smaller profits may be more realistic.

5. ***Labor Scarcity***. According to the Bureau of Labor Statistics Job Openings and Labor Turnover Survey, there were over 205,000 vacant job openings in building construction as of October, 2016 (Bureau of Labor Statistics, 2016). This shortage has directly impacted development in real estate.

6. ***Housing Affordability.*** Low-income renters and buyers are not the only people who are struggling with housing affordability. Middle-income households are also becoming vulnerable to the increasing prices to rent and buy. Home prices are rising at an annual rate of 5%, doubling the rise in income. Cities and municipalities are working with developers to incentivize the development of affordable, attainable housing that builds communities.

7. ***Intensify the Gentrify.*** As the urban core is revived, many of the current dwellers are being priced out by the new urban trends, forcing relocation to places that are often disconnected from places that they frequent (i.e. work, school, shopping). Walkable live/work/play communities are increasingly popular and come with a price.

As urban trends continue to emerge, those who have been least able to recover post-recession are at risk for limited housing options.

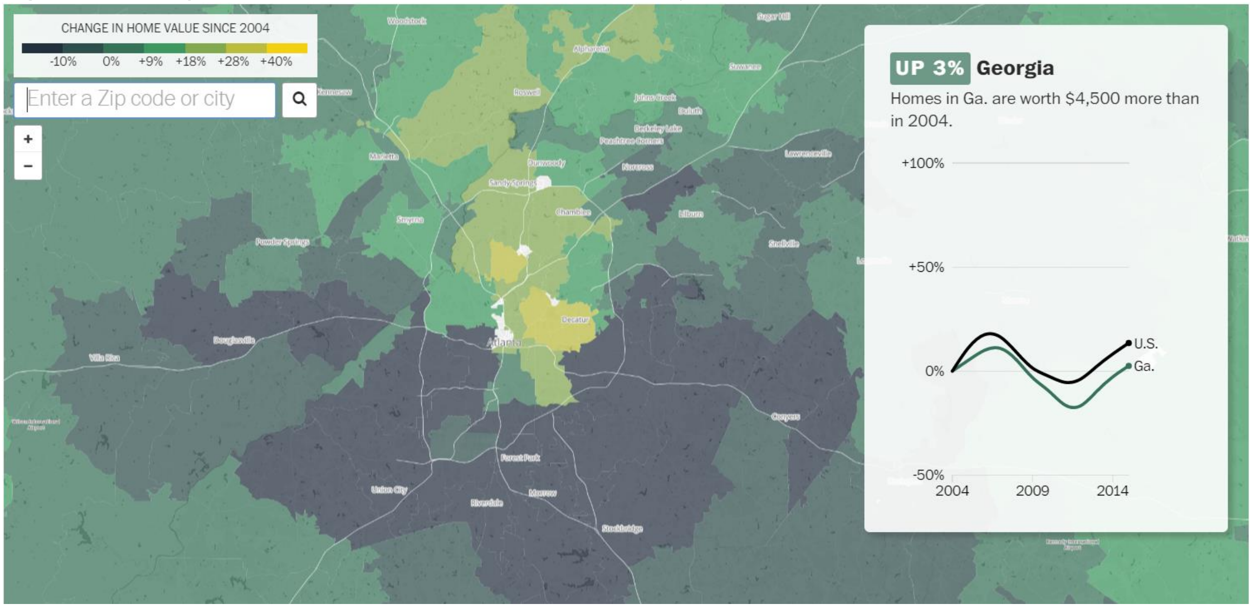
Introduction

The background and significance portion of this paper outlines current national issues, identifying the hurdles that many are facing with regard to housing. The disparities noted illustrate how the wealth gap in America is disproportionately affecting minorities and millennials; deferring their realization of the traditional American Dream. Moreover, the current and future development trends expected to influence the housing market going forward intensify those disparities, functioning as an incubator for more exclusion. These issues necessitate solutions that provide the disadvantaged access to affordable housing options.

The Atlanta Metropolitan Area

The availability of affordable housing options in Atlanta is a major concern post-recession. Experts have observed positive indicators of job growth and housing demand; however, those indicators have different effects in different parts of the city (Samuel, 2015). Dan Immergluck, a professor of city and regional planning at the Georgia Institute of Technology, has studied the Atlanta Metropolitan area over the last decade. One particular study included bifurcating Atlanta by zip code to determine the recovery of home prices. He concluded that the way in which a neighborhood was rebounding was partially affected by its racial demographics (King, 2015). Emily Badger's work also supports this idea. She asserted that neighborhoods that are predominantly black have been essentially left out of the recovery across Atlanta (Badger, 2016). Figure 6 illustrates the changes in home values since 2004 in the Atlanta Metropolitan area. The map is clearly segregated by northern and southern geography, where the northern area exhibits higher changes in home values.

Figure 6: *Change in Home Values in the Atlanta Metropolitan Area Since 2004*



SOURCE: Calculated using American Community Survey 5 year estimates 2006-2010, and 2010-2014.

In a presentation to the Westside Communities Alliance, Professor Immergluck discussed utilizing affordable housing as a tool for community stabilization in Atlanta. In Figure 7, he provides data about Atlanta's loss of rental units priced below $750 per month. Acknowledging that rental units under $750 are just one component of affordable housing, a nearly 5% annual decrease in those units is substantive when the increase in the higher priced units is not reflecting any correlation to investment in those types of units.

Figure 7: *Atlanta's Loss Rate of Low-Cost Rental Units*

	2010	2014	4-Yr. Loss	% Loss over 4 Yrs.	Annual % Loss Rate
Nashville	46,626	38,848	7,778	16.7%	4.5%
Atlanta	**32,490**	**27,181**	**5,309**	**16.3%**	**4.4%**
Memphis	53,560	45,517	8,043	15.0%	4.0%
Miami	33,140	29,886	3,254	9.8%	2.6%
Jacksonville	36,602	33,306	3,296	9.0%	2.3%
Orlando	11,642	10,693	949	8.2%	2.1%
Birmingham	24,348	23,147	1,201	4.9%	1.3%
Tampa	19,319	18,523	796	4.1%	1.0%

SOURCE: Calculated using American Community Survey 5 year estimates 2006-2010, and 2010-2014.

In Figure 8, he further charts the change in availability of units by cost in the City of Atlanta.

Figure 8: *Unit Availability Trends by Cost in the City of Atlanta*

Gross Rent	2010	2014	2010-2014	% change	Annual % Change
Under $750	32,490	27,181	-5,309	-16.3%	-4.4%
$750-$999	24,612	25,520	908	3.7%	0.9%
$1,000-$1,499	24,665	33,026	8,361	33.9%	7.6%
$1,500+	8,498	13,291	4,793	56.4%	11.8%

SOURCE: Calculated using American Community Survey 5 year estimates 2006-2010, and 2010-2014.

This figure illustrates that the availability of low-cost units are declining; moderate-cost units are virtually flat; and, higher-cost units are increasing in availability. His research about the rental market found that from 2012 to 2014, 95% of rental units built in Atlanta were luxury units (Wheatley, 2015). Many of those units are located in areas that are close to transit, jobs, and basic services. Observing the percent annual change of units with gross rent under $750 and those above $1,500, he warns that the real estate industry may shift their capital focus towards the less affordable units because of higher profitability for developers. This practice often leads to gentrification; especially, in areas where the investment is a revitalization effort (Smith, 2016).

A recent study ranked Atlanta as the fifth most gentrified city in the nation. The study observed the census tract data of 50 large cities to determine their gentrification levels. They reported that Atlanta recorded average gentrification rates of 17% in the ‘90s, and 46% since the year 2000. Meaning, Atlanta is gentrifying at double the rate that it was less than 20 years ago (Blau, 2015). Figure 9 reflects this change.

Figure 9: *Atlanta Gentrification from 1990 and since 2000* (Governing Data, 2015)

	Share of Eligible Tracts Gentrifying	Tracts Gentrifying	Did not Gentrify	Not Eligible to Gentrify	Total Census Tracts
Since 2000	46.2%	30	35	62	127
1990 - 2000	16.7%	13	65	49	127

SOURCE: Governing analysis of 2009-2013 American Community Survey, US2010 Longitudinal Tract Data Base.

Figures 10A and 10B illustrate the locations of the gentrifying neighborhoods within Atlanta from 1990 to 2000, and since 2000.

Figure 10A: *ATL Gentrification, 1990-2000*

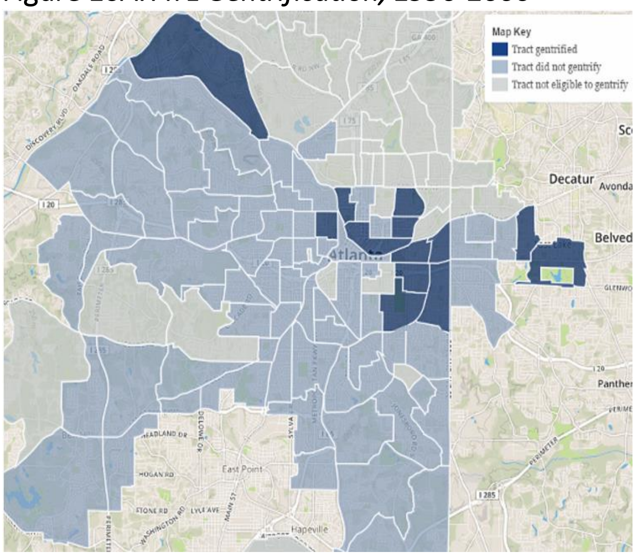
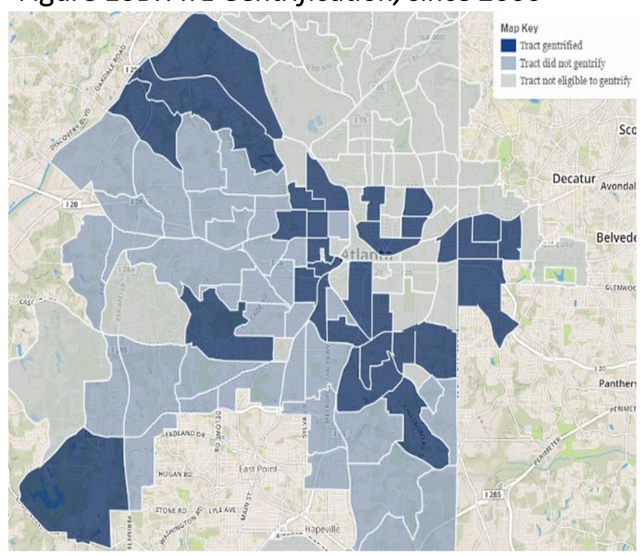


Figure 10B: *ATL Gentrification, since 2000*



SOURCE: Governing analysis of 2009-2013 American Community Survey, US2010 Longitudinal Tract Data Base.

While all the reasons for the rapid increase in gentrification over nearly twenty years was not fully explored, what was evident is that the gentrifying areas are becoming whiter (Blau, 2015).

What is derived from this information is that Atlanta is on the move and it doesn't appear to be swiftly moving toward affordability. Housing options for those most vulnerable to gentrification, rising rents, and slow recovering homes values are necessary. However, with the implementation of a policy on affordable housing by Invest Atlanta, the city's investment authority, there may be reason to believe that change is on the horizon (Suggs, 2016).

Goals and Objectives

The goal of this paper is to analyze the LEHC model as an alternative affordable housing approach in Atlanta. As a result, this research may be used to recommend policy changes and implementation strategies, in Atlanta and abroad, to decrease the wealth gap and provide better access to quality housing. By integrating national and local issues, this paper acknowledges that the affordable housing issue is not specific to just one place; instead, it illuminates the national concern for the growing population of people whose future is far removed from the American Dream. The following goals and objectives describe the planning and policy recommendations to provide a framework for sustainable communities:

1. Develop **affordable housing**.
2. Integrate **economic diversity** in neighborhoods.
3. Enhance **municipal participation** in the negotiations of neighborhood development.
4. Encourage **upward mobility** by decreasing costs of living.
5. Identify key issues and barriers that prevent **access to quality housing**.
6. Reestablish the **fundamental principles** of the American Dream.
7. Highlight the value in integrating **social capital** with financial capital.

Methodology

Research

The background and significance section was informed by journal articles, industry reports, organizational websites, and newspaper articles. The combination of the materials imparted a comprehensive analysis of existing conditions that have led to the affordable housing issue that is increasingly recognized in Atlanta, GA. As a partial solution to the issues, the LEHC model was introduced and explained through the literature review. The materials that were used to inform this and subsequent sections included journal articles, industry reports, and book sections. Next, the history of cooperative models was provided to better inform the origins of the LEHC model. Then, a series of case studies on limited equity housing cooperative models were reviewed, selecting studies in urban, American cities including Atlanta, Boston and Manhattan. Atlanta and Boston were both severely punctured by the housing crisis, among the highest rates of foreclosures in the nation (Shelterforce Online, 2016). Finally, the strategies and recommendations present a synopsis of expert research combined with my own planning perspective.

Analysis

The analysis of the LEHC model was conducted by reviewing domestic case studies. The review included the following components:

- Location;
- Organization type;
- Membership structure;
- Payment structures and financing strategy;
- Community impact;
- Policy implications;
- Affordability; and,
- Challenges and opportunities.

From there, I identified the most beneficial and applicable components of each study, comprising a hybrid model that could be used to increase access to affordable housing in Atlanta and abroad. This analysis is primarily qualitative, with some quantitative data to support findings.

Literature Review

What is Cooperative Housing?

Cooperatives are housing models whereby corporations of residing shareholders own the building in which they live. This model is worth considering to help address current housing challenges. Most often, the cooperative is democratically governed by the resident shareholders. The U.S. Census Bureau provides the following definition:

> A type of ownership whereby a group of housing units is owned by a corporation of member-owners. Each individual member is entitled to occupy or rent out an individual housing unit and is a shareholder in the corporation that owns the property, but does not own the unit directly. The corporation may have a mortgage on the whole group of units. The member may have a loan or mortgage to buy his or her shares in the corporation (United States Census Bureau, 2016).

Housing cooperatives function similar to rental housing, as the units are not owned outright by the resident shareholder and a fee is paid per month to cover the collective mortgage, operating expenses, and/or enhancements (Carswell, 2012). Residents purchase shares or memberships in the cooperative, entitling them to occupiable unit space within the property (Gray, Marcus, & Carey, 2005). Additionally, housing cooperatives function similar to ownership in that resident shareholders experience some of the advantages of traditional homeownership; they follow a communal system for managing and maintaining the property; and, the resident shareholders inherit the same property rights.

Limited-Equity Cooperative Housing Model

There are three fundamental differences between LEHCs and other cooperative housing models. First, the resident shareholders are restricted on the amount of accrued return from sale of the property (adjusting for inflations, interest, and improvements). LEHCs do not function like regular market real estate, in that profit is deemphasized and the affordable transfer of cooperative participation is the primary focus (PolicyLink, 2004). Secondly, they offer ownership opportunities to lower income households. This occurs by: 1) removing the property from the speculative real estate market; and, 2) restricting initial membership to individuals and families below a specified amount (Arth, 2012). In the first instance, a resident shareholder or cooperative organization cannot sale the property above market value, speculating a greater return, based on the seller's advantage over the market. Low-equity is maintained in an effort to keep the resident shareholder fees affordable (PolicyLink, 2004). In the second instance, this ensures that units are made available to those with low income, or those who would not be able to afford ownership based on the traditional real estate market.

The final difference between LEHCs and other cooperative housing models is the ability to function outside of the capitalist market due to resident-ownership/control and the ability to keep rates affordable amid climbing rents. The general operating principles of the LEHC model include (Saegert & Benitez, Limited Equity Housing Cooperatives: A review of the literature, 2003) and (Sazama & Willcox, An Evaluation of Limited equity Housing Cooperatives in the United States, 1995):

- Voluntary and open membership, restricting initial membership to households with low income below some specified limit;
- Democratic member control, including membership participation in the basic decision of the co-op and in the appointment of the management;
- Limit on the increase in the resale value of member-owned-equity shares in order to keep the LEC available as affordable housing;
- Concern for community;
- Member economic participation in the form of profit sharing with members receiving the economic benefits and losses resulting from changes in operating costs and general market conditions affecting the co-op;
- Authority and independence of each cooperative;
- Education, training, and information; and,
- Cooperation among cooperatives;

Financing the LEHC Model

Whether an organization is building an LEHC from the ground up, or if they are rehabilitating existing housing, both options require financial assistance. Financing LEHCs often encompasses a hybrid of loans, local and federal subsidies, and other programs.

The most common need is the mortgage—also known as a blanket loan. Blanket loans function as first mortgages, and they cover the primary costs of developing the property. This loan is evenly divided amongst resident shareholders and included in their monthly charge. As aforementioned, resident shareholders cannot establish equity in their unit; but, the blanket loan can be refinanced if national rates fall, lowering their overall monthly payment. Or, in the same case of falling rates, the LEHC organization can refinance and use the additional funds available for property improvements. Similar savings can occur if the blanket loan is obtained through institutions that provide low-cost credit (PolicyLink, 2004).

In conjunction with the loan, often LEHCs require some form of subsidy. The types of subsidies include: 1) ***Interest*** subsidies that reduce the cost of financing because only the principal is being paid on the mortgage; 2) ***Rental subsidies*** (like Section 8) that reduce the monthly payments for individuals largely based on their income and family size; and, 3) ***Capital subsidies*** (typically grants and donations) that are made to the co-op at the beginning of development to reduce the total amount of financing for the project (PolicyLink, 2004).

LEHC models provide additional financial components (Miceli, Sazama, & Sirmans, 1994):

> *Sweat equity*. That is, resident shareholders work collectively to either construct or rehabilitate their unit. Their efforts reduce the cost of construction that, in turn, reduces the amount of the blanket loan and their monthly share of the payback. Additionally, this approach identifies the types of resident shareholders that will invest in their units and commit to proper and consistent maintenance over time.

> *Performance Management*. Resident shareholders commit their time to the new member intake process, including screening of applicants and monitoring the behavior of those

selected. This practice reduces the amount of money that the organization has to pay in wages and salary for professionals to complete these tasks. While resident shareholders are using their time (and the correlated cost for it), it is typically cheaper than outsourcing. This approach contributes to the overall structure of LEHCs, in providing resident shareholder control.

Membership fees. Some LEHCs require a membership fee from resident shareholders. This can be used in multiple ways including: 1) property improvements; 2) social and neighborhood programming; 3) wages for organization employees; and, 4) other reasons as indicated in the membership agreement. For on-the-market properties, often a 10-20% down payment is required to purchase the property. However, that is often an obstacle that low to moderate income homebuyers are unable to overcome when trying to obtain a traditional mortgage. The LEHCs divert that requirement, and are able to provide lower income individuals with home ownership while still sourcing funds for the extra programs that are unique to LEHCs.

The first step in obtaining any source of financing, however, is to determine the type of need the organization is requesting, and what the potential resident shareholders can maintain over time. Figure 11 suggests nine steps for identifying financial feasibility.

Figure 11: *Determining Financial Feasibility*

	Determine the carrying charges that are affordable to the target population.
	Project the vacancy rate and potential losses from nonpayment of member charges.
	Establish the actual operating expenses and the necessary reserves.
	Deduct vacancy, losses, operating expenses and reserves from the potential income.
	Subtract the debt service coverage that lenders require. The remaining amount is available to pay debt service on the blanket mortgage.
	Negotiate the best loan available from the lender, based on rate and term with any possible modifications to debt service coverage, vacancy rate, operating expenses, and the other costs.
	Ensure loan repayments are reasonable for the members.
	Calculate subsidy needed. The difference between the affordable loan amount and the total costs of developing the property (including acquisition, construction, architect, etc.) is the amount needed in subsidy. (In situation where members can only pay operating expenses, the property development and debt service must be paid for with some form of subsidy or equity.
	Generate subsidies through resident shareholders' down payments, grants, investments, and/or deferred loans.

SOURCE: (PolicyLink, 2004).

Challenges and Opportunities of the Model

While the LEHC model provides varying benefits to resident shareholders, there also exists inherent negative externalities in the model that create challenges. Figure 1 delineates some opportunities and challenges.

Figure 2: *Opportunities and Challenges of LEHC Model*

Opportunities	Challenges
Security of tenure. By removing the owner of landlord, the residents control their own living environment and gain "homeownership" opportunity. They stabilize costs and reduce the risk of displacement from escalating rents.	**Special skills are needed**. Co-op management involves preparing budgets, negotiating contracts, understanding property and financial management, and maintenance. Resident shareholder education and leadership development training is critical.
Lower housing costs. Eliminating landlords' rental profits and lowering operating costs through their contributions to management activities and maintenance can significantly reduce monthly housing costs.	**Resident shareholder default**. If one or more shareholders default on their payment share, other shareholders may be forced to make up the monetary difference. A continued failure to cover short falls could lead to a foreclosure proceeding in which resident shareholders lose their unit.
Ability to accrue savings. The differential between lower monthly charges and market rents allows residents savings that can build other forms of assets.	**Asset accumulation**. The affordability and social stability of LECs mirror most of the psychological and social benefits of market-rate home ownership but provide less opportunity for asset accumulation through home equity.
Mortgage deductions and rent subsidies. Co-op resident shareholders may deduct mortgage interest and property taxes from income taxes. They can also qualify for Section 8 rental subsidy to support their monthly housing costs.	**Fulfilling financial and subsidy needs.** Sponsoring organizations, financial institutions, and regulatory bodies must develop offering plans, purchase and maintenance terms, and governance and subsidy taxation structures that make the investment beneficial to low to moderate income people.
Membership. Co-op resident shareholders can build inclusive communities through the selection of new membership.	**Significant participation**. The resident shareholder selection process is tedious and requires sincere attention from existing co-op members to maintain sound social structures.
Quality of housing. Co-op resident shareholders can initiate property upgrades that would not be possible in private rental housing. This ensures high quality and safe development.	**Ensuring community benefit.** Improving existing housing or building new housing can create gentrification pressures by increasing the neighborhood's desirability to outsiders.
Long-term affordability. Co-op resident shareholders can ensure that their property will remain affordable over time to other low or moderate-income people. The cost and financial risk is shared among members.	**Intangibles and social precariousness**. Cooperatives are comprised of people. As such, care must be taken to establish an atmosphere that promotes cooperation, mutual support, and commitment to the collective.
Surrounding neighborhood conditions. Co-op resident shareholders can develop, participate in, and allocate funds to local neighborhood improvement projects. This contribute to stable, economically and ethnically diverse neighborhoods.	**Varying neighborhood support**. While most neighbors desire change in the area, they may not want to see low/moderate income housing built or developed in their neighborhood. Those that do support will also need a time period to adjust.

SOURCES: (PolicyLink, 2004), (Sazama & Willcox, An Evaluation of Limited equity Housing Cooperatives in the United States, 1995), (Saegert & Benitez, Limited Equity Housing Cooperatives: A review of the literature, 2003), (Maldonado & Rose, 1995), and (Carswell, 2012).

History

The cooperative model is fundamentally rooted in the principles of family and community, where providing mutual support and individual expertise ultimately contributes to the survival of the overall unit. In, *For All the People,* John Curl describes how Indigenous communities thrived on the land through their collective approaches to hunting and gathering in an unpredictable environment with inconsistent resources (Curl, 2009). Their tribal structure yielded to cooperative units, aggregating the skill sets of varying members to acquire the food and materials necessary to live. In addition, it helped to develop the social systems that dictated the regulation of their cooperative system. Curl wrote, "Cooperation, not competition, resounded as the dominant chord across the continent among the working population" (Curl, 2009, p. 18).

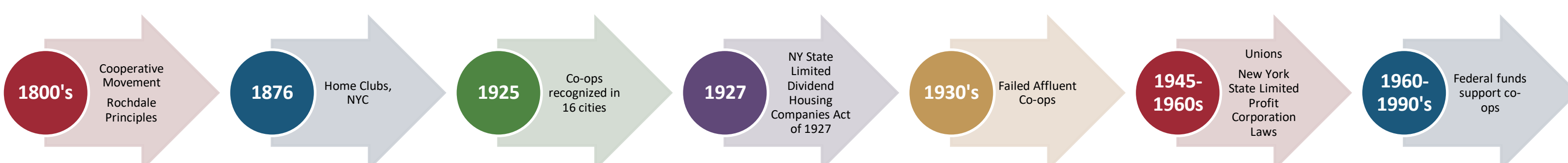
While the first known housing cooperative was founded in 1720 in Rennes, France, researchers largely accept the first cooperative movements in the late 1800's. Founded in Rochdale England, the cooperative movement was defined by the Rochdale Principles, including (Sazama G. , A Brief History of Affordable Housing Cooperatives in the United States, 1996):

1. **Democratic** control by residents;
2. Open, **voluntary** membership;
3. Limited returns on investment and return of surplus to the members;
4. **Open** disclosure, **active** participation, and continued education;
5. Expansion of services to members and to the community, promoting **education**; and,
6. **Cooperation** between cooperatives.

The movement supplied housing to poor and working class individuals who could not otherwise afford the rising costs of rents as population growth emerged (Carswell, 2012).

Shortly thereafter, the first United States cooperative housing movement began in New York City. Referred to as "home clubs," this movement was not boisterous until after the First World War housing crisis (Ganapati, 2010). With some variation from what is observed in today's model, the home clubs took on two different models: 1) market-rate cooperative housing for the affluent; and, 2) "cooperatives organized by ethnic-immigrant groups, and/or unions to provide affordable housing for their members during the post-World War I housing crunch" (Ganapati, 2010, p. 2). By 1925, sixteen different cities erected housing cooperatives including Chicago, Detroit, Buffalo, San Francisco, and Philadelphia (Sazama G. , A Brief History of Affordable Housing Cooperatives in the United States, 1996). Figure 12 outlines a timeline of the history of the cooperative movement.

Figure 12: *History of Cooperative Housing Timeline*



As figure 12 illustrates, from 1927 – the 1990s, the cooperative movement was supported by federal funding. First, the New York State Limited Dividend Housing Companies Act of 1927 provided property tax exemptions to corporations for a time period of 50 years, additionally authorizing the use of eminent domain to acquire property suitable for apartment developments. These apartments were developed particularly for middle-income households and were financed through union funds and conventional loans. One of the thirteen housing cooperatives built under this act was developed by Abraham Kazan (Sazama G. , A Brief History of Affordable Housing Cooperatives in the United States, 1996), the ‘father’ of housing cooperatives (Eisenstadt, 2010). Aside from his contribution to the development of multiple housing cooperatives, one of his greatest feats was organizing the labor unions into one form known as the United Housing Foundation (UHF). UHF, in conjunction with state legislature was put in place to develop additional housing cooperatives post-war (Sazama G. , A Brief History of Affordable Housing Cooperatives in the United States, 1996).

The Great Depression led to a 75% depreciation in cooperative housing in the 1930’s. Especially affected were the more affluent co-ops, highly vulnerable to the financial market. Somehow, the cooperative housing that was supported by labor unions and federal dollars was able to sustain itself because it was developed as affordable, so the mortgages weren’t out of each when the market crashed, and it had the support of the UHF (Ganapati, 2010, p. 2). Between 1945 and 1960, there was special financing that only existed in New York that, when coupled with union sponsorship, supported the continued development of housing cooperatives. By 1950, over half of the existing housing cooperatives had been financed by federal programs. One particular federal program was the New York State Limited Profit Corporations Laws (also referred to as the Mitchell-Lama Act). The Mitchell-Lama Act was created for the purpose of building affordable housing for middle-income residents. It functioned by providing affordable housing developers with low-interest loans and tax exemptions as long as they restricted their profits. It is named after two politicians who supported the legislation; former Manhattan State Senator MacNeil

Mitchell and former Brooklyn Assemblyman Alfred Lama. During this period, nearly 60,000 units of cooperative housing was developed (New York State Homes and Community Renewal, 2015).

Some received assistance and insured loans through the U.S Department of Housing and Urban Development (HUD), assisting with the conversion of HUD owned property to cooperative housing. In the 1960's-1970's, the HUD investments led to the development of housing cooperatives nationwide. By the 1980's and 1990's, federal funds were met by state and local municipalities, in addition to nonprofit organizations, in an effort to produce more cooperative housing. Still, most of the development was occurring in New York. This leads to the main question of this paper: Why hasn't cooperative housing been as successful in other places in the United States as it has in New York? The following analysis attempts to answer that question with more recent information about successful housing cooperatives across the nation.

Analysis

The following analysis consists of three domestic case studies about the LEHC model.

Case Study I: Wildwood Park Towne Houses

Cooperative and Membership Structure

The Wildwood Park Towne Houses located in Atlanta, GA is a LEHC consisting of 268 units. Constructed between the years of 1968 – 1971, this LEHC was developed for low-income residents. The cooperative is governed by a board of directors comprised of 7 members—all who live at Wildwood and who are elected by cooperative member residents (Temkin, Theodos, &

Price, 2010). Membership is structured by cooperative residents who purchase a share or membership certificate for the right to occupy a unit in the cooperative pursuant to an occupancy agreement. That member resident is then allotted a single vote in the democratic process of the cooperative. They further maintain an "individual and transferrable interest in the corporation that owns the real estate development, along with a leasehold interest in a specified dwelling unit" (Temkin, Theodos, & Price, 2010, p. 1). All future resident members meet with the cooperative's board of directors, at which time, the bylaws, expectations and responsibilities of the resident member to the cooperative are discussed.

Payment Structures and Financing Strategies

Resident members may select from a variety of different housing options on one contiguous land parcel, varying from one-bedroom flats to four-bedroom townhomes with basements. These unit varieties range in carrying charges from $367 to $567 (as of December 2009), while some resident members pay larger shares based on their income. The carrying charges incorporates the resident member's share of general operating costs (mortgage, insurance, taxes, and property management), utilities (water, sewer and natural gas). This charge is incorporated with the loan payment on the unit share. The resident member also earns $30 monthly in a reserve to be used for the replacement of items (like appliances and flooring), aesthetic improvements, or repairs for that resident member's individual unit (Temkin, Theodos, & Price, 2010).

Federal assistance from the U.S. Housing and Urban Development's Section 236 Interest Reduction Program, coupled with an HUD-insured loan, financed the Wildwood project. The loan was set to mature in August of 2011 (this case study was completed in 2010), after being held to tight income restrictions and limited resale prices for nearly twenty years. Until the loan was paid back, the cooperative maintained a HUD-approved limited equity resale formula that determines the overall maximum transfer value of the resident member's share upon departure from the cooperative. The resale prices for respective units is based on the amount of time since the original principal payments were made on the property's loan. The cooperative conducts all sales in-house, including a transfer fee for all sales and a listing and closing fee for any marketing services used (Temkin, Theodos, & Price, 2010). Figure 13 illustrates the allowable annual increase values.

Figure 13: *Allowable Annual Increase to Wildwood Units Maximum Transfer Value*

Unit Type	1975-1981	1982-1991	1992-2001	2002-2011
1-BR	$60	$89	$149	$298
2-BR Townhouse	$71	$107	$178	$355
2-BR Tri-level	$67	$101	$168	$336
2-BR Townhouse with basement	$79	$118	$196	$393
3-BR Tri-level	$82	$122	$204	$408
3-BR Townhouse with Basement	$86	$129	$215	$431
4-Bedroom Townhouse with Basement	$92	$138	$230	$461

SOURCE: Bylaws of Wildwood Park Towne Houses, Inc.

Wildwood functions under the Share Credit Corporation, a not for profit organization that provides loans to resident members for the sole purpose of purchasing cooperative shares, making improvements to their units, or for financial assistance. The corporation typically, but not exclusively, lends to households that are less than 80% of the area median income. They offer different loan types and terms, based on the credibility of the cooperative and the individual (Loans, 2012).

Affordability and Community Impact

A major component of the Wildwood cooperative is its affordability. The 2010 case study provides selected characteristics of memberships and homebuyers, illustrated in Figure 14.

Figure 14: *Selected Characteristics of Wildwood Memberships and Homebuyers (2008)*

Number of Units as of 12/31/2009	268
Number of resales reported by Wildwood: 1997-2009	140
Total Number of sales reported by Wildwood: 1972-2009	408
Median share price paid by homeowner (in 2008 $)	$5,524
Median down payment and closing costs paid by purchaser (in 2008 $)	$1,249
Median household income of purchasers (in 2008 $)	$24,545

SOURCE: (Temkin, Theodos, & Price, 2010)

In 2008, the area median income (AMI) was $69,200. This means, the median household income of resident members in 2008, as reflected in figure 14, was at 35.5% of the (AMI). That is considerably affordable, providing an ownership opportunity to households that would not ordinarily qualify.

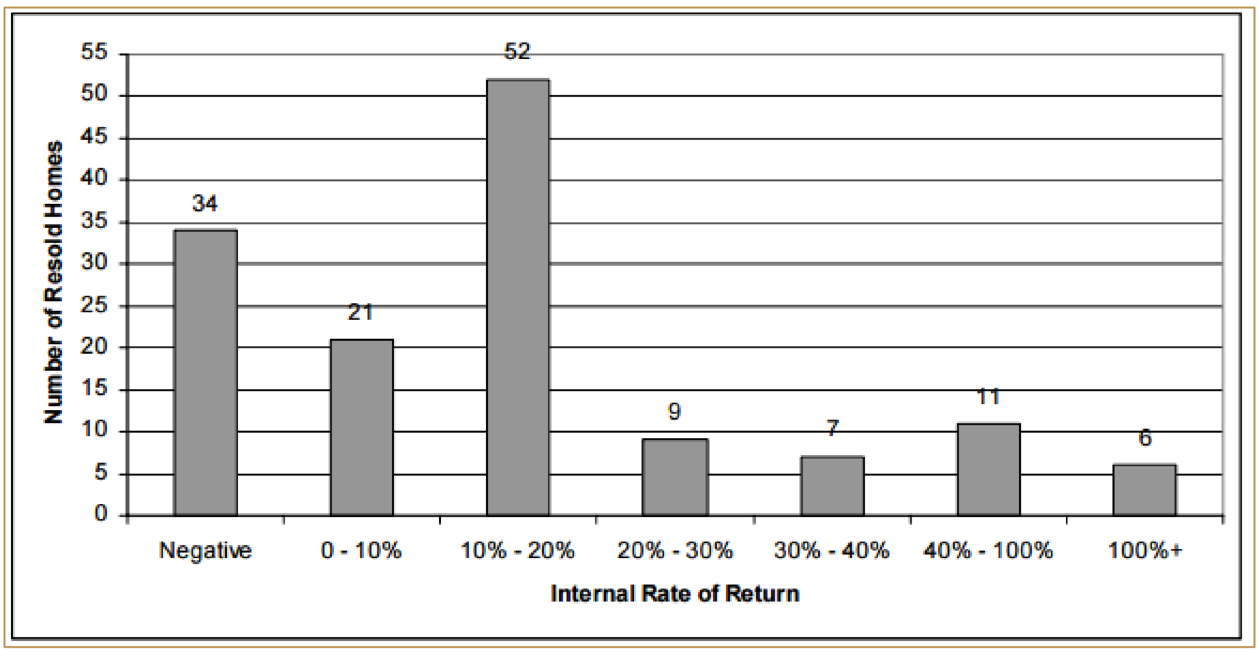
LEHCs don't provide the same amount of equity that a traditional market rate home may provide; hence, limited equity. But it does, however, provide community benefit. For the Wildwood cooperative, a number of resident members did benefit upon resale. The study reports the following:

- Resident members received $6,277 (in 2008 $) on resale from the combination of principal paid on their share loan and the limited appreciation on the resale.

- Resellers received the entire principal amount they had paid off on the loan they obtained to finance their resident member share.
- Resident members observed a net equity gain of $2,015 on initial investment (approximately $1,250 – down payment and closing costs) (Temkin, Theodos, & Price, 2010).

All resident members did not receive the same benefit, however. Figure 15 illustrates the share of positive and negative resell returns. Of the 140 resells, 60.71% of the resident members received internal rates of return at or above 10%.

Figure 15: *Rates of Return for Resold Homes [Shares] in Wildwood*



SOURCE: (Temkin, Theodos, & Price, 2010) Negative IRR includes 19 sales in which the reseller's effective appreciation is negative and larger in magnitude than the down payment.

The property is managed by an organization whose employees are also resident members of the cooperative. This provides active community of vested individuals who take pride in and care of their properties. This level of involvement encourages community and increases the social capital of the cooperative.

Challenges and Opportunities

The most obvious opportunity of the Wildwood cooperative is to continue to provide affordable housing through the LEHC model. The rates of returns that resident members received contributed to their upward mobility as the exited the cooperative with (potentially) more than they came in with. The study, however, stated that the HUD insured loan would expire in 2011, with no information about whether the board of directors would continue to provide cooperative housing or if they would venture to the open real estate market. If they took the market rate route, the challenge would be determining a way to provide membership shares with comparable carrying fees (inflated to reflect 2016 dollars) and amenities. Especially following the Great Recession, this SW Atlanta neighborhood would likely not solicit investment comparable to the value of the property pre-recession. These implications could affect the affordability of the property to future resident members.

Still, this cooperative was able to maintain its affordability during a time of significant housing market appreciation, providing resident members with secure and affordable housing. According to the Cooperative Homes website accessed in November of 2016, the Wildwood Park is still affordable, with one, two and three-bedroom units ranging in price from $16,000, $30,000 and $35,000 respectively.

Case Study II: Marksdale Gardens

Cooperative and Membership Structure

In 1988, Marksdale Gardens was a pilot property disposition program created by HUD to test owner-management as a model for revitalizing foreclosed and/or subsidized HUD property. Resident members of the Marksdale Cooperative acquired the 178-unit townhouse property as a LEHC to provide an affordable alternative to market rents. The Marksdale residents formed this cooperative, electing a board of 9 members in response to insensitive and ineffective property management. The board-members are elected by resident members through a nomination committee, or through floor nominations at annual elections. (Shelterforce Online, 2016).

The tenant selection process includes a credit check, previous landlord references, a home visit, and one family interview on the property with a board member. Resident members receive a handbook, outlining the history of the cooperative, lease copy, and an explanation of the rules. The stringent process is centered on attracting motivated and participatory resident members.

Payment Structures and Financing Strategies

With support from Boston HUD staff, the residents were well informed about the process of creating a co-op; especially with regard to their lack of funds. The original rents (in 1996 $) ranged from $180, $198 and $250 for two, three and four-bedroom apartments, respectfully. Unfortunately, these rents would not cover the costs of maintaining the property. Accordingly, the cooperative imposed $100 increment increases up front, and an additional $100 when the units were sold. Still, the money wasn't hitting the escrow account fast enough, so a local church stepped in, lending $40,000. Slowly but surely, the resident members were able to pay the loan off. By this time, HUD was prepared to render the deed to the cooperative. They were able to obtain a %700,000 mortgage on the property at a rate of 13.5 over 15 years. Units were contemporarily converted, increasing the carrying fees (in 1996 $) to $528, $608 and $680 for a two, three, and four-bedroom unit respectively (Shelterforce Online, 2016).

Affordability and Community Impact

In comparison, the median rent in the Boston area in 1990 was $564. In 1996, the average rent of the Marksdale cooperative was $605.33. Over six years, a 7% increase was observed over the Boston average when the rest of the city was experiencing exorbitant rent increases (Paez, 2015). With an average adjusted income of $12,173 for residents, a rate of 45% of the AMI of $26,963, this cooperative is providing affordable housing (Shelterforce Online, 2016).

There is a large population of seniors in the cooperative, many of whom receive Section 8 assistance to help with their carrying charges. This is another function that helps Marksdale remain affordable. Marksdale is committed to maintaining current market standards, investing between $11,000 and $18,000 in enhancements per unit turnover. Section 8 certificates help to cover some of those costs. The aforementioned level of investment correlates with their commitment to provide a good environment to attract good people (Shelterforce Online, 2016).

In addition, the cooperative's organizational structure is one that yields collaboration and participation; albeit, only from a few resident members. Trust and respect had been established due to the continuity of the board—consisting of members who were active in the acquisition and organization phases of the cooperative. The board encourages self-help initiatives, providing ways that resident members can conserve usage and save money (Shelterforce Online, 2016).

<u>Challenges and Opportunities</u>

A considerable challenge faced by the Marksdale cooperative is the lopsided participation of resident members. The study reports that the same resident members attend the cooperative events, assist with accomplishing tasks. Platforms for communication and group activities vary in effectiveness and consistency. To maintain successful cooperatives, it takes work from all resident members in every attempt to not burn people out. Garnering adequate participation will be of grave importance as Marksdale moves forward.

The cooperative accepts support from HUD, the Community Economic Assistance Corporation (CEDAC), and the Association for Resident Controlled Housing (Shelterforce Online, 2016). Receiving technical assistance is a vital part of their success and will continue to inform opportunities moving forward. The education about and exposure to programs and resources will help resident member leaders make thoughtful decisions about the cooperative organization. Complying with the budget, identifying potential funding, staying abreast on tax matters, and continually implementing innovative and strategic plans is no simple feat. However, taking advantage of the relationships maintained with the different entities will prove beneficial over time.

Case Study III: The Amalgamated Houses

<u>Cooperative and Membership Structure</u>

In 1927, the Amalgamated Clothing Workers of America (ACWA) sponsored the Amalgamated—one of the earliest LEHCs in the United States. With over 1,482 units in eleven buildings, the Amalgamated is home to many families. To be eligible for a unit share, families including up to three people cannot exceed 7 times the total annual carrying charges for the unit that they are selecting. However, families of 3 or more can still be a part of the cooperative by paying a 25% surcharge if their income is greater than the standard limits (Gauding, 2011).

There are 12 board members whose responsibility is to maintain ongoing operations of the cooperatives. The Board determines the policy, budget, authorizes contracts, and manages other business as necessary for the management of the cooperative. At the annual Stockholders Meeting, elections are held and stockholders are entitled to a vote for board members. The board conduct home visits for each future resident member (Gauding, 2011).

<u>Payment Structures and Financing Strategies</u>

In the late 1920's, Abraham Kazan in conjunction with the Amalgamated Clothing Workers of America, funded and organized the development of affordable housing for the work class. This was the first development to utilize the LEHC model in the United States. It also received protections under the New York Private Housing Finance Law, contrary to the Mitchell Lama law. Article IV provides that affordable housing organizations can conduct business as corporations, partnerships or trusts in perpetuity.

Affordability and Community Impact

Currently, to purchase share in the cooperative at the Amalgamated, you should be prepared to extend a purchase in the range of $22,000 and $44,000, with an additional $575 to $1427 per month in carrying charges depending on the unit type. For New York City, that is affordable. There is also a 2-7 year waitlist (as of 2011). Loans can be provided through the onsite credit union (Amalgamated Housing Corporation, 2014).

Since the early inception years, education has been a big component of this cooperative. This department provides training and instruction in addition to community activities. The cooperative newsletter, *Community News*, has been in print and circulation since 1929. Overall their mission is to:

> Provide quality housing and a strong community or people of moderate income. To operate and live in accordance with the cooperative ideals, including democratic governance, shared responsibility, constant education, and mutual respect.

The Amalgamated is ethnically, religiously, and racially diverse—providing quality and affordable housing to many different types of people (Amalgamated Housing Corporation, 2014).

Challenges and Opportunities

This study is one of the most successful, as it is still thriving after 89 years. Its longevity is a testament that housing affordability can be a constant and persistent option, as opposed to a new and inventive approach to planning and real estate development. Built on the backs of the working class, this cooperative is a reminder of the power of the working person in their ability to work together collectively to the benefit of all.

Over time, the Amalgamate has witnessed a change in demographics, observing a far more diverse population than when it was first began. This is also another positive indicator that the social cohesiveness of the cooperative is one of inclusion and progression. Even as racial tensions are high and income inequality is great in the rest of the nation, the resident members of the Amalgamate have found a way to live together in harmony.

One challenge may be sustaining the affordability in the absence of labor unions in today's society. While the Amalgamate was developed right near the Great Depression, the labor union was able to continue sponsoring the cooperative because the mortgage was low and carrying charges affordable (Sazama G. , A Brief History of Affordable Housing Cooperatives in the United States, 1996). The decrease in labor unions, increase in economic and racial inequality in addition to sparse recovery rates throughout the nation, alternate financing options may need to be researched.

Case Study Synthesis

These case studies provide examples of stable and attributable methods for the LEHC model. They are synthesized by their inherent ability to aggregate people to utilize their skills for the greater good of the community. While they each present their own challenges, the main opportunity presented is consistent: keep quality housing affordable. In each case, a hybrid of federal legislation, state and local community development participation, and individual grit enabled the successful development of a housing cooperative.

Challenges, of course, are apparent in these cases. First, different regions of the country are more likely to establish support and attract the federal funds necessary to be met by local organizations for cooperative housing. While these case studies I have researched provide exemplary accounts, the southeastern region is not as innovative in their approaches to solving the housing crisis. Presently, there are eight listed, and six active cooperative developments in the metro Atlanta area, providing 825 units. With 5.7 million residents (as of March of 2016), those units don't put a single dent in affordable housing solutions, despite its affordability (Niesse, 2016).

In addition, creating community doesn't always create synergy. Each case study introduced its own method of membership intake, attempting to select 'like-minded' individuals who are active resident members. Still, people are people. The human factor to this process implies that there will be imperfect participation and varying levels of engagement. Unfortunately, in some cases, the resident member leaders are most active.

Finally, there seems to be a scarcity of up-to-date data regarding the progression of these cooperatives. Some websites weren't updated while others posted outdated listings. For those of us studying this information, up-to-date and accurate information is necessary to research the current evolution of this model.

Strategies and Recommendations

The cooperative model has deep roots in the fabric of America. The Natives who were here long before us honored the sharing economy even upon the arrival of the early settlers. From that time until now, the sharing economy has become overshadowed by the capitalistic forces for which have been engraved in us. Those same capitalistic forces have shaped the principles of the 'American Dream.' The generations before us began their families, purchased their homes, and built their white picket fence far before this generation has even completed higher education (Emmons & Boshara, 2014). By circumstance, however, we are *re*shaping the principles of the American Dream. Our evolving interest in caring for the environment *and* each other, provides a viable framework for combating these disparities. Evenmore, the non-economic values of homeownership, including a sense of home and stability, improve the physical health of families, increase participation in civic activities, improve educational performance, and increase racial and economic integration (Lawton, 2014).

More intentionally, we must resurrect new and innovative leaders; those willing to challenge the powers that be for the greater good of all; those who are capable of demanding our unalienable rights without negotiation; those who have a heart for community; and, a desire for equity. The new leaders will be charged with the assignment of convincing municipal and federal leaders that housing is a right and not a 'new urbanist' luxury in a walkable neighborhood (Bratt, Michael, & Chester, 2006). The strategy of a fearless leader encompasses knowledge of history with the innovation of today to come up with unique programming that supports the LEHC and other cooperative models.

Education will continue to play a significant role in the fight for affordable housing. The acquisition of sophisticated skills and applicable knowledge that continues to evolve in the current environment of reduced funding is vital for community organizers and municipalities. Training of and technical assistance to resident members is also of grave importance. Including the resident members from the communities for which we plan is the key to cooperative relationships. Individual relationships eventually evolve into networks of willing participants prepared to identify solutions.

The eradication of poverty may be the most impossible yet necessary task to date. At catastrophic rates, the richer are becoming richer, while the poor are becoming poorer (Birchall, 2003). We must incorporate mixed-income policies in our housing policy to better integrate different classes of people, situating them near desirable development characteristics (Perkins, 2007). “After all, it was poor people who originally invented cooperatives as a form of economic association that would help them climb out of poverty” (Birchall, 2003, p. ix).
Finally, and most relevantly to our current political climate, we must strive for social cohesiveness. This can be achieved through, “Social networks that facilitate cooperation to achieve group, as well as individual goals” (Saegert & Benitez, Limited Equity Housing Cooperatives: A review of the literature, 2003).

Further Study

There are new and inventive approaches for which the LEHC model can be incorporated in an effort to provide access to housing in addition to schools, transit, health centers, grocery stores, and retail shops. Those approaches were not included in this paper for the purpose of brevity. But for more time, I would have studied Transit Oriented Developments and how their financing model could be adjusted to provide cooperative housing and better access to basic services.

In addition, I would have researched in detail how cooperative living situations affect school-aged children. With the persistent emergence of charter and home-based schooling, it would be interesting to see how cooperative and communal environments facilitate learning in non-traditional school settings. While I briefly touched on the social capital benefits of the LEHC model, incorporating education would likely illuminate more benefits of living *and* learning together.

Moreover, studying the linkages between cooperative farming and cooperative housing may have also been beneficial to this research. Channeling my inner Fannie Lou Hamer in conjunction with my undergraduate background in Environmental Studies may have better articulated the sustainability emphasis that I attempted to impart.

It may serve this research to identify a conversion plan of the LEHC model with Community Land Trusts (CLT) (Ehlenz, 2013). Hybrid housing models that can be adequately funded through existing legislature are worth investigating. While the LEHC model is a functional model for providing affordable housing solutions, expanded models that further account for access to other basic services should be explored.

Finally, a substantive component of this research that is missing from this paper is the international perspective of the LEHC model. The sources for which I have examined suggest that LEHC models have been more successful overseas due to the programing, supportive structures, and embedded autonomy that enable the growth of housing cooperatives (Ganapati, 2010).

Conclusion

Is the dream deferred? I would venture to say that it is temporarily delayed, barring mindful and innovative leaders that will aggressively seek solutions to the racial and income divides affecting the affordable housing crisis faced in Atlanta and abroad. The LEHC model, however, is a strong example of a tool that can be used to provide affordable housing to the most vulnerable of the populace.

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