

# Progressive Planning

The Magazine of Planners Network

## Peter Marcuse and Critical Planning



### Also In This Issue:

**New Strategies for Housing Rights**

# The Seventh Generation

*"In our every deliberation, we must consider the impact of our decisions on the next seven generations."*

*-From the Great Law of the Iroquois Confederacy*

## From the Homeownership Trap to Alternative Forms of Tenure and Financing

by Michela Zonta

Open the newspaper on any day of the week and you will most likely come across a headline such as "U.S. Unemployment Rate at 26-Year High," "Hundreds of Workers Laid Off," or "Area Foreclosures Increase," along with news about business closures, bankrupt financial institutions and increasing rates of homelessness.

Such headlines and news are not very different from those of the late 1920s. Indeed, the scale of the current economic recession has often been equated with that observed during the Great Depression. Ironically, the very institutions that emerged as a response to the Great Depression have largely contributed to the recent housing crisis, along with the belief in homeownership as a potent symbol of the American Dream. And, yet again, they have been at the core of a variety of policy responses. What we need instead today is a progressive reexamination of homeownership and laissez-faire housing policies and practices in favor of alternative forms of housing tenure and more aggressive techniques to preserve low-income rental units.

### Homeownership as National Policy

At the core of the current crisis are a number of institutions and mechanisms that emerged in response to the Great Depression. Before the Great Depression, the financing of home purchases was very expensive and only the most affluent

segments of society could afford homeownership. The collapse of the housing industry following the Wall Street crash of October 1929 prompted the federal government to adopt a series of initiatives to stimulate overall economic recovery by addressing both unemployment and the shortage of affordable housing. By sponsoring slum clearance and the construction of public housing in inner cities, the federal government sought to boost employment in the housing industry and provide affordable housing for the poor. It also sought to ensure that more households could afford to own their own homes through the establishment of low down payments, reduced monthly payments and long-term mortgage loans, as well as with the creation of insurance schemes designed to stabilize financial conditions for homeowners and mortgage lenders.

Federal responses to the housing crisis of the late 1920s are often associated with programs such as public housing, which were designed initially for the "worthy poor,"—formerly middle-class and working-class families in need of temporary housing. Over the years, however, the direct provision of housing by the federal government turned into a means-tested solution for the poorest residents, which diminished both its public support and its impact. It is the large, although less visible, set of federal programs supporting homeownership for white middle- and upper-income consumers that originated and crystallized in the wake of the Great Depression that has **cont. on page 4**

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**Correction:** In the Fall 2009 issue we neglected to mention that a previous version of the article about the Right to the City Alliance by Jacqueline Leavitt, Tony Roshan Samara and Marnie Brady appeared in the Poverty & Race Research Action Council newsletter from September/October 2009.

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*Progressive Planning* is published quarterly by Planners Network, Inc., a non-profit corporation in the State of New York.

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had the most substantial and lasting impact on the housing market. These programs and institutions, along with an overall ideology, developed in support of homeownership played a key role in the economic recession of eight decades later.

By facilitating access to mortgage lending, New Deal policies contributed to the illusion of homeownership by creating a dependence on credit. This illusion, coupled with an over-reliance on the private market to be the primary provider of housing and the cultural and social significance attached to single-family homeownership as a potent symbol of the American Dream, are the key forces that led to the current housing crisis. And, similar to eighty years ago, these have also been the basis for the most popular responses to the economic recession. Since the Great Depression, homeownership became the goal of increasingly larger segments of society, thanks to the restructuring and deregulation of the mortgage lending industry. The growth of the secondary mortgage market and innovations in credit scoring, in particular, made it easier for lenders to secure funds and assess risks of default. At the same time, the subprime mortgage market made it possible for large numbers of marginal borrowers to be part of the American Dream, despite the high and hidden costs often associated with such loans.

Following the recent burst of the housing bubble—fed by record-

level low interest rates—property values rapidly declined across the nation, making refinancing of existing mortgages unaffordable for many homeowners. At the same time, rising interest rates in the subprime mortgage market made many homeowners unable to meet their financial commitments, threatening the solvency of several financial institutions. Similar to the Great Depression, the housing and financial collapse precipitated a severe credit crunch, a sharp rise in home foreclosures, loss of savings by many households, declining stock prices, a drop in housing construction, the collapse of financial institutions and other businesses and skyrocketing unemployment rates.

### **Here We Go Back to the Homeownership Myth**

During the first year of the Obama administration, a number of policies and programs were devised in order to boost the economy and address the devastating impacts of the current housing crisis on large segments of the population. These included bailout legislation for troubled lending institutions, tax credits and foreclosure moratoria, among others. Although much of this policy agenda ought to be praised by liberals and conservatives alike, proposed housing-related programs and policies, once again, seem to emphasize homeownership.

Given the importance historically attributed to single-family

homeownership in American society, it is no surprise that homeowners have received most of the attention of the media and policymakers in the wake of the current housing finance collapse. Without a doubt, homeowners are being hit hard by the foreclosure crisis, particularly those with limited financial resources and poor credit who succumbed to the illusion of homeownership at the hands of financial institutions and practices that targeted marginal borrowers and a society that oversold its benefits. For many, however, foreclosed properties have suddenly changed from a symbol of the American Dream and of economic, social and psychological security to a true nightmare and financial point of no return.

### **The Squeeze Is On the Renters**

Much less attention has been devoted to those segments of the population who do not explicitly conform to the single-family homeownership norm—renters. Renting has historically been associated with low-income families and people of color. Most importantly, in a society where private property is central, the right to housing is non-existent and homeownership represents the “passport” to full citizenship rights, tenancy has traditionally been associated not only with limited housing security but also with lower social and political status and less than full citizenship, especially for those who are permanently locked into this form of tenure because of very low incomes.

As the National Low Income Housing Coalition claims, low-income renters had already been experiencing a housing crisis before the inception of the current wave of foreclosures; since the mid-1990s, affordable housing had been in short supply. Renters are also not immune from the foreclosure crisis. A large proportion of renters are at risk of losing their homes because the buildings in which they reside are threatened by foreclosure. Most importantly, as large numbers of homeowners lose their homes to foreclosure, the pressures on the rental market increase by further shrinking the supply of affordable rental units, pricing those with very low incomes out of the rental market and contributing to higher levels of overcrowding and homelessness.

Housing security for low-income renters is increasingly being jeopardized by an ever-shrinking supply of affordable housing. This situation is exacerbated by the depletion of federal tenant-based housing subsidies and the net loss of affordable housing units resulting from the conversion of public housing into mixed-income developments. Indeed, in contrast with the New Deal era, the poor and society at large can count on neither the direct provision of housing by the government nor the series of other welfare subsidies that used to serve as an important safety net.

### **Toward Alternative Forms of Tenure and Social Housing**

The continuing reliance on the private market despite its apparent failure, and on the ideal of homeownership, may represent an effective response to the current housing crisis only for those who were already better off at the onset of the recession. When it comes to marginal borrowers and low-income renters, however, the dissolution of the welfare state makes economic recovery and poverty alleviation more challenging than ever. These dynamics call for a reexamination of the ideology and normative orientations that have justified and continue to justify housing policies and planning.

Progressive policymakers and planners along with grassroots practitioners and advocates for the right to housing should take advantage of the momentum represented by the current crisis to advocate for the preservation of low-income housing and for secure tenancy for all renters, especially those with very low incomes and at risk of losing affordable housing. At the same time, they ought to urge a shift in national policy to support the adoption of social ownership and social financing policies and practices along with alternative forms of tenure that have almost never been embraced by American society but that have the potential of alleviating homelessness and poverty.

Successful examples of alternative forms of tenure and social housing may be found in other industrialized societies where housing, like health care, represents a social entitlement. Shared housing and cooperative housing, for instance, have long been adopted in several European countries as effective means to ameliorate market forces in the provision of affordable and good quality housing.

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# Peter Marcuse at 80: *His Extraordinary Contributions to Progressive Planning*

by Clara Irazábal and Susan Fainstein

Peter Marcuse is known throughout the world as a leading scholar and practitioner of progressive planning, but he has also been an outstanding member of Planners Network since it was founded in 1975.

Peter is an attorney, a practicing planner and a teacher of planning. He is truly one of the most multifaceted, committed and productive planners anywhere. As a devoted planner and educator, he has worked extensively inside and outside academia and government to promote the highest ethical standards for the profession. He has also been a consistent advocate for social justice.

The following review of Peter's scholarship, teaching excellence and service in the field of planning shows how significant his contributions have been.

## **Marcuse the Scholar**

Peter's contribution to human settlements research, thinking and practice is internationally recognized. He has written on a broad variety of topics and his work has been widely cited across

the world. His writings are in German as well as English. He has written or edited eight books and over 200 papers in over thirty professional and scholarly journals and he is on the editorial board of several journals, including the *Journal of Planning Education and Research*. His contribution, however, is not simply a matter of quantity. Rather, he has had a major effect on the field in a number of areas, including racial discrimination, housing policy, comparative planning and globalization.

Peter's first major published piece, in the *Journal of the American Institute of Planners* (predecessor to the *Journal of the American Planning Association*) dealt with professional ethics, and his interest in the subject has been ongoing. Peter's writings on the ethics of the planning profession have been widely assigned in urban planning programs and have helped to shape the profession. He has pressed the American Institute of Certified Planners (AICP) to improve and implement its professional code of ethics.

Peter has consistently critiqued U.S. housing programs and developed

ideas for alternative approaches, offering fruitful comparisons with European programs. The range of his work on housing extends from compiling the New York City Housing and Vacancy Survey—a critically important empirical tool—to conceptual pieces, including his very influential essay “Housing Policy and the Myth of the Benevolent State.” He has also made important contributions to scholarship on housing in Eastern Europe.

Peter's recent works focus on spatial divisions within cities. Also important and widely cited is his theoretical approach to the differing meanings of neighborhood homogeneity in neighborhoods with different social composition. This work reveals the connections between urban development and globalization. His two edited books in this area have been seminal in developing this relationship.

Frankly, the variety of subjects that Marcuse has studied and written about makes any summary difficult. Despite this substantial scholarly output and range of interests, Peter has been consistently guided in his scholarship by a commitment to

## **Peter Marcuse and Critical Planning**

### **Also in this section:**

*What We Can Learn from Peter Marcuse: “Think Critically, Act Critically!”*  
by Jacqueline Leavitt (p. 9)

*Changing Times, Changing Planning: Critical Planning Today*  
by Peter Marcuse (p. 13)

social justice. And his progressive voice has been consistent, original and productive.

### Teaching Excellence

Peter taught at the University of California, Los Angeles after receiving his PhD, and since 1975 he has been teaching at Columbia University, where for many years he was chair of the planning program. Although now officially retired, Peter continues to teach courses and is highly respected by his students. He has taught a great variety of subjects at the master's and PhD levels, reflecting the broad range of his scholarship. Subjects include planning theory and ethics, housing and housing policy, comparative housing and planning issues, social policy planning, globalization issues and community participation in planning, as well as planning studios.

Most recently he collaborated with a group of Columbia doctoral students to edit the book *Searching for the Just City* (Routledge, 2009). In addition to his teaching at

Columbia and UCLA, Peter has been a visiting professor at universities around the world, including in South Africa, East and West Germany, Canada, Australia, Hungary, Austria, Venezuela and Brazil. He has also given guest lectures at many more universities, including in China, New Zealand, Portugal, France, Argentina, Israel, England, Scotland, Wales, Croatia, Vietnam, Singapore, Belgium, the Netherlands, Sweden, Norway, Greece, Russia, Japan and Finland. His teaching has won widespread praise from students and colleagues for his conscientiousness in course preparation, openness to the input of others and the thoughtfulness in which he presents his subject matter.

### Community Engagement

Peter's service to communities and the planning profession has been extraordinary and exemplary for a scholar. He has acted as *amicus curiae* (friend of the court) in housing cases, advisor to state and local governments and framer of innovative policy approaches in places as disparate as New York, Israel and South Africa.

Peter has held a variety of public offices, including membership on the City Planning Commission of Waterbury, Connecticut; president of the City Planning Commission of Los Angeles, California; and chair of the Housing Committee of Manhattan Community Board 9 in New York City. In Waterbury, he helped spearhead a referendum establishing the procedure for the use of governmental powers to improve blighted areas and served as founding chair of the city's anti-poverty agency (in the days of the federal War on Poverty). In his work with local government he always insisted that social factors be considered in planning and zoning decisions. In Los Angeles, he served on the Planning Commission in the early stages of development of the city's poly-nucleated long-range plan. In New York City, he focused on the issue of the disposition of city-owned property and was successful in achieving the adoption of a statement of principles committing the city to the redevelopment of city-owned property to meet the needs of existing residents. He has also been a consultant to the U.S.

### Marcuse on Olympic Cities....

"Cities have pursued hosting the Olympic Games out of a variety of motivations, often more than one. Absent from these motivations in recent years has been the original purpose of the Games: to promote peace....When an Iraqi soccer team took the field in the Athens Olympics, there was no reference to the fact that their country had been invaded by a foreign power, the war was in fact being waged by participants in the Games against the peoples of other participants. But then the Games have become spectacle, entertainment, rather than a component of an international relationship among states and peoples based on universal moral principles."

"In the end, New York City's Olympics bid seems to be more about a huge real estate development on the far west side of Manhattan, anchored by a football stadium (and about the fixations of important people in government), than about Olympic sports competitions or, certainly, than about peace, even at a city level."

From "New York City's Olympic Bid—Why?" *Progressive Planning* 161, Fall 2004.



Department of Housing and Urban Development, the New York State Division of Housing and Community Development and the City of New York's Department of Housing Preservation and Development.

As an expert witness on planning issues, Peter has testified or given affidavits in a number of important lawsuits, including the Yonkers (NY) school desegregation case, the Department of Justice's lawsuit against Island Park (NY) for discrimination in the use of federal housing subsidies and for a number of low-income housing projects. He produced an important affidavit and wrote a key article arguing for the inclusion of social impacts in environmental impact statements under New York State law. He is currently active on a number of housing and planning issues in New York City, including the planning for Lower Manhattan after 9/11, housing policy and subsidies for low-rent housing.

Peter has served on a staggering number of boards and advisory committees. He is a charter member and elected fellow of the AICP and serves on its Committee on Global Planning. He has been active in the American Planning Association (APA), including as a member of the executive committee of the New York

chapter. He is one of the founders of the Global Planning Educators Interest Group (GPEIG). A few years ago, he founded a group for New York City urban scholars around the theme of the right to the city. The group meets regularly and is linked with the Right to the City Alliance, in which Planners Network serves as a resource group.

### **The Legacy and Recognition of Peter Marcuse**

Peter Marcuse is known for his extensive expertise in many areas of planning and his broad experience in analyzing the multifaceted challenges to sustainable and equitable urbanization in many regions of the world. He has been exceptional in his ability to be both realistic and inspirational in his multiple writings, talks and service engagements. As a planner that has exemplified a lifelong balance between thinking and acting, Peter has stimulated global dialogue that bridges new thinking and new approaches intended to address the challenges of our urban world. He has affected generations of practitioners and scholars who take with them a strong commitment to planning ethics and social equity. He stays in touch with scholars in a multitude of planning programs in the U.S. and abroad. Within the practice of planning

his voice has persuaded many who have served along with him or subsequent to him on the innumerable planning bodies and commissions for which he has found the time.

Peter's work was recognized by two conferences in 2008 held in his honor. "The Right to the City: Radical Urbanism" was held in New York City and Berlin. Two issues of the journal *City: Analysis of Urban Trends, Culture, Theory, Policy, Action* (v.13, no. 2-3 & 4, 2009) discussed his work and legacy. The *City* editorial in issue number 2-3 states, "The inspiration for much of the work presented here is the continuing, theoretical and practical journey from Europe to North America (and back) provided by the lawyer, planner and urban scholar Peter Marcuse—drawing on, developing and applying the critical theory and witness of his father Herbert Marcuse."

*Progressive Planning* echoes these words to honor our mentor and friend, Peter Marcuse.

*Clara Irazábal is an assistant professor of international urban planning at the Graduate School of Architecture, Planning and Preservation, Columbia University.*

*Susan Fainstein is a professor at Harvard University's Graduate School of Design.*

### **Marcuse on Rebuilding New York...**

"Public space and public use must be major goals; security concerns should not be allowed to interfere with accessibility and the free use of such spaces."

"The frequent repetition of the undoubted importance of global competitiveness for the city must not be allowed to obscure the fact that serving the interests of those benefiting from global competitiveness, including real estate developers and financial interests in the financial district, may or may not be of benefit to the majority who are involved in the more local aspects of the economy."

From "Planning after September 11: The Issues in New York" *Planners Network Magazine* 150, Winter 2002



# What We Can Learn from Peter Marcuse: “Think Critically, Act Critically!”

by Jacqueline Leavitt

In his long and productive career as a planner, academic and lawyer, the writings and speeches of Peter Marcuse question the foundations of planning practice and thought. Whether it is about ethics, housing, civil rights, the role of the state or social movements, Marcuse advances our understanding of structural conditions that create social change, i.e., are transformative in relation to the distribution of power and wealth and not merely palliative exercises or superficial actions.

Peter has been a major force in putting forward the idea that planning *is* critical thinking, and that planning tools can be used in ways to change conditions for exploited and dominated people. At the heart of his research, writing, teaching and practice lay basic ideas about values, and he repeatedly challenges us to distinguish between right and wrong.

## **Progressive Roots and Political Action**

It may be that the development of these ideas is most apparent in the realm of housing, but to separate Peter’s work by issue area is as wrong as it would be to

identify him by only one of many present and past occupations. Whether as a lawyer-planner or planner-lawyer, or as an academic, Peter has also always been an activist, participating in progressive events as far back as the summer he collected signatures for the Progressive Party candidate Henry Wallace who unsuccessfully ran against Harry Truman in 1948.

Peter handled a lawsuit for the N.A.A.C.P. Legal Defense and Education Fund in the 1950s, was elected to the Waterbury (Connecticut) Board of Aldermen in 1959 and then became a member of the Waterbury City Planning Commission and about ten years later, when he began teaching at UCLA, became president of the Los Angeles City Planning Commission.

Peter was arrested twice. First, in the summer of 1950, when he organized a small factory with the United Electrical Workers (UE) and was arrested walking the picket line. His second arrest came some three decades later when East German police were sweeping up those congregating in the center of East Berlin just before the Berlin Wall came down. In the mid-1950s, Peter was fired

from a New Haven law firm for his leftist views and activities. Freedom Summer brought civil rights activists to Mississippi and Peter worked as a lawyer with the Lawyers Constitutional Defense Committee.

It is likely that Peter’s outspoken defense of progressive ideas led to his defeat for a second term on the Waterbury Board of Aldermen. In the 1960s, at the University of California, Berkeley, where Peter received his doctorate in planning, he joined anti-war protests and boycotted classes. In more recent times, Peter participated in electoral campaigns for progressive candidates and helped in 1994 in drafting district voting legislation for the African National Congress (ANC) in Johannesburg, South Africa. Since 2000 he has continued to work for democracy in planning in New York City. He served on Community Board 9 and was chair of its Housing Committee and drafted revisions to the New York City Charter decentralizing power to community boards. He also co-initiated the Right to the City Study Group. His articles, books and public lectures continue to be in the forefront of controversial planning issues, including his ideas on the creative class, gentrification and globalization.

## A Wide Scope of Writing

Peter's writings, like his occupations/professions, should not be separated into silos. An early article of his on housing and planning identified twin paths in the fields of city planning and public health, far ahead of planning departments offering joint degrees in urban planning and health. His articles on ethics extend to current conflicts over space; one example he cites is the wall Israel erected to isolate the Palestinians and limit the opportunities for an effective peace agreement. An article of his on gentrification looks at the twin face of abandonment and gentrification to more deeply grasp the ways in which the process for each arises from "common causes." He notes that "abandonment and gentrification both are reflections of a single long-term process resulting from the changing economy of the central city." Peter questions the myths of traditional planning and his oft-cited article "The Myth of the Benevolent State" was a breakthrough in planning

education, providing a critical frame for analysis of housing and urban policy. His articles on public housing and affordability parse the literature in order to arrive at deeper analyses of topics that are too often generalized. The pity is that these writings, despite their unifying threads, which would support more interdisciplinary teaching, likely only surface in individual classes that fit into topical silos.

Let us look at the broad scope of Peter's writings by examining some themes that he began in his early career and continues to refine today.

Peter first made an important distinction, for example, between alienation and amelioration in his 1975 article "Residential Alienation, Home Ownership and the Limits of Shelter Policy," which appeared in the *Journal of Sociology and Social Welfare* and was also the basis for his doctoral dissertation. He relates the concept of alienation to housing and comments, "It is indeed curious that the idea of alienation is so scarce in the

housing literature. Intuitively, it belongs there, almost uniquely." Peter identifies three types of alienation: residential alienation as the "condition of estrangement between a person and his/her dwelling;" social alienation as the "condition of estrangement between a person and his/her community;" and self-alienation as referring "broadly to the state of alienation in the individual."

In 2006, in an article called "The Permanent Housing Crisis: The Failures of Conservatism and the Limits of Liberalism," Peter and co-author Dennis Keating conclude by stating that housing policy in the United States has alternated between "liberal" and "conservative." They note that the differences are only at the margins, however, with "conservative policies often aggravating housing problems, and liberal policies rather tending to ameliorate them." Both neglect more basic alternatives.

Most recently, on the occasion of his 80<sup>th</sup> birthday, a symposium was organized in Berlin, Germany, around theory and

### Marcuse on Sustainability...

"'Sustainability' as a goal for planning just doesn't work. In the first place, sustainability is not a goal; it is a constraint on the achievement of other goals. No one who is interested in change wants to sustain things as they are now. Taken as a goal by itself, 'sustainability' only benefits those who already have everything they want. It preserves the status quo, making only those changes required to maintain that status."

"Indeed, a just, human, and environmentally sensitive world will in the long run be better for all of us. But getting to the long run entails conflicts and controversies, issues of power and the redistribution of wealth. The 'sustainability' slogan hides these conflicts instead of revealing them."

From "Sustainability Is Not Enough" *Progressive Planning Reader* (2004), pp. 62-63.

practice in relation to the Right to the City. In the article based on his opening statement, "From Critical Urban Theory to the Right to the City," Peter argues that the selling of homeownership as the American Dream in many ways has parallels with other policies and prejudices, all of which affect people's lives: anti-abortion and right to life, the right to hold guns, anti-tax measures, homophobia, racism, anti-immigrant sentiment, religious fundamentalism, family values, chauvinist war-mongering, false patriotism and elements of sports fanaticism. Peter also writes: "It is tempting to use Freudian terms for the process, repression of discontent and its sublimation in the *emotional phenomena*, a catharsis in which emotion is attached to these issues and removed from more dangerous discontents, or even realization of discontent. *A direct confrontation with this repression/ sublimation may have to be a very concrete part of any practical*

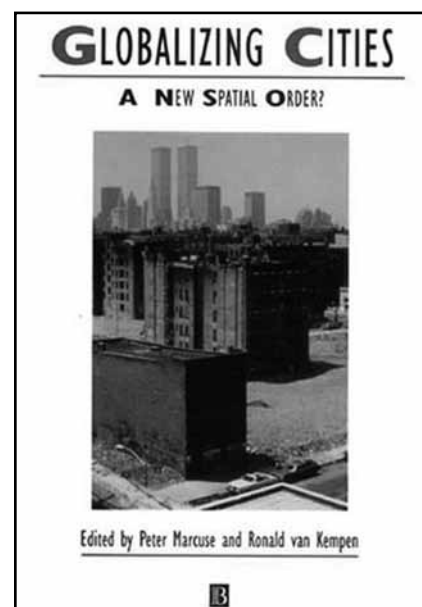
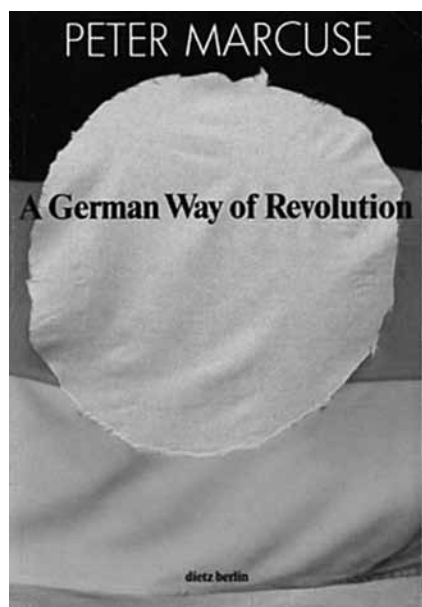
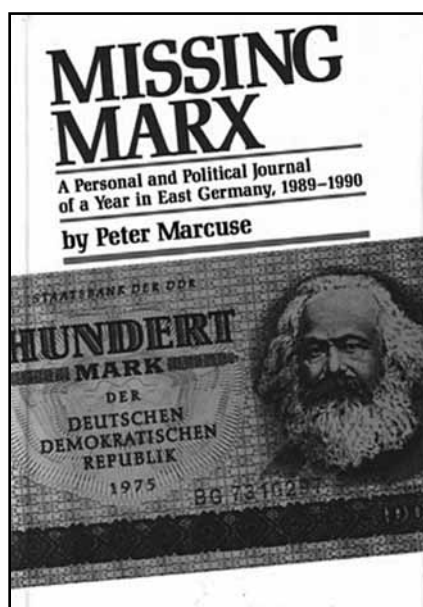
*political action to achieve real change*" (emphasis by author). This formulation links to work in other disciplines, especially recent scholarship in sociology (for example, in the edited volume by Jeff Goodwin, James M. Jasper and Francesca Polletta, *Passionate Politics: Emotions and Social Movements*).

Peter suggests why we should and in what ways we need to confront repressive but seemingly benign policies. "The battle thus becomes ever more a battle of ideology, understanding, grounded in material oppression but not limited to it, combining the demands of the oppressed with the aspirations of the alienated."

### Linking Ideas and Actions

Why do I emphasize these ideas? To begin with, the times call for direct action along with far-ranging visions. Peter offers us ways of assessing, analyzing and acting. His basic

formulation was identified in the 1970s when he spoke of the "perniciousness" of thinking that the "mere act of owning a home 'transforms a man'." Other than changing the word "man" to a woman/man, I doubt that Peter would change anything else in this statement today. Alienation is both an individual and collective feeling that is not only resolved by a shelter policy. In the article with Keating, the authors do not emphasize alienation but identify assumptions held by both conservatives and liberals to different degrees; they are rooted in an economy that gives primacy to the profit-driven market rather than human development and a government that is held captive by the powerful interests of the private real estate and housing industry. This reflects his critical thinking about alienation as defined in the earlier article. In the more recent article Peter returns to the concept of alienation, developing his ideas about the



role of critical thinking and action. First, he suggests ways to update ideas about class beyond simply the “terms of material interests . . . along lines of position in the relations of production . . .” Class structure needs to consider “the excluded, the working class, the small business people, the gentry, the capitalists, the establishment intelligentsia and the politically powerful.” He then reformulates a “more modernized concept of class, including “cultural” terms. It would include, he writes, “relation to the dominant cultural, ethnic and gendered society and ideology, [and] might be: the directly oppressed, the alienated, the insecure, the hapless lackeys of power, the underwriters and beneficiaries.” He identifies the directly oppressed as the ones “who will make demands for the Right to the City” and the aspiration will come from the alienated “of any economic class, many youth,

artists, a significant part of the intelligentsia, in resistance to the dominant systems as preventing adequate satisfaction of their human needs.”

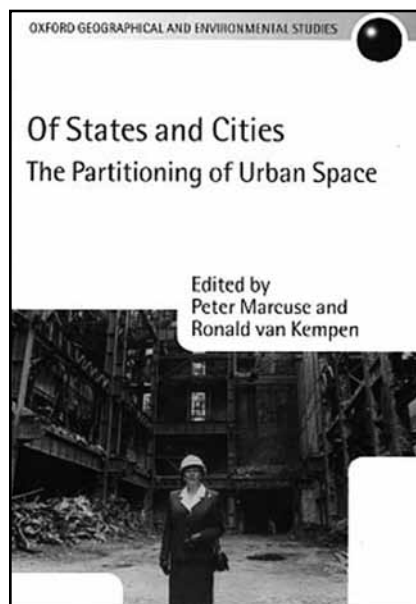
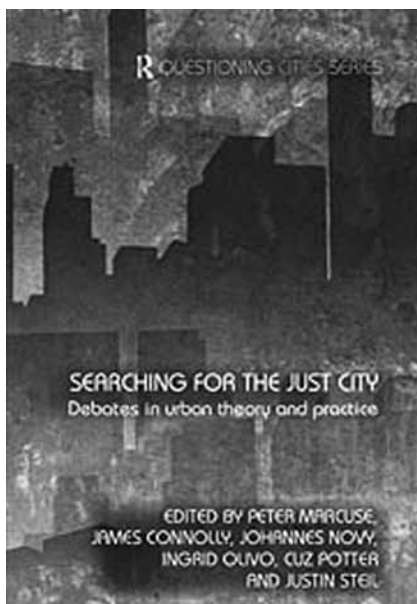
Taken together, these articles by Peter go outside the traditional planning formulations. When this occurs, not surprisingly, it is usually from a progressive perspective. But what progressives are currently saying goes beyond proposing an alternative to planning and includes more a reformulation of priorities that puts critical thinking at the center. Among those pursuing this path, Peter is most eloquent.

In Peter’s own words, “‘Critical’ I take to be, among other things, shorthand for an evaluative attitude towards reality, a questioning rather than an acceptance of the world as it is, a taking apart and examining and attempting to understand the world. It leads to a position not only necessarily critical in

the sense of negative criticism, but also critically exposing the positive and the possibilities of change, implying positions on what is wrong and needing change, but also on what is desirable and needs to be built on and fostered.”

If in urban planning we learn from Daniel Burnham who said “Make no little plans,” should we not also learn from Peter Marcuse something like “Think critically, act critically!”

*Jacqueline Leavitt is a professor of urban planning at University of California, Los Angeles.*



Some of Peter Marcuse’s authored and edited books include [previous page]: *Missing Marx: A Personal and Political Journal of a Year in East Germany, 1989-1990* (1991), *A German Way of Revolution* (1990), *Globalizing Cities: A New Spatial Order?* (2000), [this page] *Searching for the Just City: Debates in Urban Theory and Practice* (2009), *Of States and Cities: The Partitioning of Urban Space* (2002)

# Changing Times, Changing Planning: *Critical Planning Today*

by *Peter Marcuse*

Over the last fifty years, times have changed and so has urban planning. Our strategies for changing planning also need to change.

In the 1960s, planning was seen as a way of harnessing technical competence to achieve social change, at the grassroots level and nationally and internationally. It seemed to many a field in which one could be both a direct participant in progressive causes (civil rights, peace, justice and equality) and a professional, using training and technical competence in support of those causes. The combination of activist and professional seemed feasible and rewarding even if it was not easy. It had to be fought for at both ends: with poor people in immediate need of food and shelter, with workers fighting every day for fair pay, with African-American prisoners incarcerated in an attempt to keep them down, with residents fighting to preserve their communities against the daily threat of eviction and displacement.

Those who were struggling were also suspicious of middle- or upper-class whites telling them what was best for them, and often, consciously or unconsciously, taking over leadership roles in organizations from those

more directly involved than themselves. Lawyers often slid into such positions, not merely representing their clients but telling them what they could and could not do (which became what they *should* do). The temptation for many planners was similar. Advocacy planning was a movement given a name by Paul Davidoff, a lawyer-planner. Advocate planners hoped to avoid the “professional knows best” trap by volunteering their services, setting up storefront community planning and design centers, participating in legislative advocacy and maintaining a commitment to participation and democracy.

At the same time, the social change role of planning had to be fought for within the profession. The profession had a long history of under-representation of blacks and women, with an attendant neglect of their interests and views in the practice of planning. Militant caucuses of both women and blacks were formed, pushing both for full equality in the profession and for the profession’s full attention to the needs of those constituencies. In response, Planners for Equal Opportunity (P.E.O., the forerunner of today’s Planners Network) was formed, and it set about engaging with issues of equality in the profession

as well as with issues of economic justice like welfare reform and labor organizing. Students formed left reading groups, a few taking on reading all three volumes of Marx’s *Capital*. The War on Poverty bred the sub-field of social planning, which attracted some professionals as well as academics and students, and was accepted in professional associations and conferences of planners. P.E.O. drafted a statement on The Social Responsibility of Planners and pushed to have it adopted as part of the Code of Ethics of the profession. Though it was not, it was considered positively in most of the planning community.

So while professionalism remained in some tension with social activism, it was widely accepted that there was an inherent relationship between the two. Planning as a field had a social role to play; the activity of planning was a socially loaded one, an inevitably political one, a value-laden one. Its social role is historically grounded, part of the DNA of the activity, with deep links to utopianism and social welfare and an expanded public role; it has historically been part of urban reform movements and social criticism. Professionalism in planning was not neutral, but led to clear positions on key

controversial public policies of the day. There could be debates as to whether the social role of planning was broad enough to require planners to take a position against the war in Vietnam, but the question was a legitimate one debated in the official journal of the profession.

### Changing Times

Over the last fifty years there have been major changes, and many have not been positive. The relationships of power between the establishment and those subject to it have changed, in favor of the holders of power. This is true in almost every field relevant to planning: capital vs. labor, developers vs. communities, landlords vs. tenants, financial institutions vs. citizens, corporate media vs. local sources of information and entertainment, and in general, market-based and profit-driven operations vs. public, non-profit and individual work. Rapid technological development, effectively used in increasing the reach of global markets, has contributed mightily to this shift in power from local to regional, national and global, and from the

public to the private. The shift in power and its accompanying changes have of course not been straight-line, or without hard confrontations, but the direction of movement from the welfare state (never fully developed in the United States) to the neo-liberal state (in which the United States is a leading force) has resulted in a quite different context for planning today than fifty years ago.

The implications for planners and planning are far-reaching. Planning techniques are tools; how they are used is based on an on-going interaction between the professionals and those they serve. In the earlier period, the profession had a significant degree of autonomy; even the most service-oriented, non-political, non-ideological planning theories suggested that planning should start with an interrogation of the goals of the client, perhaps only in the interests of efficient service, but at the same time opening the door to questions and value judgments, at least making the social content of the goals open and visible. Today, the scope for planners to exert independence in their professional

work is much more limited, through no fault of their own.

But how planners react to these changes depends on us; planners can silently or even obsequiously serve their masters, or they can insist on their own independence, comment on goals as well as design means, act as citizens as well as professionals and choose who to serve, declining those whose principles conflict with their own. Independent advice is after all what is expected of a professional; it's what distinguishes a professional from an employee. And for all those involved in planning, professional or not, the activity itself is based on a set of principles, such as comprehensiveness of view, long-term vision, dealing with causes as well as symptoms and being clear on values and goals and conflicts among them.

Today, unfortunately, the pressures of reality are on the side of servility rather than independence. The escape route for planners, adapting to the new situation, is to go technocratic (I will call it *technicism*)—to make the efficient use of the tools of planning an

### Marcuse on New Orleans After Katrina...

"If developing wetlands reduce New Orleans' ability to withstand hurricanes, shouldn't questions be asked about who allowed the development? If African Americans are overly concentrated in low-lying areas, or have 50 percent fewer cars per capita than whites, or double the poverty rates, shouldn't that be a matter of public discussion, with causes and responsibilities sought? If National Guard troops are needed today, and 3,000 Louisiana National Guard and 4,000 Mississippi National Guard are in Iraq, is it not appropriate for citizens to consider the implications? It is not some nameless forces of nature, but human agency, that has produced these results. Should not the humans that have produce the results be held accountable?"

From "Katrina, 'Disasters' and Social Justice" *Progressive Planning* 165, Fall 2005.

end in itself, regardless of the purposes or the interests they serve. Technicism is more than just striving for technical competence in the use of tools. Technicism is limiting the activity of planning to the technical, to the means for whatever ends are assigned, abjuring any responsibility for ends. Technicists justify what they do on the grounds that they are just technicians, concerned with finding the best means to ends which are put before them, with whose character they have no concern. Planning has always had three currents within it: a technicist, a reform and a utopian current. In the recent past we have witnessed a feeble retreat of planning away from its own reform and utopian origins towards the uncritical service of the powers that be.

### Alternatives

From the experience of the last fifty years, many planners are increasingly able to see an alternate way of proceeding. Witness the durability of the Planners Network, started in 1975 on a shoestring by Chester Hartman and now an established organization with activist planners in thirty-nine states throughout the United States. So is the birth and vigorous young life of *Progressive Planning Magazine*. So is the linkage of many progressive planners with activist groups such as those in the Right to the City Alliance. So is the reawakened interest in critical urban theory and radical urbanism, with approaches going beyond even advocacy planning towards insurgent planning, planning for a just city, critical planning and

community planning. Planners are getting involved on the side of social justice in issues of racial discrimination and segregation, gender and LGBT issues, immigrant rights, social welfare, displacement from gentrification and mega-projects, environmental justice, citizen participation, community empowerment, community and economic planning that gives distorted priority to financial businesses, homelessness, affordable and public housing, mortgage foreclosures and evictions, infrastructure and land speculation and even squatting.

### A New Paradigm of Critical Planning

As times have changed, so has planning—partly retreating, but also regrouping and pushing deeper into the sources of the problems it exists to address. I believe a new paradigm for progressive planning—I would describe it as a paradigm of critical planning but other names would do as well—is emerging from this ferment. As a slogan for good planning, it might be represented by: *Analyze, Expose, Propose, Politicize*.

*Analyzing* means stepping back and analyzing the roots of the particular problem, making clear what forces and actors are responsible for it and what structural conditions bring it about. It may involve a bit of muckraking, showing the political connections or interlocking corporate interests or ethically questionable lines of influence involved in producing the problem being addressed. Structurally, it

will frequently involve looking at land ownership patterns and the way an untrammled market has negative consequences. Issues of property rights underlie virtually any issue with which planners have to deal, and they need to be made explicit. The mystification of issues of property rights and the assumed superiority of the private sector in terms of efficiency need to be addressed. Exposing is, in Leonie Sandercock's phrase, making the invisible visible—exposing the underlying structural reality beneath the immediate and surface problems of the day. Critical urban theory is a very useful tool for that purpose.

*Exposing* means communicating the results of the analysis, in comprehensible fashion, to the client, but also making the results public and converting the findings into a weapon in the struggle to achieve the desired goals. Combining a documented, reasoned analysis with the exposé through a bit of muckraking can be very effective. It should almost always include highlighting the distributional consequences of the given project—just as environmental consequences must now often by law be disclosed—perhaps in the form of a social impact statement. The social justice sought can often be made dramatically evident by such a statement.

Exposing also means communicating to the group being served the full range of alternatives available, starting with the utopian and working backwards to the strategic and



the tactical. It means exposing to them the realities of the plan and the planning process: who the planner is and what biases he or she may be bringing to the process, what the opposition is likely to be, what the consequences of losing may be and what compromises might have to be made. Exposing should both permit informed decision-making on strategy and provide a weapon for the implementation of the plan once strategy is decided on.

*Proposing* means developing a vision. This vision should be neither utopian in nature nor the kind of vision that often comes out of the visioning process—a picture of a hoped-for future divorced from any consideration of the politics and power relationships involved in getting there. Proposing should include a realistic idea of what a strongly hoped-for future might look like and a feasible path to bring it about—pushing the limits of the practical based on a conviction of the rightness of the future.

*Politicizing* means squarely addressing issues of power and showing how the resolution of a particular issue may lead to conflict and may require challenging existing

power relationships. By the same token, it means paying attention to the strategies for achieving change, which will involve organizing, grassroots work, education, public relations and a long-term approach to achieving the full potential of feasible results.

Critical planning that follows this model is obviously geared to the situation in which the group being served is pressing its plan in the interests of social justice. Any planning project has at best an ambiguous relationship to these interests. But even in an ambiguous situation, the principles of critical planning can still be kept constantly in mind and argued strategically. Principles can be adhered to, and selectivity can be exercised in choosing jobs and assignments. And planners can always act as citizens and join activists and community and grassroots organizations in putting the technical in the service of the just.

*Related publications by Peter Marcuse include:*

“From Critical Urban Theory to the Right to the City.” *CITY: Analysis of Urban Trends, Culture, Theory, Policy, Action*. Vol. 13, No. 2-3, June-September, 2009, pp. 185-197.

“On the Feeble Retreat of Planning.” *Journal of Planning Education and Research*, Vol. 3, No. 1, Summer 1983.

“Social Justice in New Orleans: Planning after Katrina.” *Progressive Planning*, Summer 2007, pp. 8-12.

“From Justice Planning to Commons Planning.” In Marcuse, Peter, James Connolly, Johannes Novy, Ingrid Olivo, Cuz Potter, Justin Steil, eds. *Searching for the Just City: Debates in Urban Theory and Practice*. Oxford: Routledge, 2009, pp. 91-102.

“Expose, Propose, Politicize: An Interview with Peter Marcuse.” *Critical Planning* (UCLA), Vol. 15, Summer 2008, pp. 179-191.

“In Defense of Theory in Practice.” *Analysis of Urban Trends, Culture, Theory, Policy, Action*. Vol. 14, No. 1. (Forthcoming)

## Marcuse on The World Social Forum...

“The movement against really existing globalization is itself a global movement and one that is growing.”

“Planners Network at the US Social Forum: Other Cities Are Possible” *Progressive Planning* 171, Spring 2007.



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# New Strategies for Housing Rights

## Editor's Introduction

Who says there aren't better ideas out there, alternatives to the same old strategies and programs that have done little to guarantee the right to housing? The panacea of homeownership disappeared with the mortgage crisis. The token "affordable housing" programs are often unaffordable to low-income people and expire after short periods of time. This section offers some better ideas on the horizon: *direct action, community land trusts, mutual housing associations, mortgage-free housing, and land banking.*

**Lynn Lewis** of New York City's Picture the Homeless, a member of the Right to the City Alliance, tells the story of a new direct action campaign linked to a community land trust in *Picture the Homeless Chases Chase* beginning below.

**Michael Stone** proposes two ways out of the mortgage trap – household savings and mutual housing associations in his article *Alternatives to the Mortgage Trap: Household Savings and the Mutual Housing Association* on page 22.

**Jesse Clark** sees new openings for land banking, mortgage revenue bonds, and tighter regulation, in *Land Banks, Mortgage Revenue Bonds and Market Regulation: Three Tools for Communities Facing Foreclosures* on page 26.

**Daniel Perlstein** closes this section with a powerful story from New York City in the 1930s, *Direct Action Against Foreclosure and Eviction: Lessons from the Great Depression* (page 29), reminding us that in times of severe economic hardship politically active people will organize to stop evictions but don't always win.

## Picture the Homeless Chases Chase

by Lynn Lewis

Picture the Homeless is a decade-old grassroots membership organization of homeless New Yorkers and a member of the coordinating committee of the New York City Right to the City Alliance. As one facet of the broader Housing Not Warehousing campaign staffed by Picture the Homeless, we have targeted the powerful financial institution Chase to press for real changes in the way people are housed. The campaign raises several questions relevant to housing activism in the city, including: What power do low-income communities have to change the housing market? What strategies do we use to build that power? And how do we move a multinational

financial institution to release vacant buildings and land to create housing for the very poor?

### Warehousing by Chase

Part of the gigantic Chase portfolio includes vacant buildings and lots, a profitable investment strategy, especially in Manhattan. Land ownership –and being a *landlord*—has always been a means to accumulate wealth in the United States. Warehousing vacant buildings at first glance may not seem like much of an investment strategy, but compared to buildings filled with tenants paying low rents (and protected



by New York's rent stabilization law), vacant buildings can actually be very valuable—sold for a tremendous profit in gentrifying neighborhoods. But this is where homeless people, Chase and the City of New York collide.

Unfortunately for Chase, the City of New York and other banks and investment funds that are holding on to vacant properties, homeless New Yorkers are ready, willing and able to take them over. We are talking about nothing short of changing the housing market, or at least, creating space within the market to create housing for poor people. It may seem counter-intuitive, but shelters and jails create profits for investors while housing for the very poor does not. As grassroots organizers and people displaced from their homes and communities, we have had to confront the question of what a winnable organizing campaign is. To this end, we are combining participatory research, civil disobedience, public education, coalition-building and even legislative work.

### **The Chase Corporate Campaign**

The Housing Not Warehousing campaign grew out of our critique of the insane logic that created huge numbers of warehoused vacant properties while tens of thousands of homeless individuals and families are warehoused in shelters and jails. Money is not the problem. The City of New York pays more per household to institutionalize poor people than it costs to give them housing vouchers. We've documented cases in which, for example, the city pays up to \$3,300 per month for a couple in the Bronx to have one room and a bathroom shared with fifteen other families.

The city has not moved forward to build on successful housing creation programs such as sweat equity, limited equity co-ops, community land trusts and mutual housing associations. Hard-fought struggles over housing, including squatting, moved the city to create progressive housing programs for the very poor in the past. It is time to re-ignite struggles and force new changes in housing programs.

## Vacant Property Count

In 2005, Picture the Homeless started counting the vacant buildings and lots that surrounded our office in East Harlem, eventually coming to prove that there were enough vacant properties in Manhattan alone to house every homeless household in all five boroughs. Since then, we have been pushing the city to do an annual comprehensive survey of vacant properties.

In the process of counting vacancies, we also learned that the majority of vacant properties in Manhattan are privately owned. The city no longer takes over vacant properties—another neoliberal move towards privatization that serves to enrich corporate profits while offering no benefits to the majority of community members. Chase Manhattan Bank is the owner of record of several vacant properties. We are

currently researching Chase's entire portfolio, but in July of 2009 we moved forward by occupying one of its vacant lots, creating a tent city with hundreds of members of Picture the Homeless, its allies, artists and neighborhood residents to illuminate the issue and to force a dialogue. While ten of us were arrested for this action, we were released within hours, and Chase refused to press charges when we went to court in October.

We believe that publicly shaming Chase and other property owners, including the City of New York, who hold onto vacant land and buildings as investments, is necessary to bring about change and win housing for the very poor. We also believe that our alternative model of housing and community development is more democratic and benefits the community as a whole. Housing for homeless individuals and families

## Community Land Trusts

Community Land Trusts (CLTs) are community-based organizations dedicated to permanent stewardship of land to preserve its use for affordable housing in perpetuity. The CLT usually issues long-term leases to the land to a non-profit housing developer or individual homeowner meeting income guidelines. There are more than 160 CLTs in the United States today, and there is growing interest in this model to preserve housing affordability as many housing programs have allowed affordable units to be privatized.

The History of Community Land Trusts (from the National CLT Network):

The modern-day Community Land Trust, as both a model and a movement, is relatively new, with the first CLTs only appearing in the United States in the 1970s. The roots of the CLT are much older. From an ethic of land stewardship found in Biblical scriptures, Native American traditions, and the New England custom of the village commons, the CLT draws its inspiration for removing land from the speculative market and managing it for the common good. From the social theories of Henry George and the social experiments of the Garden Cities Movement in England and the Jewish National Fund in Israel, the CLT derives its mechanisms for leasing land and capturing socially-created real estate gains for the benefit of a larger community.

From Mahatma Gandhi and the Gramdan Movement in India, the CLT draws its concept of trusteeship, preserving access to land and housing for populations historically excluded from the economic and political mainstream. From the Civil Rights Movement in the American South, the CLT draws its commitment to open membership, inclusive governance, and direct accountability to the community it serves. This is a heritage shared by all CLTs, no matter how much their particular organizational and operational features may differ from one another.

For more information see the National Community Land Trust Network ([www.cltnetwork.org](http://www.cltnetwork.org)) and Burlington Associates, a consultant to some 80 CLTs (<http://burlingtonassociates.com>).

stabilizes the housing market for those at the lowest end of the economic spectrum, who are generally concentrated in the lowest-income neighborhoods.

While our vacant property count was done in 2006, and our report released in 2007, since the financial crisis of 2008 there has been a new wave of vacant properties. These tend to be luxury condos constructed for the higher end of the housing market during economic “good times.” Our count helped provide a framework for the Right to the City Alliance to undertake a count of vacant luxury condos in 2009.

Since Chase was a major recipient of government bailout funds, we believe this renders its assets public property. The bank owns vacant lots and buildings that have been warehoused for decades, and we suspect that they also hold the mortgages on some of the newly constructed luxury condos. We are currently researching this.

The fundamental question is whether or not housing and land are commodities to be bought and sold, or public assets grounded in the concept of housing as a human right. The bailout that Chase and other banking institutions received further begs the question, but the fundamental conflict remains between housing rights and community development practices that privilege land use for profit. The current housing crisis has provided an urgent impetus to consider this question, but it is a question that homeless people were already asking.

### **Homeless People Plan, Create Community Land Trust**

We are working towards moving the City of New York to do an annual inventory of vacant properties so that communities can use this information to fully participate in the community planning process. By community we also mean the homeless, who, though often portrayed as needing to be “reintegrated” into society, are already members of multiple communities, including geographic communities and neighborhoods. Homeless New Yorkers have plans for the disposition of vacant properties; it isn’t enough to just count them. We know that homeless and very poor people will not benefit from the development of vacant buildings unless we fight for their inclusion.

Furthermore, we believe that homeless New Yorkers, through the Housing Not Warehousing campaign, are providing real alternatives to private market development, shattering the conventional wisdom that we can’t do anything about homelessness.

The Housing Not Warehousing coalition is creating the Homeless People’s Community Land Trust, with the assistance of progressive urban planners, including Tom Angotti in New York and James Tracy in the Bay Area. We have already moved two state senators to introduce legislation that will facilitate the development of mutual housing associations, one mechanism to create permanently affordable housing for the very poor.

We also continue to move forward with our Chase campaign, demanding that Chase donate their vacant buildings and land to a community land trust and provide pre-development and development funding. Since the July occupation of the Chase vacant lot, we have continued our research into its real estate holdings and held two direct actions targeting Chase executives. We have also worked internally to flesh out a vision for housing in New York City—what type of housing people want to live in and are willing to fight for, what a just tenant selection process looks like, etc. We have been gathering the support of allies, including faith communities. We are in the process of working on a meeting date with Chase and hope to sit down and begin to negotiate a transfer of unused properties into the Homeless People’s Community Land Trust. For us it is a classic case of extreme need versus extreme greed. We believe that with enough pressure, common sense will prevail.

The Housing Not Warehousing coalition is poised to create a model for housing development for the very poor. We are also poised to provide the City of New York as well as Chase and other financial institutions the opportunity to make a real difference in ending homelessness by joining with us to open up the bottom end of the housing market for those currently squeezed out.

*Lynn Lewis is the director of Picture the Homeless in New York City.*

# Alternatives to the Mortgage Trap: *Household Savings and the Mutual Housing Association*

by Michael E. Stone

In these times of mortgage foreclosures and high unemployment, homeownership is not quite the American dream it was supposed to be. The housing and financial debacle is making more people aware that conventional homeownership imposes risks and burdens that can be detrimental to families, communities and the larger society and economy.

Now may be the time to look at other ways people can stay in their homes without relying on banks and mortgage debt. One of these is what I call the “resident-saver alternative.” This is an option that will preserve and extend what are regarded as the positive aspects of homeownership while avoiding or overcoming the negative ones. Instead of making monthly payments for a mortgage, households put their money towards savings, achieving one of the presumed benefits of homeownership without having to channel their money into bank interest payments. The resident-saver alternative is a modified version of the mutual housing association, which also ensures that homeowners have a community-based organization that works for their common interests.

## **The Resident-Saver Model**

I propose a model of housing tenure and ownership that would provide housing choices and benefits now unavailable through the current alternatives of private rental, social rental and conventional homeownership. This model would create a new form of tenure that would provide people with security, autonomy and control at least as great as in conventional homeownership, and the possibility of comparable wealth accumulation with superior security, stability and liquidity.

The resident-saver model consists of a modified mutual housing association form of ownership with capital grant financing. The essence of the

model is separation of the putative social benefits of homeownership from the economic ones. Residents would have the autonomy and control associated with homeownership in addition to security of tenure greater than homeownership—there would be no mortgage at risk of default and foreclosure. These social benefits would be vested in the residential tenure and assured through the ownership model and financing. The economic benefits derived from “forced savings” would not be through housing ownership, but through other investment vehicles.

## **Modified Mutual Housing Association Ownership**

The ownership model is based upon principles embodied in the limited-equity cooperative (LEC), community land trust (CLT) and mutual housing association (MHA). These are forms of shared resident-community ownership that exist in the U.S., albeit limited in scale. Since it is closest to the mutual housing association, I call it a Modified MHA (MMHA).

A MHA is a non-profit, cooperative corporation made up of residents, prospective residents and community leaders; CLTs, which own land and lease it to tenants, homeowners, cooperatives or MHAs, also have this type of tripartite ownership. The MHA ensures resident ownership and control, balanced against community interest, as well as an infrastructure of expertise and support beyond the residents themselves. A MHA can be set up independently, or by an existing community housing provider as a subsidiary or sister organization. A MHA can undertake housing development, or a community housing provider can develop the housing and convey title to the MHA upon completion.

The MHA model as implemented in the U.S. deliberately avoids outside profit-seeking



investors and thus the pressures to sell the housing into the speculative market at some later point. In addition, MHAs try to finance nearly all acquisition and development costs through upfront capital grants. The goal is to have no mortgage debt and hence no mortgage charges incurred by the housing and imposed on the residents. This means that the housing operates on a “cost rent” basis—residents have payments that cover the costs of utilities, local property taxes (rates), management, insurance, maintenance and repairs and reserves for capital improvements and replacements.

Most MHAs in the U.S. have developed as physically contiguous housing units, typically townhouses on a single site or several sites, however, housing can take different forms. Units can be single-family units on scattered sites, indistinguishable from other housing in the area, as some Australian public and community housing providers have done with their rental units, and as many CLTs and some LECs have done in the U.S. In this form, residents can be responsible for paying the operating expenses explicitly attributable to their individual units, rather than a pro rata share of the entire MHA, and for much of routine maintenance and repairs, just as with conventional ownership of single-family homes. This form also grants residents considerable freedom to modify and add to their units.

MHAs, as well as some CLTs and LECs, have emphasized organizational development as much as physical development. Residents are expected to participate in decision-making and provide minor maintenance to their units, even though professional management has been an integral part of the model. While this may be a worthwhile goal, in the variation I am proposing, where housing would consist mostly of scattered-site, free-standing units, this is not presumed to be an essential element. It is conceivable that residents themselves would have minimal organizational obligations but maintain the right to select their representatives to the board, which in turn would hire professional staff to run the organization.

## Resident-Saver Tenure

The resident-saver tenure model builds upon residents’ rights in MHAs, CLTs and LECs, but with some important differences. In these models, residents have lifetime security of tenure as long as they meet their financial obligations and do not violate the rights of others. They may designate a family or household member as the successor to their unit. They may sublet their unit temporarily for periods of absence, but may not sublet as an investment property. Somewhat similar to LECs but quite different from CLTs, residents in this model would be expected to make an initial deposit or down payment, which is recoverable with interest upon moving out, but which is not a marketable property interest.

What makes the occupants resident-savers rather than social renters? First of all, while the goal of MHAs has been for residents to put up 5 percent of the total cost, there is no reason why the initial contribution could not be comparable to whatever is required for conventional homeownership. Second, all residents would be required to make *mandatory* payments over and above operating expenses and capital reserves. *This is the crucial and distinctive feature of my model.* Such payments would be in lieu of mortgage payments, and would be required for a period up to the term of a conventional mortgage. *These funds would be placed into individual investment accounts to accumulate as a savings alternative to equity in conventional homeownership.*

Such payments by residents would be “forced savings,” somewhat akin to mandatory retirement investments. Similar to some 401(k) and 403(b) plans in the U.S., and superannuation contributions in Australia, residents could have a choice of investment vehicles, ranging from term deposits at banks and money market accounts to socially-oriented mutual funds. Unlike retirement fund investments, residents would be permitted to make withdrawals throughout their life span—thereby providing liquidity—but they would be

subject to restrictions on the rate and amount in order to maintain the “forced savings” aspect.

I have done a series of calculations comparing the wealth accumulation rates for such hypothetical resident-savers with the wealth accumulation rates for homeowners. Based on investment assumptions that are conservative for resident-savers and relatively favorable for conventional homeowners, I have found that in general and on average, a resident-saver would do at least as well as a conventional homeowner over any time span up to twenty-five years.

In sum, the resident-saver model offers residents:

- control over their homes comparable to conventional homeownership;
- greater security of tenure because there’s no risk of mortgage foreclosure;
- asset development comparable in magnitude, on average, to conventional homeownership; and
- superior security (rather than vulnerability), stability (as opposed to volatility) and liquidity.

I am proposing a model of housing tenure that would open up housing choices and benefits unavailable today through the alternatives of private rental, social rental and conventional homeownership. To be sure, for the lowest income renters this model would not be affordable. But for moderate-income renters who have no realistic prospects of achieving conventional homeownership, and for renters who might someday afford conventional homeownership but do not necessarily want to assume its associated risks and burdens, the advantages are obvious.

Furthermore, the resident-saver/MMHA model is superior to so-called “shared-equity” homeownership offered by CLTs and LECs. In these models, residents are allowed some housing wealth accumulation, but it is limited in order to preserve affordability for future residents. This feature has been a source of criticism and has limited the popularity of CLTs and LECs. By contrast, the resident-saver/

MMHA model preserves affordability without limiting wealth accumulation by separating the social benefits of homeownership from the economic ones.

Though the social and economic benefits of the model would be substantial and competitive even in relation to conventional homeownership, there remains the issue of financing mechanisms.

### **Financing: Capital Grants and Housing Trust Funds**

To reduce the burden of mortgage payments on homeowners and the overdependence of housing on the volatile and costly capital markets, non-speculative housing of all types should be financed to the greatest extent possible by public capital grants.

In the U.S., public housing and the federal Section 202 program provide 100 percent capital grants. In addition, over the past two decades a very different approach to generating capital funding has emerged: Housing Trust Funds (HTF). HTFs are special-purpose entities created by governments to receive dedicated revenue streams to support below-market housing. In the middle of 2008, a National Housing Trust Fund (NHTF) was finally enacted, after a very long grassroots campaign led by the National Low Income Housing Coalition. It was planned to be capitalized by a portion of the profits of Fannie Mae and Freddie Mac, the huge government-sponsored secondary mortgage market enterprises, but, with their near-collapse in the financial crisis, that is no longer possible.

Given this, I propose that the NHTF be capitalized through two other potential sources.

1. Reform of the housing tax expenditures. These currently amount to an estimated \$150-200 billion a year, consisting mostly of subsidies for homeownership. The benefits rise with the tax bracket, house value, mortgage amount and interest rate. Over half the benefits flow to the top 10 percent of the income distribution; no wonder they have been labeled the “mansion subsidy.” Indeed, recently even conservative economists

have been recognizing that they distort the housing market, create perverse incentives to borrow and speculate and deprive the Treasury of revenue. If just 10 percent of the lost revenue were captured, it could provide about \$15-20 billion a year in dedicated revenue for the NHTF.

2. Tax on financial transactions. Since capital market speculation is deeply implicated in the crisis, it is reasonable that financial reform impose some social obligation on capital market participants. I propose a tax of a few tenths of a percent on all capital market financial transactions, including stocks, bonds, mortgage-backed securities, derivatives, etc. It has been estimated that such a tax could raise over \$150 billion a year, even a fraction of which could provide tens of billions of dollars a year for the NHTF.

Not only would such revenue sources generate substantial ongoing dedicated capital grant funding for housing, they would be progressively redistributive and they would not be subject to the whims of the annual appropriation process or add to government budget deficits.

## **Socially Responsible Housing and the Economy**

Housing, as we all surely know, lies at the core of the dilemmas and challenges facing families, communities, nations and the planet. The resolution of these dilemmas is to be found not through the celebration of selfish individualism, but rather through the rediscovery of social responsibility and the transformation of our economic institutions. We progressive planners have a particular responsibility to engage in this effort—as intellectuals, as practitioners and as activists.

At this monumental moment, we have the opportunity to begin constructing a new social democracy for the twenty-first century, and I believe more socially just forms of housing tenure can play a significant role. I am not naively optimistic about the prospects politically, but I am nonetheless certain that it is a goal worth pursuing.

*Michael E. Stone is a professor of community planning & public policy at the University of Massachusetts Boston and a visiting scholar at the Institute for Social Research, Swinburne University of Technology in Melbourne, Australia.*

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# Land Banks, Mortgage Revenue Bonds and Market Regulation: *Three Tools for Communities Facing Foreclosures*

by Jesse Clark

The collapse of the housing industry has left communities searching for ways to stabilize neighborhoods and prevent further decline of their local economies. Foreclosed properties are driving down the values of those surrounding them and placing many homeowners in negative equity situations, which in turn fuels more foreclosures. Municipalities are being pressed to reduce their tax assessments to reflect these diminished values, further exacerbating budget deficits and jeopardizing public services in communities most in need. In addition to the low-income neighborhoods typically associated with subprime loans, the crisis is having a growing impact on otherwise credit-worthy borrowers. According to HOPE NOW, a mortgage industry organization, there were over 538,000 prime foreclosure starts nationwide in the third quarter of 2009, compared to approximately 207,000 subprime foreclosure starts during the same period. Although the foreclosure crisis is often blamed on lower-income homebuyers and communities, the pervasive scale of the problem undermines this argument.

Urban planners face the daunting challenge of stabilizing the supply of foreclosed properties, facilitating demand for homebuyers in disinvested communities and protecting the future of their neighborhoods against further market failures. In the absence of generally accepted market-based solutions that planners have traditionally relied on, Keynesian tools of planning intervention should be considered to help “arrest the slide” of their local communities.

Municipalities are increasingly discovering the potential of land banking and mortgage revenue bonds to restore market fundamentals. Planners should also consider sustaining these

fundamentals with increased regulation and oversight of real estate markets.

## Land Banking

First proposed in the 1960s, land banks, which allow local authorities to acquire foreclosed properties and control their resale, are gradually becoming more widely used in some cities. Land banks provide a tool for cities to stabilize declining property values, return vacant properties to productive reuse and recapture tax revenue.

Frank Alexander, professor of law at Emory University, has assisted in the formation of land bank authorities and written extensively on their benefits, most thoroughly in his 2005 report *Land Bank Authorities: A Guide for the Creation and Operation of Local Land Banks*. Land banks typically require the adoption of state enabling legislation that allows them to expedite the lengthy tax foreclosure process and provide a marketable title to properties previously encumbered by complicated liens. By controlling who the properties are sold to—usually local community development corporations with restricted use and timing agreements—the land bank can ensure that tax-foreclosed property is eventually redeveloped with the long-term interest of the community in mind. This avoids dependence on the capricious interests of absentee investors. Each land bank is adapted to the local regulatory structure, with some operated under city or county government, and others as third-party non-profits.

Some of the more established land banks in the U.S. are located in Flint, Cleveland, St. Louis, Atlanta and Louisville. Arguably the most active land bank is

the Flint-based Genesee County Land Bank, which has facilitated the reuse of over 4,000 residential, commercial and industrial properties through the tax foreclosure process since 2002. Alexander notes that its success can largely be attributed to the strength of the enabling legislation, which granted it broad authority and provided for the capture of future tax revenue from properties after disposition to fund operations. While historically most foreclosed properties have been tax-delinquent, land bank authorities are beginning to partner with banks that are willing to donate foreclosed properties and write off the loss in exchange for the elimination of property tax obligations. By implementing the use of land banks, local municipalities can take control of the deteriorating supply of vacant properties and recycle them as assets rather than liabilities.

In an effort to stem the cascade of foreclosures, the federal government created the Housing and Economic Recovery Act of 2008 (HERA) and the American Recovery and Reinvestment Act of 2009 (ARRA), which created and then expanded the Neighborhood Stabilization Program (NSP). While it is well-known that the NSP provides funds for cities to acquire, renovate and demolish abandoned properties, its funds can also be used to create land banks.

### **Mortgage Revenue Bonds**

While the NSP and land bank authorities are focused on stabilizing the supply of vacant properties, they do little to address the demands of homebuyers. Mortgage revenue bonds (MRB), another tool expanded by HERA, could help fill this void.

To the federal government's credit, it has attempted to stimulate demand by enacting and extending a first-time homebuyer tax credit of \$8,000. In the wake of the subprime credit crisis, however, capital flow has been heavily constricted in communities that are most distressed. The Community Reinvestment Act (CRA), since its passage in 1977, has provided an effective mechanism for banks to extend credit to low- and moderate-income borrowers. Studies by the law firm Traiger & Hinckley LLP show that, due to the increased regulation to which CRA lenders were

subject, they were less likely to make the types of risky loans that catalyzed the foreclosure crisis. Still, CRA never represented more than a fraction of low-income lending and that may decrease even further because it has become wrongly associated with subprime lending.

Created in the 1970s, MRBs are tax-exempt bonds that state and local governments issue through Housing Finance Agencies (HFAs) to help fund below-market interest rates on mortgages and offer down-payment assistance for low- and moderate-income homebuyers. By offering a tax-exempt investment to third-party investors, MRBs create a funding mechanism that is both appealing to investors and sustainable to financially constrained municipalities. Eligible borrowers are typically restricted to first-time homebuyers with incomes below 115 percent of area median income, however, several HFAs, such as the Mississippi Home Corporation, have included exemptions to the first-time buyer requirement for certain "target areas." Such an exemption could become increasingly desirable in neighborhoods hit hardest by foreclosures.

Stephanie Moulton, assistant professor at the John Glenn School of Public Affairs at Ohio State University, is conducting a growing body of research that shows the financial sustainability of MRB loans. In a 2009 report, Moulton found that in the fourth quarter of 2007, 9.9 percent of Ohio's MRB mortgages were delinquent, slightly higher than the delinquency rate of 7.6 percent for all mortgages in the state but significantly lower than the FHA delinquency rate of 15.5 percent and nearly half the subprime delinquency rate of 19.4 percent. Moulton also found that loans originated by independent mortgage companies were 61 percent more likely to be delinquent and 50 percent more likely to be foreclosed than loans procured by depository institutions.

Since the inception of the MRB program, it has assisted more than 3.6 million low-income households, making it one of the largest publicly subsidized low-income homeownership initiatives in the nation. By implementing this program in their communities, HFAs can sustainably

build assets among low- and moderate-income individuals while supplementing access to credit within underserved neighborhoods.

### **Local Planning Regulation and Oversight**

Urban planners were largely bystanders or passive enablers during the bubble's inflation. Precipitous price increases were fueled by federally stimulated capital flows, an insatiable secondary market, unscrupulous underwriting by lenders and irrational demand from buyers. Perhaps it is time for urban planning to respond to these endogenous antagonists in order to protect the future of their communities. Planners could, for example, create local housing oversight committees to monitor and prevent irrational activity in their housing markets.

Through the Mortgage Reform and Anti-Predatory Lending Act of 2009, the federal government has attempted to address fraud and force mortgage originators to obtain unbiased third-party appraisals. This fails, however, to address the structural inefficiencies of real estate markets and the inability of the best-intentioned valuations to address irrational exuberance. In his September 2009 *New York Times* article, "How Did Economists Get it So Wrong?," Paul Krugman recounts a parody by Lawrence Summers about "ketchup economists" who "have shown that two-quart bottles of ketchup invariably sell for exactly twice as much as one-quart bottles of ketchup" and conclude from this that the ketchup market is perfectly efficient. Real estate appraisers, who candidly define market value as the price someone is willing to pay, will always follow the market even if it leads us off a cliff by relying on a sales comparison approach to determine market value.

In his 2005 book *Irrational Exuberance*, Robert Shiller recounts real estate cycles dating back to the 1800s, showing that a repetitive pattern of "animal spirits" leads to superfluous price appreciation and a deluge of excess supply. Shiller illustrates how, during the California real estate boom of the 1970s, federal monetary policy that increased interest rates to over 10 percent was ineffective in quelling the fervor of demand once the contagion spread.

Local housing oversight committees could monitor sales price fluctuations and loan activity within their jurisdictions through Home Mortgage Disclosure Act data and impose regulations in the event of a housing bubble. Such regulations could include lower loan-to-value ratios, with the intent that higher down payments would reduce enthusiasm among potential buyers and mitigate foreclosure risk if values decline. Another effect of real estate bubbles is perpetual overbuilding by developers. Planners could monitor the existing supply within their communities and place moratoriums on building permits for specific uses that appear to be overly saturated, ensuring the absorption of existing inventory before new development is started.

These are just a few examples of how local communities can help thwart the unintended consequences that federal policy and irrational behavior can wreak on their cities. In order to strengthen neighborhoods and protect their precarious futures, planners have the opportunity, if not the duty, to expand their interventionist and regulatory role within perpetually inefficient real estate markets.

*Jesse Clark is a graduate student in the School of City and Regional Planning at the Georgia Institute of Technology.*

# Direct Action Against Foreclosure and Eviction: *Lessons from the Great Depression*

by Daniel Pearlstein

“Stay in your homes,” Ohio Congresswoman Marcy Kaptur exhorted from the House floor in January 2009. “If the American people, anybody out there, is being foreclosed, don’t leave.”

With the home foreclosure crisis now entering its third year, and in light of rapidly rising unemployment and a popped real estate bubble, victims of unscrupulously marketed subprime mortgages have found allies all over, from the U.S. Congress to sheriffs’ offices in Detroit and Chicago, where officials halted foreclosures last winter rather than toss families out into the cold. Meanwhile, ACORN’s Home Defenders campaign is organizing networks of neighbors to converge at foreclosed homes in protest when the authorities arrive to evict and to summon reporters and lawyers to publicize, slow or reverse the process.

These time-tested tactics were familiar to the millions of New York City homeowners and renters who struggled to keep roofs over their heads the last time the foreclosure rate was as high as it is today—during the Great Depression. Whether the various modes of confrontation will enable significant numbers of people to remain in their homes during the present emergency still remains to be seen.

## **Lessons from New York in the 1930s**

After the unprecedented 1920s real estate boom, the housing market went bust following Wall Street’s Great Crash of 1929. For a few years, investors fleeing securities sought refuge in real property, briefly propping it up. But as the broader economy sunk deeper into depression during the early 1930s, home prices plummeted too, making homes across the nation suddenly worth substantially less than the value of their mortgages.

Suburban homes—and homeowners—were hardest hit. As the 1920s construction spree dramatically inflated values on the urban fringes, the prices of suburban homes had the furthest to fall. Simultaneously, legions of suburban homeowners, many of whom were newly prosperous when they bought their homes near the top of the market, became destitute even more quickly, as the middle classes swelled the ranks of the unemployed and underemployed. With no income to pay their home loans and no way to recoup their purchase prices, homeowners defaulted on their mortgages and lenders foreclosed.

What could today be said of the exurban southeastern and southwestern United States then held true for New York City, where many neighborhoods remained farmland or wetland until, in the 1920s, easy credit lured home developers. European immigration and the mobilization and aftermath of World War I brought millions of newcomers to the city, many of whom could suddenly afford a one-, two- or three-family home. These were the options available in Sunnyside Gardens, Queens, for example, which became a locus of resistance to foreclosure and eviction during the 1930s.

## **Sunnyside Gardens Becomes a Home for Radicals**

With 1,200 housing units covering twelve city blocks, Sunnyside was a large project for its time. The City Housing Corporation, a “semi-philanthropic” developer that limited its investors’ dividends to six percent and reinvested the remaining proceeds in its homes, passing along the savings to buyers, built Sunnyside as a model neighborhood. Beneficent investors, including Franklin and Eleanor Roosevelt, supported



Sunnyside as a prototype for an American garden city, based on the English model (and later attempted by the City Housing Corporation at Radburn, New Jersey, before the firm went bankrupt during the 1930s).

Sunnyside's progressive origins, tidy homes and signature common green spaces in the interior of each block attracted working- and middle-class families (here referred to as Gardeners), principally from Manhattan's Lower East Side. Thus the neighborhood was doubly destined to meet lenders' strict repayment demands with fierce resistance once residents fell behind on their mortgage payments. Buyers seeking a left-wing community sought out Sunnyside; like the larger city, the community had an active Socialist Party during the 1920s and Communist Party during the 1930s. Manhattan's dense low-income neighborhoods had originated the rent strike a generation earlier to combat evictions during the Panic of 1907, and tenants struck again when landlords raised rents as apartments became scarce at the conclusion of World War I. Community-based collective action was thus a matter of the Gardeners' ideology and recent memory.

At the century's outset, on Manhattan's Lower East Side, women and men had borrowed the ideas and language of solidarity from the labor movement, bringing it home from their crowded garment factories, which sometimes stood side by side with their overcrowded tenements. As unemployment peaked, whole buildings of renters went on strike when they were no longer able to pay rent and were threatened with eviction. They picketed their own homes to prevent landlords from moving in new "scab" tenants. And they had help: city marshals who belonged to the Hebrew Union refused to participate in evictions. In this way, many buildings won rent reductions and year-long leases to stop the rent increases that landlords had imposed whenever the market would bear them.

A dozen years later, as veterans returned following World War I and immigration resumed, and as a substantial portion of the

city's older tenements became uninhabitable as a result of neglect, landlords hiked their rents. Tenants responded by organizing not only successful rent strikes but a sophisticated political lobby. City Hall and the state government in Albany met tenant demands with the city's first rent control law as well as a property tax abatement to spur new construction, the benefits of which fell to the City Housing Corporation's venture at Sunnyside Gardens.

These benefits came to an end in 1932, when the tax abatement expired, and as home prices dropped and unemployment rose, Gardeners' monthly payments also increased since they now owed real estate taxes in addition to mortgage interest and principal. As increasing numbers of residents fell behind, risking default, neighbors banded together to form the Consolidated Home Owners Mortgage Committee of the already established Sunnyside Gardens Community Association. The Committee worked mightily over four years to keep the neighborhood whole. Though hundreds lost their homes to foreclosure, some out of necessity and others in protest of lenders' refusals to restructure their mortgages, their ingenuity and tenacity were extraordinary.

### **A Community Survey Starts a Campaign**

The Gardeners' opening tactic of 1933 was to undertake a social survey, opening up years of pressure on mortgage holders and government officials. Two residents, an NYU economist and an AT&T statistician, surveyed hundreds of their neighbors and confirmed the great extent to which the Depression had transformed their economic well-being. Aggregating their indicators, the surveyors concluded that three-quarters of Sunnyside homeowners were in critical or potentially critical condition and summarized with the call to action: "Fundamental Financial Adjustment Imperative."

Remarkably, the Sunnyside survey results were reported in *The New York Times*, *The New Republic* and the policy journal *Survey Graphic*. One

Gardener wrote to the *Times* editor to amplify the paper's coverage of the survey, declaring: "My forebears fought against economic injustice from England, I fought against Germany, and am ready again to fight against an economic destruction of the equity in my home."

Gardeners sent their survey to local, state and national policymakers. They also used it to bolster their petition to their mortgage lenders, which demanded:

To put Sunnyside Gardens on a solvent basis and to make it financially safe for those of us who have invested our savings and our energies to make this an attractive home community, the full program of (a) interest reduction, (b) three-year waiver of amortization and (c) writing-down of the mortgage principal is absolutely necessary.

Such modifications might have been more complicated, though no less justified, than the rent freezes and reductions they and their forebears had demanded in Manhattan.

In April 1933, Gardeners traveled from Sunnyside to Washington, where they met with New York Senator Robert Wagner and urged amendments to the Home Owners' Loan Act, the first piece of New Deal housing legislation, which ultimately bailed out one in ten U.S. homeowners. Gardeners advocated for higher limits on the property value below which homes would be eligible for federal loans. They also insisted that government aid be calculated according to pre-Depression home prices, the prices upon which most mortgages in default were based. Both changes were incorporated into the law when Congress enacted it that June.

Federal relief, however, would be long in coming. The Home Owners' Loan Corporation, authorized under the Home Owners' Loan Act, did not begin assisting homeowners until 1934, so immediately after the Act passed Congress, Gardeners shifted their lobbying efforts to Albany, where they demanded a moratorium

on home foreclosures. Meanwhile, they also conducted a statewide survey, based on their earlier neighborhood-level analysis. Three Gardeners traveled 1,500 miles throughout New York and confirmed that many upstate farmers were also facing foreclosure.

In Albany, Governor Herbert Lehman (a former Lehman Brothers partner) and the New York State Legislature ultimately declared a moratorium, but limited its scope to loans for which borrowers were behind on principal payments only, a minority of homeowners. Throughout 1933 and 1934, Lehman resisted repeated Gardener entreaties to broaden New York's foreclosure moratorium.

### **Confronting Foreclosures and Eviction**

By 1935, despite state and federal efforts, many Gardeners remained at grave risk of losing their homes. Mortgage lenders had not acceded to their demands of 1933 and showed no signs of mercy. Thus, on March 24, Gardeners resolved to withhold all mortgage payments until lenders cut their interest rate from six to three percent. Lenders retaliated by beginning foreclosure proceedings against the strike leaders, who were honored by their neighbors with service flags for their courage.

A Communist Party circular urged a "united struggle for our full demands." A companion bulletin promised:

[F]oreclosures are a gigantic bluff on the part of the City Housing Corporation to scare the homeowners. THEY CANNOT AFFORD TO GO THROUGH WITH THE FORECLOSURES. All we need to do to beat them is not to pay City Housing a single nickel. Let us keep our lines fast.

In December 1935, the home of Gardener Charles J. Laue, Secretary of Taxes and Assessments in Mayor Fiorello La Guardia's Administration, was sold at auction on the steps of the Queens County Courthouse. *The New York Times* reported: "A

dozen housewives, dressed in gingham gowns and sunbonnets and carrying brooms, performed a folk dance on the sidewalk, singing a song to the tune of "John Brown's Body" [...]:

Sunnyside is on a mortgage holiday  
Sweeping six percent philanthropy away  
Second mortgages can't make these houses pay  
Although their sales go on

#### CHORUS

Glory for the six percenters  
Who are out to make us renters  
What a pity we're dissenters  
We'll stay in Sunnyside.

They did not end up staying, but the Gardeners met evictions head on. They installed an alarm system to alert neighbors when city marshals arrived. In one instance, three women and three men were arrested rather than leave one neighbor's home upon the order of the Sheriff. One family mailed out embossed invitations to their eviction. Three more held a joint funeral, replete with eulogies and a coffin containing the deeds to their homes. Another evicted woman, the mother of a newborn baby, brought a pound of flesh—hamburger meat—to the Manhattan headquarters of her obstinate mortgage lender, the Equitable Life Assurance Society of the United States.

The Sunnyside Gardens mortgage strikers who were ultimately evicted included city officials, professors,

artists and writers. While some took political stands against the financial institutions they held responsible for the Depression, others acted on personal commitments. Sophia Mumford struck and lost the home she shared with her husband, social and architectural critic Lewis Mumford. A half-century later, she recalled: "People simply couldn't make the payments on their houses. [W]e just felt we had to stand by our neighbors and we joined in, sadly and reluctantly. We withheld payments for a year, then we left."

The Mumfords permanently relocated to their country house in the Hudson Valley. Other Gardeners were not so lucky and, like millions of former homeowners today, sought rental accommodations nearby. Many maintained the progressive convictions that they had brought to Sunnyside from the Lower East Side.

Today's foreclosed and evicted have been denied this inheritance, displaced over several decades by the myth of individual success and personal responsibility. Thus it comes as no surprise that ACORN, with its Home Defenders campaign to organize neighbors to prevent foreclosures and evictions, has met such stiff political resistance of late. May this story of Sunnyside Gardens embolden today's Home Defenders to strike and, this time, to win.

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# From Fragmentation to Empowerment in a São Paulo Favela

by Bruno Padilha (Translated by Salvador A. M. Sandoval)

The leaders of community organizations from the Real Parque *favela* of São Paulo were suspicious of the group of students who proposed to work with them. *"We are tired of beginning a project and then having to leave it because our partners leave,"* said Messias, one community leader. *"We understand that it is difficult to work without any money, but we get left with our hands empty in the air."* Added Maria, another *favela* leader, *"I am tired of seeing these people go away after two months of work. They always have an excuse. What are the guarantees that you will continue with us?"*

It was a rocky start for the students inspired by what Latin Americans call liberation social psychology and for the community activists beaten down by repeated disappointments. And it soon got rockier. But, at the end of the process the community and students surprised each other, building new unity among *favela* residents and jump-starting economic development.

## Ideals Meet Reality in the Favela

Since the 1970s when Brazil was under military dictatorship, projects aimed at developing socially vulnerable communities have been widely carried out, but without much success. These projects were based on a paradigm that classified communities by the degree of resource scarcity, generally measured by traditional quantitative socio-economic indicators.

A number of Latin American psychologists, including Salvadoran Ignacio Martín Baró and Venezuelan Maritza Montero, proposed liberation social psychology as an alternative approach. This movement, akin to others such as the popular education and participatory action research of Paulo Freire and Orlando Fals Borda,

emphasizes the following: empowering lower-income communities via disenfranchised peoples' recuperation of their historic memory, building up community resources, advancing research methods on popular consciousness, submitting everyday experiences to closer examination and promoting popular organizations as instruments of self-determination.

In 2004, a group of undergraduate and graduate students (including me) from the Catholic University (PUC) of São Paulo, members of a liberation social psychology-based university movement called PUCNovaEscola (New School PUC), sought a community project. We chose the Real Parque *favela* at the suggestion of an entrepreneurial philanthropic organization, Brazil Community Action (ACB), which had an office close to the *favela* that offered facilities and activities to residents.

Through ACB, the team met the coordinators of the existing community-based organizations. Real Parque was already organized in eight local associations: the Residents' Association, the Bluebird Daycare Center, the SOS Youth Sport and Cultural Association, the Sun Ray Bakery, the Housing Association, Real Parque Recycling and two organizations of native people, Pankararú Indigenous Cultural Action and the SOS Pankararú Indigenous Association. Despite the number of organizations, as is often the case with poor communities, these organizations were individually weak and dispersed, and they competed with each other for resources, leaving the *favela* prey to the stronger interests of the larger society.

In our first contact with the leaders, we proposed collectively building a network of local



organizations to promote activities of interest to all. The leaders initially accepted the proposal, but then began voicing a critique based on past experiences with outsiders: researchers would begin projects, but then abandon the community once they gathered the information for their studies, claiming lack of funding or simply no further interest in working with the community. To calm these concerns, an ACB representative guaranteed financial support. But when the student team submitted a formal workplan, to their great consternation ACB rejected the proposal, citing changed priorities.

### **“Stop Following What They Tell Us to Do”**

Ironically, the shock of rejection catalyzed the community into action. Community activist Messias, of SOS Youth, declared:

It’s time that we stop following what they tell us to do. We have to unite, once and for all, we have to unite. We, the community leaders, have to know where we want to go and invite those who we want to work with. We have to stop lowering our heads to ACB and to those that come from outside the community. We have associations here, even though few know about it, alas. That is one of the main thing we have to do, give more visibility to our work.

Messias and other association leaders decided to go ahead and form a group to coordinate their efforts.



**Left:** Real Parque, surrounded by luxury highrise condos, is under threat of displacement (top) The children of Real Parque (middle) The author (second from left) with community leaders and youth activists (bottom)

**Right:** The Real Parque *favela* and a local daycare center (far right)

The student team, too, chose to continue its collaboration even without funding, proposing specific projects for each association that would allow for greater cooperation and overlap in the face of scarce resources. Community leaders welcomed the students' decision. Soon the student team was working side-by-side with the community, no longer seen as outsiders attracted by funding possibilities but as collaborators joining with the community in the struggle to transform the *favela*. The student team believed that if the leaders and their organizations built up enough strength, eventually the team could withdraw and the community would continue developing itself.

In the absence of external funds, the student team adopted a new strategy. Each student went to work with one of the associations, making the team itself a new channel of linkage between associations. As the associations began to work together and help each other more, the group of leaders looked for a name to baptize the emerging network. At one meeting, activist Madalena declared, "All of us should unite and work together, because in fact, we are all in the same boat." The reaction was instantaneous and emotional: All agreed to baptize the new organization as the Forum de Entidades BARCO, the Boat-Forum of Associations.

Over a two-year period, the forum became the intersection that provided the information flow needed for consciousness-raising among the

residents, and planned and coordinated the *favela* associations' activities. The associations themselves came to function as units multiplying knowledge about the community. The network allowed broader participation in actions implemented by forum member associations, with an opportunity for community-wide reevaluations, planning and discussions.

One joint activity began when SOS Youth initiated a craft workshop with recycled waste called the Transformation Atelier. The associations supported this endeavor by taking the crafts to local shops surrounding the *favela*. By combining forces, the organizations were able to create a craft fair every two weeks aimed at displaying community culture and selling the goods produced by community members. Another major achievement of the Forum was obtaining the Banco do Brasil sponsorship of a project that placed *favela* youth in bank jobs, guaranteeing them an entry into the job market and income for their families.

### Empowerment in Action

The Real Parque project teaches us lessons about organizational strategy. The approach of linking up existing organizations most definitely bore fruit. And the student team became effective and accepted as a community partner precisely because it undertook the work voluntarily, without commitments to external economic or political institutions.



All photos by Marie Kennedy

But more importantly, the *favela*'s transformation helps to make concrete the concept of community empowerment. Liberation social psychologist Maritza Montero, in her 2003 book *Theory and Practice of Community Psychology*, defined community empowerment as "a process through which members of a community develop together capacities and resources to control their life situation, acting in a committed manner, conscious and critical, in constructing the transformation around them according to their needs and aspirations, transforming themselves at the same time." We saw that community empowerment can begin simply with discussing and planning actions around the problems of everyday life. It flowers through consciousness-raising and as the individual and the group learns to confront the obstacles imposed on them by society and devise actions to overcome these. In this sense, empowerment is a form of individual and group maturation.

Although the timing of individual and community development differ, confronting challenges *collectively*, based on ties of friendship and solidarity, increases the likelihood of success. At its best, collaborative work helps community actors to simultaneously become more autonomous and more interdependent, attenuating competition for scarce local resources while favoring mutual help and solidarity. This is precisely the process that unfolded in the Real Parque *favela*.

Bruno Padilha ([brpadilha@gmail.com](mailto:brpadilha@gmail.com)) is a doctoral student of social psychology at the Catholic University of São Paulo. He has been working with community organizations in the Real Parque favela in São Paulo since 2004 and is currently working with the youth to take over the management of their own organization, SOS Juventude.



All photos by Marie Kennedy





# Remembering Jac Smit and Tom Reiner

## Jac Smit, 1929 - 2009

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I knew Jac Smit, a progressive planner and one of the coolest people I have ever met. I can't remember one instance of his getting upset, angry or bitter. Inside, though, Jac was passionately concerned with justice, fairness and human rights. His planning work was always bent in that direction.

Back in 1978, when Jac was working in Egypt, he invited me to stay with him in Cairo. Through some connections, I got to work a bit on his project, the Suez Canal Regional Plan, a dream of Nasser's. One of the programs Smit helped develop was milling in transit. The idea was to use the vast shipping passing through the canal to supply factories on the shore with raw materials. The materials would be processed and loaded on empty ships coming through. This took a lot of programming but worked well. Later on, Jac did planning in Baghdad under Saddam Hussein's government.

One day I got a postcard that Jac sent from Zanzibar. This was one of the things that sparked in me a desire to travel the world. Some years later, when I got to Dar es Salaam and Zanzibar, I sent Jac a postcard. That's how I evened the score.

In the last ten years of his life, Jac became involved in urban agriculture. What a great concept—growing more food locally, reducing the costs of transportation and refrigeration, utilizing local, vacant urban land, putting people to work, providing fresh produce. He helped organize networks of urban agricultural operations and co-ops, and even got involved

in vertical farming, where crops are grown in multi-story buildings. Jac thoroughly researched the background before he jumped into anything, the mark of a good planner.

We used to meet at APA national conferences. They offered various field trips to view projects: housing rehabs, coop housing schemes, people's markets, small local industries and the like. Invariably we would choose the same venues. That's how we usually met at a conference and it was great to be together on those adventures where we always had a lot to talk about.

Progressive planning lost a staunch advocate for people's needs with the passing of Jac Smit. ---*Lew Lubka*

From [www.jacsmit.com](http://www.jacsmit.com): Frequently referred to as the "Father of Urban Agriculture," Jac Smit is the founder and past president of The Urban Agriculture Network, Inc. (TUAN). Begun in 1992 in Washington, D.C., TUAN is a non-profit urban agriculture information and consulting organization. Jac has visited over thirty countries in his advocacy of urban agriculture programs and policies. He is the principal author (with Joe Nasr and Annu Ratta) of *Urban Agriculture: Food, Jobs and Sustainable Cities*, the best-selling book published in 1996 by the United Nations Development Program (UNDP) and launched that year at the World Urban Forum in Istanbul. This seminal book was the result of a 20-nation survey of urban agriculture undertaken by Jac beginning in 1991 under the auspices of UNDP and the World Bank.

## Tom Reiner, 1932-2009

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Tom was a founding member of Planners for Equal Opportunity, the predecessor organization to Planners Network, in 1964. According to Walter Thabit's PEO History, he was a member of the Delaware Valley Fair Housing Council, Quaker Yearly Meeting, Friends Abolition Committee and he was active in a local expressway fight. His area of specialization was

regional science and he wrote various articles on poverty and social planning.

Dr. Thomas A. Reiner received his Ph.D. from the University of Pennsylvania in 1963, where he became a professor of regional science in the School of Arts and Sciences. He directed the Urban Studies Program there in the early 1980s and retired in 1993.

# ***New York for Sale:*** **Community Planning Confronts Global Real Estate**

***Review by Pierre Clavel***

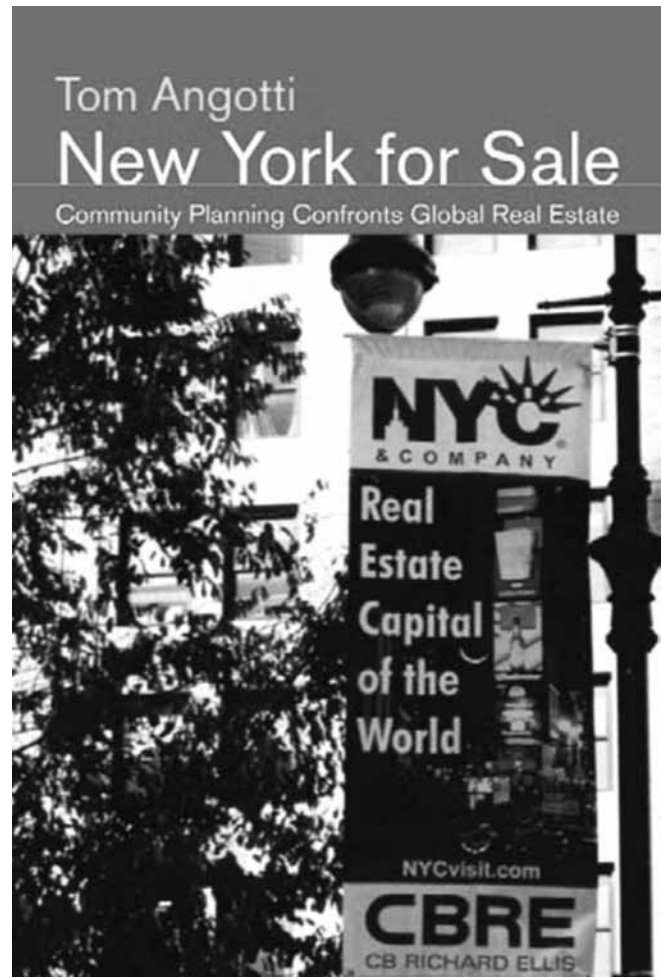
*New York for Sale:*  
*Community Planning Confronts Global Real Estate*  
**Tom Angotti.**  
**Cambridge, MA: MIT Press, 2008**

*New York for Sale*, winner of the Paul Davidoff Award for the “best book in planning” from the Association of Collegiate Schools of Planning, is a landmark book, maybe a masterpiece, on progressive planning in the United States. In it, Tom Angotti documents the transformation of the city from one in which a chaotic, bureaucratized government could not control its finances or, more importantly, the real estate development industry, to one in which community groups in some cases found a way to fight the developers to a standstill—or in other cases to at least exert a powerful voice of dissent. In this we see the outlines—drawn on the map of the nation’s largest city—of planning as a seriously pluralist process. This is noteworthy.

As he recounts the history of successful and not so successful struggles for community control of development and analyzes these efforts, Angotti draws out lessons for progressive planners and community organizers. It is an accessible, analytical book, a fascinating read.

Here is the history, as Angotti lays it out:

- As far back as Peter Stuyvesant in the 1600s, big developers had always been at the center of New York City politics, though they had to beat back resistance from working-class wards and political machines.
- Starting with Cooper Square at the end of the 1950s, community groups found ways to counter government plans that favored big investors. Since



then, more than 100 neighborhoods throughout the city have developed their own community plans.

- By the end of the twentieth century, what had been a neighborhood-based, if Manhattan-centered, real estate and land development elite had given way to a small number of giant, multi-billion dollar firms backed by international investors.
- By 2008 (when *New York for Sale* was published), community planners had built significant momentum and capacity. Real estate interests, however, now more sophisticated in their tactics and knowledgeable

of ways to divide community groups and buy off opposition, had become even more of a threat to neighborhood life given their connections to the global financial industry, connections unavailable in earlier decades.

Angotti ends the story in suspense, but along the way provides rich insights into the conflicts between neighborhood interests and the globally backed real estate–City Hall alliance.

Angotti describes in detail several community planning efforts, illustrating a set of unfolding themes: the transition from local to global real estate, the evolution from neighborhood protest to resident-led community planning, the central role of the environmental justice movement, the creation of a charter amendment to make community plans “official” and the developing—but apparently not yet conclusive—cooptation of community planning efforts by newly powerful real estate–City Hall alliances.

In describing two early examples of successful community plans, Angotti explores the relationship between neighborhood organizing and advocacy planners. The first notable community plan adopted by the city, that for Cooper Square, resulted from the combination of resident resistance led by Frances Goldin, starting in 1959, and the assistance provided by pioneering advocate planner Walter Thabit. After many years of “radical and sometimes militant” organizing, the city adopted the residents’ plan, preventing the demolition of eleven blocks of the neighborhood that would have displaced 2,400 tenants, 450 single room occupancy (SRO) units, 4,000 homeless beds and 500 business establishments with 2,900 units of middle-income housing .

In Melrose Commons, South Bronx activist Yolanda Garcia brought together a set of protest and local interest groups to fight a 1992 city proposal to redevelop thirty blocks. With support from the borough president’s office and the help of Ron Shiffman of the Pratt Institute Center for Community and Environmental Development (PICCED), the community produced a more neighborhood-friendly plan. While both the Cooper Square and Melrose

Commons plans prevented massive displacement from low-income and working-class neighborhoods, Angotti is careful to point out the messy and conflict-ridden nature of the process when you take planning out of the office and into the midst of struggle.

In turning to more recent examples of community plans, Angotti particularly highlights the story of the city’s environmental justice movement, which mobilized scores of groups and had the potential, when protest turned into community planning, to create coalitions with other groups who saw the broader impacts of sludge plants, incinerators and solid waste stations. The best example is the Organization of Waterfront Neighborhoods (OWN), which garnered support for a citywide plan that challenged city practice in solid waste disposal—an increasingly expensive proposition in the 1990s, involving the use of 200 trailer trucks to carry waste to upstate landfills.

In the course of a rich, even overpowering narrative of specific efforts, Angotti makes general observations. Of the over 100 community plans, most were initiated in poor neighborhoods. Contradicting the common perception, these groups were not simply dedicated to the “not-in-my-backyard” approach or to exclusionary goals, but rather they saw the possibilities of joining with other neighborhoods, often less poor, in the face of depredations that affected them all. Rather than resisting the location of an incinerator, for example, they sought to reduce the number of disposal facilities across the city in favor of recycling—against the recalcitrant New York City Sanitation Department.

By the 1990s, in Angotti’s chronicle, community protest and alternative plans had become effective enough that city officials took a new tack, adapting a charter amendment that gave neighborhoods an official sanction for the so-called “197a” plans. Here the mandate, initiated by City Hall progressives like Hortense Gabel and Beverly Spratt, was diluted by practice: city bureaucracies failed to provide technical support to the plans, and under Giuliani and Bloomberg after 1993 there was little mayoral support either.

The most instructive section of the book is the later chapters that discuss the post-9/11 reconstruction efforts and the Atlantic Yards proposals in Brooklyn, which attracted the really big money backed by Real Estate Investment Trusts and international finance. In both cases there were vigorous local voices, but also newly sophisticated manipulation by City Hall and its backers. Most of Angotti's account presents a picture of neighborhood planning as, if not a populist ideal, at least as a process where the small powers seem to have a fighting chance and occasionally win. But in Atlantic Yards, at least, the picture is of a planning process turned on its head, to the disadvantage of the neighborhoods:

Like Alice in Wonderland in her looking-glass world, the planning for Atlantic Yards was all backwards. In planning without the mirrors, government creates a

plan for the area, looks at the potential environmental impacts of the plan, decides what to do and then either takes action by itself or puts the plan out to private developers to bid on. In Atlantic Yards and increasingly in other megaprojects throughout the neoliberal city, the reverse is happening: the private developer does the plan, persuades government officials to back it and then announces a done deal. This ideology of the fait accompli becomes a key instrument for moving through all stages of the planning and public approval process. It poses a serious challenge to community organizers because even those who find the project to be unacceptable are led to believe that nothing can be done to change or stop it. (p. 216)

Angotti wonders what to do in the face of the new conditions imposed by the deep pockets and political

## **Angotti on the Davidoff Prize: *Join the Struggles for Social Justice***

I would like to thank the Davidoff award committee and the many friends and colleagues that I have learned and gained strength from. I would like to especially thank the many activists in New York and beyond who, in striving for a just utopia, are reinventing community planning. They are the ones who have earned and truly deserve the Davidoff prize.

As told in *New York For Sale*, the sad truth is that community planning and participation most often promote racial and ethnic exclusion and the supremacy of real estate values over human values. But progressive community planning comes out of community struggles by working class communities and communities of color against displacement, environmental injustice and exclusion. It goes far beyond setting up an open and transparent process but deals with realigning economic and political power.

The roots of progressive planning today are in advocacy planning, to which we owe a debt to Paul Davidoff. But let's not forget that advocacy planning came out of the Civil Rights struggles, and to carry forward Paul's work we must connect with today's movements. Too often the profession and planning education have whitewashed Davidoff's brilliant work in the same way that Martin Luther King's legacy has been purged of its revolutionary spirit. Planning offices are still pushing real estate and planning faculty are still too white. I know Paul would be the first to welcome all of our efforts to rekindle the struggles for social justice, inside and outside our universities, through the World Social Forum, Right to the City Alliance, Habitat International Coalition, Planners Network, and many other venues. Please come along with us, and thank you.

*This comment was delivered during the awards ceremony at the 2009 conference of the Association of Collegiate Schools of Planning Conference.*

authority of the real estate developer–City Hall alliance. He reflects on the years of effort by community groups to defeat such megaprojects as the Lower Manhattan Expressway and Westway. “To what extent would community-based organizations have better served their neighborhoods by retreating from such struggles and focusing on the relatively peripheral areas where they may have greater ability to actually influence outcomes?” But it was good to defeat Westway, too, and Angotti does not try to answer this.

There is the question of what the planning profession can draw from these experiences. One lesson would be simply to notice the disconnect between the “planning” roles played by, say, the architects in charge of the various proposals to rebuild the World Trade Center and the community planning professionals, sometimes trained as architects as well, working with groups like the Cooper Square or the Melrose Commons activists or those involved in the OWN solid waste plan. The megaproject planners, working in the upside-down context Angotti describes—even the world famous architects given carte blanche to create monuments like in the case of Daniel Libeskind and the World Trade Center site—operated in a diminished sphere as professionals because, in contrast to Thabit or Shiffman, they had to accept the dictates of their masters rather than interact with the people in the street. They did not have to think about “equity” or “environmental justice.” They could not provide the legitimacy of client contact the community planners had, or pass it on to their employers, who were content to construct essentially inauthentic visions. This deprived the city of projects connected to the real interests of its residents.

One can ask another question: given the accretion of experience represented in these accounts—hundreds of groups over, say, thirty years or more—and the capacities that have built up, are we better able to use community plans to accomplish greater change than was possible, say, at the beginning of the Dinkins administration when the Cooper Square activists finally achieved success? One guesses we are further ahead but that we still have not found a way to change New York government in a decisive way. Or perhaps Angotti’s activists have found it, and are only waiting for one further push.

All in all, *New York for Sale* is a splendid book. It stands alongside such iconic works as Percival and Paul Goodman’s *Communitas* (1947) as an exemplar of what planning can be or might be. As that book documented post-war hope by assembling the historical and then current record of planning ideas, this book documents a remarkable record of community planning experience drawing on more recent efforts. And he tempers hope with realism because he understands profoundly what community planners are up against. He sees both the immense force of the real estate “growth machine” that grew to international dimensions, particularly in New York, and the creative energy that can come when community organizers and planners work in partnership to advance community interests.

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