

Progressive Planning

The Magazine of Planners Network

Policing, Violence and Planning



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- Fear and Violence in Ciudad Juárez
- Architects and Prisons
- Inequality and Foreclosures

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*

Policing and Safe Streets

Where are the Planners?

Sylvia Morse

THE MOVEMENT for racial justice and police reform has come to the fore nationally as protestors in Ferguson, Missouri, New York City and cities nationwide respond to police killings of unarmed black and brown people where they live. Debate among policymakers and in the media has focused on discriminatory policing and remedies within police departments and in the courts, but the problems—and solutions—do not end there.

While some planners are participating in the protests, are we connecting the issues to our work? Absent critical consideration of systemic racism, planning policy can compound existing inequalities and injustices.

The intersection between urban planning and policing is exemplified in New York City’s Vision Zero initiative to end traffic fatalities and debate over its policies. What are the implications of encouraging aggressive police intervention in otherwise progressive efforts to promote safe streets?



Sylvia Morse is an urban planner based in New York City, where she works on participatory planning and housing issues.

A version of this article first appeared in the Spring 2014 edition of Hunter College’s *Urban Review*.

New York City’s Vision Zero and the Police

The aim of Vision Zero is to increase street safety through new street designs and infrastructure, reduced speed limits and greater traffic enforcement. The plan has been widely embraced by urban planners and pedestrian and bicycle advocates, but received pushback from some groups concerned with how policing affects neighborhoods and people of color. What underlies this criticism, and how does it concern planners?

The policing of low-level offenses, including traffic infractions like jaywalking or failure to signal, is at the center of debates about crime and social justice. These minor offenses, along with hopping a turnstile and drinking alcohol on a park bench, are often targeted by police departments as essential public safety and quality of life issues. Proponents of this approach, commonly known as “broken windows” policing, like New York City Police Commissioner William Bratton, argue that such enforcement reduces crime. Not only does it deter similar offenses, Bratton told *The New York Times*, but it also increases police interactions with people who might have committed many or more serious crimes.

Critics point to the lack of evidence that “broken windows” reduces crime, and to the discriminatory implementation of these policies, which have disproportionately affected the poor and people of color. Recent protests in New York City emphasize these challenges to “broken windows” police policies.

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Martin Luther King, Jr. Day March
East Harlem, January 19, 2015

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The Urbanization of Fear

Notes from Kenya's War on Terror

Zoltán Glück

“There is nothing to fear about the Bill unless you have been engaging in criminal activities.”

—Uhuru Kenyatta

“The city [is] not just the site, but the very *medium* of warfare – a flexible, almost liquid medium that is forever contingent and in flux.”

—Eyal Weizman

ON DECEMBER 18, 2014, in the immediate wake of two “terrorist” attacks in its northern border town of Mandera, Kenya passed a new “Security Laws Bill” dramatically curtailing civil liberties and profoundly expanding the powers of police and security officials. Carried out in the name of national security, the new bill’s provisions are sweeping. Concrete measures expanding the authority of the National Intelligence Service and the executive powers of the President are accompanied by other vaguely worded articles that are seemingly aimed at intimidating journalists, activists and human rights organizations. The new laws stand to undermine many hard fought civil rights of all Kenyans, but certainly those communities who will feel the brunt of the new bill most acutely are Kenya’s Somali, Muslim, immigrant and refugee populations.

Since the Kenyan military began its occupation of Southern Somalia in 2011, a dialectic of violence has emerged in the country: Al-Shabaab militants carry out attacks in Kenya with increasing frequency and, in turn, the Kenyan state metes out violence



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against a civilian population of Somali “outsiders” and Muslim “collaborators,” leading to growing radicalization and a cycle of violence and retribution. In this process urban spaces are being transformed into everyday battlegrounds of Kenya’s War on Terror. As xenophobic fears fuel new policing initiatives and a booming security industry, so too are neighborhood boundaries hardening in the capital city of Nairobi.

In upscale neighborhoods private homes are becoming more fortress-like, with the proliferation of electric fencing, razor wire, steel-reinforced doors and windows and private security guards. Middle class spaces of consumption and recreation are also undergoing security overhauls. Since the terrorist attack on the Westgate shopping mall in 2013, all malls and most downtown hotels and office buildings now have security checkpoints for all entering cars or persons.

Impacts on Everyday Life

Whether or not the militarization of these spaces serves to deter potential terrorist attacks, its immediate effect on everyday residents of Nairobi is clear. At checkpoints everyone is a potential suspect, and security guards can turn away anyone who looks like they “do not belong” or “do not have enough money” to shop at a particular mall. Checkpoints are both daily reminders of the threats of terrorism that spatialize national fears, as well as newly hardened boundaries in the city that serve to keep everyone in their “right” place. As the security checkpoints operate on a logic of profiling – as guards judge whether someone belongs based on class and ethno-religious markers – they serve to regulate mobility in the city, which in turn serves

to spatialize class relations and urban inequality.

What is happening in Nairobi is part of a larger story. Over the past few years, security and the War on Terror have been transforming and remaking spaces across East Africa. From international military interventions and regional security cooperation policies down to the neighborhood-level changes, security has become a major motor in the transformation and production of space in the region. But it is perhaps in Nairobi that the spatial transformations wrought by security and counter-terrorism are most clearly laid bare. While upscale neighborhoods and malls barricade themselves in against fears of terrorism and crime, a different story is playing out in the city's marginalized neighborhoods.

Counter-terrorism and Dispossession in Kenya

Ibrahim tells me: "Personally, I know about 30 people who lost their homes in the demolitions." It's early October and I've come to meet Ibrahim at the madrasa in Eastleigh where he teaches neighborhood children. Eastleigh is a predominantly Somali Muslim neighborhood in Nairobi, home to a large refugee population of Somalis and Ethiopians who have fled war and conflict in their home countries. The neighborhood has also found itself at the epicenter of Kenya's counter-terrorism policing. Ibrahim is an imam at a local mosque, as well as an elder and community leader.

"The government decided that they wanted to remove all of the structures that were not 'permanent' in Eastleigh," he explains to me. "My madrasa was one of these semi-permanent structures, so it was demolished. It used to be made of *mabati* (iron sheets)." Ibrahim was lucky, and with much community support and donations he was able to open the madrasa at a new location across the street from the place that his demolished school once stood. His rent is higher now and the school struggles every month to stay open.

The official pretext for the neighborhood-wide demolitions were that the structures were built illegally. Yet out of seeming cruelty, no advance warnings were given before the demolition crews arrived. Most people could not remove their belongings before the demolitions started. "People were crying about their property, but

there were police everywhere and there was nothing you could do . . . when I saw my madrasa, I sat in the street there for three hours. Three hours. All I could do was cry." For neighborhood residents the obvious reason for the demolitions was that they are part of the Kenyan government's response to terrorism, as they took place amidst "Operation Usalama Watch," the infamous counter-terrorism policing initiative that swept across the neighborhood in the Spring and Summer of 2014.

In Nairobi, *Usalama* worked like a battering ram where police, under the auspices of rooting out "terrorists," engaged in wide-spread human rights violations: beating, robbing, extorting and intimidating residents while destroying property – often smashing up and stealing from people's homes – and tearing down "illegal" housing. Human Rights Watch also documented wide-scale occurrences of police gang raping, abducting and beating women in such raids. To date these operations have not led to any major conviction of suspects on terrorism related charges, but they have effectively performed a brutal collective punishment on Kenya's Somali and Muslim populations.

Within the first week of *Usalama*, 4,000 people were arrested, caught in the seemingly indiscriminate dragnet of policing raids that pulled people out of their homes at night and swept-up whole crowds off the streets by day. Over the next months, thousands of refugees were forcibly relocated from their homes in Nairobi to overcrowded refugee camps in the Northern desert region of the country. Many were illegally deported, while hundreds were also kept for weeks under inhumane conditions at the now infamous Kasarani stadium in Nairobi.

The violence and demolitions have left many Eastleigh residents traumatized, fearful of the police and scared of even leaving the neighborhood. As one woman who had been detained at Kasarani told me, "Even last night someone called me and told me not to leave my house, because there were policemen here [in the streets]." She had fled Ethiopia after her father was killed and has been a refugee in Kenya, living in Eastleigh for the past ten years. "I can't go home unless I want to be killed," she said, "but here my heart is so broken." The past year of police harassment and violence against the community has shaken many people. Oromos and Somalis are regularly targeted by police, who are known to ask

for your “papers” and then will destroy them if you don’t pay a bribe. When I asked about how things have changed in her daily life in the city she replied, “I don’t leave Eastleigh if I don’t have to . . . I don’t feel safe other places.”

This sentiment, which was echoed by other refugees I met in the neighborhood, also stands as an index of some of the less visible ways that Nairobi is being transformed by the War on Terror. As whole groups of people become fearful of leaving their neighborhood, it is these unseen and immaterial boundaries within the city that are hardening. Residents of Eastleigh are not only dispossessed of their homes in large-scale highly visible demolitions. They are also being excluded in less visible ways, as everyday harassment, trauma and fears dispossess them of their ability to move freely in the city.

Building Security States

One year after the Westgate shopping mall attack left 67 dead in an upscale center in Nairobi, memorial services were held across the city and the newspapers were filled with editorials and commentaries about terrorism and security. Some commentators looked to the United States as a model for how East African states should respond to terrorism. As an article in one of Kenya’s most widely read dailies, *The Standard*, opined:

The USA was subjected to what we are going through now – insecurity from within and without. However, after the 9/11, they came up with a workable model, which brought about many recommendations including the Homeland Security. The model can be adopted with adjustments to suit our needs – we do not need to invent the wheel.

Many commentators argued that following the path of the United States and the Patriot Act would undermine hard won civil liberties and reverse the gains made by civil society in the constitution of 2010. But with the passage of the new Security Laws Bill, it is evident that those who would see Kenya transformed into a security state have won out. If Westgate was Kenya’s 9/11 moment, as some would like to claim, then passing this new security bill can be likened to Kenya’s Patriot Act moment—a bold step into a perpetual state of exception.

While it is too early to tell what the precise effects of the new bill will be, or how the new laws will be implemented, the outcomes are already legible in the ongoing practices of Kenya’s War on Terror. They are visible in the rubble of demolished homes and schools. Their contours can be seen as they work their violence under the cover of night on the bodies of residents in Eastleigh. They are felt by communities as the palpable absence of those who have been deported and displaced in the name of national security. And they can be heard and read daily in the rising chorus of nationalism and xenophobia that perennially accompany the fight against terrorism. The hardening barriers and boundaries in the city—both visible and invisible—serve to re-inscribe divisions of class, ethnicity, religion, citizenship and belonging into urban space. They are tangible outcomes of the War on Terror which promise to be further entrenched by the new laws. This is the urbanization of fear fostered by counter-terrorism.

In a twist of ironic synchrony, Kenya’s new security bill was passed the same week that the United States Senate Torture Report was released. Kenya, a country that is home to thousands of survivors of British colonial violence and torture, as well as political repression under the former regime of Daniel Arap Moi, should need no reminder of the atrocities that can be carried out in the name of state security. In its war against Mau Mau “terrorism” the British colonial government imprisoned more than 70,000 suspects and carried out systematic torture, beating and sexual violence against detainees in the 1950s. These atrocities were finally acknowledged in an historic British High Court Ruling in 2012, with some first damages being paid to some 5,228 Kenyans only in 2013. Tens of thousands more victims are still wrapped up in litigation.

It may be decades before the United States will be held accountable for the violence, torture and extrajudicial killings that it has pursued in the name of the War on Terror. One wonders what will happen to Kenya in years to come as its government follows in the footsteps of its colonial abusers, mimicking American imperial hubris while trying to building a 21st century security state in East Africa. For the present, all that is certain is that such measures throw fuel on the fire, promise to escalate ongoing cycles of violence and remake urban spaces in the image of fear and repression. **P²**

AIA Condones Torture and Killing

Proposal to Enforce Human Rights within AIA Ethics Code Rejected

Architects/Designers/Planners for Social Responsibility (ADPSR)

AFTER MORE than two years of petitioning by independent nonprofit organization Architects/Designers/Planners for Social Responsibility (ADPSR), a recent letter from the American Institute of Architects (AIA) indicated that the professional association will take no action to address participation of architects in designs intended to degrade, torture, or kill people. “The AIA Code of Ethics should not exist to create limitations on the practice by AIA members of specific building types. The AIA Code of Ethics is more about desirable practices and attitudes than condemnation,” wrote 2014 AIA President Helene Combs Dreiling, FAIA. The current AIA Code of Ethics and Professional Practices includes Ethical Standard 1.04 “Members should uphold human rights in all their professional endeavors.”

“AIA’s refusal to draw a line is unacceptable,” responded ADPSR President Raphael Sperry, a San Francisco-based architect. “Doctors, psychiatrists, psychologists, nurses all have codes of ethics that limit professional complicity in human rights abuses that include torture and killing.” Writing in a recent op-ed for CNN.com, Sperry cited the code of the American Medical Association and the World Medical Association Tokyo

Declaration on Torture, which reads, “The physician shall not provide any premises, instruments, substances, or knowledge to facilitate the practice of torture.”

“That leaves providing the premises for torture up to us architects, and as far as the AIA is concerned, we are open for business,” he opined, adding today, “professional licensing exists to protect the public; if professionals won’t prohibit active engagement in harming the public, especially in the most extreme and graphic ways, how can you claim professional status at all?”

ADPSR board member and Boston-based architect Shawn Hesse shared his discontent as well: “I’d like to think I belong to a profession that takes our role of creating spaces to enable human activities seriously. Imagine what the world would be like if architects, engineers, and contractors refused to help dictatorships build facilities meant for torture or execution. It is disappointing to me that the AIA is apparently more concerned about potential impact to architecture firm fees than they are about human rights.”

ADPSR Vice President Lynne Elizabeth agreed that AIA is failing the architectural profession and the broader public: “I’m not sure AIA realizes that a code of ethics protects not only the public, but also protects its own members by establishing explicit restrictions on known unethical practices. It can provide the institutional backbone to be able to say no to unconscionable client requests, especially when the stakes are very high. When it comes to light that architects are knowingly being employed to design spaces for the execution and torture of human beings, the role of a professional or-

Architects/Designers/Planners for Social Responsibility is a national nonprofit founded in 1983 to promote peace, environmental protection, ecological building, social justice, and the development of healthy communities. For more information see www.adpsr.org

ganization should be to prevent further abuses. This is a duty that must have a higher priority than business concerns. And it's on the table now."

Sperry offered a comparison to past human rights abuses: "What about the gas chambers used by the Nazi regime? Israel's Holocaust research center Yad Vashem has some of the design drawings for them on file. These were technically somewhat complex buildings – they had to handle toxic gas inside them without killing the executioners above the 'shower' rooms, which was an unprecedented design criterion for the time – that were designed by architects, much as the rest of the Nazi genocide program was managed by technical experts. Now, that was done before the establishment of the current international human rights system, but I think we all wish that average Germans had had more direction about how to resist the horrors that their own government was enrolling them in. And that's where civil society organizations like AIA are supposed to do their work. AIA calls itself a 'leadership' organization, it claims that members make decisions in the public interest, and that it stands for architecture improving our communities and our world. Well, human rights is a core part of the better world that we all hope to live in, and AIA just rejected that. This decision is a complete sell out."

ADPSR has posted the complete letter from AIA along with other documents on its website, www.adpsr.org. **P²**

7th Generation

Policing and Safe Streets after Ferguson: Where are the Planners?

By Sylvia Morse

continued from page 2

The aggressive policing of minor offenses has tremendous social impacts, which include, briefly:

Increased arrest and incarceration rates of Blacks and Latinos, which contribute to poverty and inequality.

Criminalizing and policing any activity, be it jaywalking, marijuana use or "furtive movements" (an act frequently cited in New York Police Department stop-and-frisk reports), increases people's interactions with the police and the likelihood of their arrest. Crackdowns on nonviolent offenses, primarily drug crimes, and tactics like stop, question and frisk, have all been linked to mass incarceration of Black and Latino people in the United States (as reported and examined at length by Michelle Alexander in her book *The New Jim Crow: Mass Incarceration in the Age of Colorblindness*, and by organizations like the ACLU). These police practices typically target Black and Latino men at rates that far exceed their representation in the population. Mass incarceration has been linked to a cycle of poverty, and to racial and socioeconomic inequality. Many activists and community members aware of these consequences, by looking at the data or personal experience, argue against policing as a solution to social problems.

Changes in who uses neighborhood spaces, and how.

New York City has a history of policing particular groups or activities seen as threatening to the quality of life or safety in public spaces, from the squeegee men to subway panhandlers and performers. In the past year, viral videos and reports have shown the NYPD targeting teenage breakdancers in subway cars, sidewalk vendors and people barbecuing in front of their homes. The subjectivity of identifying quality-of-life infractions has troubling implications for the accessibility of public space, including what kinds of recreation, performance, and socializing—and participants—shall be allowed or criminalized. Some journalists and activist groups such as New Yorkers Against Bratton have pointed to connections between "broken windows" and gentrification; in downtown Los Angeles, for instance, the police department, guided by Bratton, began targeting the homeless in the rapidly developing neighborhood. Researchers have not yet established a clear link between policing and factors associated with gentrification, such as residential displacement or rising property values. Yet within gentrifying communities, there is a widespread



perception that law enforcement is often used to support speculative real estate development and, in turn, displacement.

Trauma and death.

The police response to a misdemeanor offense—or even a chaotic situation, a fight in the street or a poorly-lit stairwell—can escalate quickly. For people of color, these police interactions can be physically and emotionally brutal, and even deadly. This fact is widely documented and underscored by high-profile cases like those of Sean Bell, Amadou Diallo, Abner Louima, and Ramarley Graham, all victims of aggressive policing. Most recently, New York activists and organizations cited as evidence of the dangers of “broken windows” policing the death of Eric Garner, who was killed by police during an arrest (which was recorded on video and widely publicized) reportedly for the misdemeanor offense of selling untaxed cigarettes.

Fear and distrust of police and government.

Uneven surveillance and law enforcement across neighborhoods and demographic groups supports perceptions of policing as racist and unequal. Frequent instances of police misconduct and brutality cause emotional pain and instill mortal fear in many people of color, a reality widely expressed at the protests in New York, Ferguson and cities nationwide (most vividly in the refrain, “Black Lives Matter”). The result is not only poor community-police relations, in which people are less likely to cooperate with police investigations, but in a deeper fear and distrust of government and current leadership to protect all people’s civil liberties and wellbeing.

In sum, present police practice is unjust and a danger to black and brown lives. Thus, for many New York residents and activists concerned with the detrimental effects of “broken windows” policing and the need for structural reform of the NYPD, Vision Zero’s increased traffic enforcement is seen as a potential threat to public safety, not an aid.



Photos: Sylvia Morse

Scenes from Martin Luther King, Jr. Day March. January 19, 2015, in Harlem, NY.

The data, while limited, lend support to these concerns. More than six months since the launch of Vision Zero, data show an increase in the enforcement of reckless driving and other traffic violations. The increase in stops and ticketing is un-

even across parts of the city (along with other low-level offenses). Police watchdog and reform groups cite anecdotal reports of jaywalking crackdowns, including an instance in which an elderly man was injured and detained when stopped for

jaywalking, and new traffic checkpoints in poor neighborhoods and near public housing. Additional data and analysis are needed to identify any patterns in traffic enforcement, but concerns are rooted in the well-documented unequal implementation and harmful implications of “broken windows” policing.

Safe Streets and Racial Justice

The fact that many people feel alienated—or worse, threatened—by Vision Zero should give pause to those attempting to build a broad base for transportation planning and safety. Moreover, the impact of incarceration and policing on racial, social and economic inequality must concern planners committed to social justice.

Yet planners in New York City, by and large, are not talking to each other about policing related to Vision Zero, if at all. This conversation gap is likely rooted in a number of factors, including lack of diversity in the field and in the pedestrian and cyclist advocacy movements, as well as professional silos. Working for justice will require tackling racism and white privilege within planning policy and the field.

Protecting human health and welfare is the central purpose of urban planning. These are the same goals of anti-racism activists and those demonstrating to end racism and brutality in the criminal justice system. If critical discussions of these issues are not part of our work, then what work are we doing? **P²**



Photo: Farah Egai



Photo: Sylvia Morse

TOP
Millions March NYC, Downtown Manhattan, December 13, 2014

BOTTOM
March for Eric Garner, Staten Island, NY, August 23, 2014

Rising Tides, Rising Costs

How will flood insurance impact New York's working and middle class waterfront communities?

Samuel Stein and Caroline Nagy

This is **Part 2** of a 2-part series on New York City's response to sea-level rise.

Part 1, which looked at why there is so much low-cost housing in flood-prone neighborhoods, appeared in the Fall 2014 issue of *Progressive Planning*.

OVER 400,000 NEW YORKERS reside in the city's high-risk floodplain – a number larger than the entire populations of New Orleans, Cleveland or Tampa. Who makes up these communities and how do they compare to the rest of the city?

Housing Characteristics

Despite pockets of wealth, New York's flood-prone neighborhoods are largely working and middle class. They are some of the rare places in the city



Samuel Stein is a teacher, writer, researcher and organizer. This article is adapted from a report he co-authored for the Center for New York City Neighborhoods, titled *Rising Tides, Rising Costs: Flood Insurance & New York City's Affordability Crisis*. Read the report online at cnycn.org/risingtides.



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where middle class families have been able to afford to buy houses. Compared to the city as a whole, a disproportionately large number of flood zone residents live in owner-occupied 1-4 family homes.

This is even truer today than before Hurricane Sandy, as the federal government's new Flood Insurance Rate Maps will soon include even more middle class homeowners. The new high-risk floodplain is also more economically vulnerable than the old; a smaller proportion of homeowners in the high-risk zones will own their homes outright (i.e. without a mortgage) and the share of high-income homeowners will drop as well.

Incomes and Demographics

The average combined income for homeowners in the 2013 Preliminary Flood Insurance Rate Map (expected to take effect in 2016) is \$100,000, with more than a third making under \$75,000. In large part, they are civil servants, educators, social workers, transit operators, police and firefighters. Flood-prone homeowners often earn significantly less than their counterparts elsewhere in the city. In both Coney Island and Astoria, for example, homeowners make about \$50,000 – 28% less than the citywide average for homeowners. In parts of the Bronx, the difference is even starker: homeowners in Throggs Neck earn 35% less than homeowners city-wide. While this area was not devastated by Hurricane Sandy, it sits just along the East River and is, therefore, partially subject to new flood insurance requirements.

The racial demographics of flood-prone areas largely

match the city as a whole, with some deviations. According to the US Census, flood-prone New Yorkers are 55% white, 26% black, 10% Asian and 10% “other.” Education levels also track closely with citywide averages. One notable difference, though, is the elderly population. Residents of flood zones skew older than the city as a whole, with a greater proportion of people aged 70 and over than the city as a whole and a larger percentage of seniors living alone. Many of these seniors live on fixed incomes and are not in a financial position to meet rising insurance costs.

Foreclosures and Flooding

Hurricane Sandy came in the midst of an ongoing recession that hit many flood-prone areas with particular severity. Many of these neighborhoods had the precise profile of places that were targeted for subprime, adjustable rate and private label securitized mortgages:

- a housing stock of relatively small (1-4 family) buildings;
- a history of redlining and diminished access to credit; and
- a population with low and moderate incomes.

As a result of the national mortgage crisis, many homeowners are now facing foreclosure; even more are on the precipice and at high risk of displacement.

In the two years prior to Hurricane Sandy, 1,800 1-4 family homeowners in the storm surge area had started foreclosure proceedings. By 2013, 4,228 area households had “underwater mortgages,” meaning they owe more on their homes than they are worth. After the storm, most banks held a moratorium on mortgage payments for three months or more. That process, however, forestalled, rather than prevented, foreclosures in areas hit hard by Sandy. After the moratoria ended, many homeowners were told to pay huge lump sums of money they did not have – especially after putting a great deal of their own savings into home repairs, and, in many cases, missing work as a result of the storm.

After Sandy, foreclosures spiked in almost every outer-

borough flood-prone neighborhood. For those homeowners still holding on, the prospect of increasing insurance premiums threatens to send them over the edge.

The Cost for New Yorkers

New Yorkers will be hit particularly hard by rising flood insurance rates. New York City has more residents living in high-risk flood zones than any other city in the United States. New York City also has some of the oldest and most valuable buildings of any flood-prone city in the country, with \$7 trillion of property insured – a trillion and a half more than the next highest state. Unlike most other coastal communities, the vast majority of New York City’s waterfront homes were built long before the flood maps were established and the guidelines for construction were set. As mentioned, nearly 80% of homeowners were grandfathered in to the National Flood Insurance Program at rates that are now set to spike.

Today just 55% of 1-4 family homeowners in New York’s 100-year floodplain have flood insurance. Average premiums range from \$1,000 for newer, “post-FIRM” buildings to \$1,800 for pre-1983 homes. If the rates rise as planned, homeowners who are currently paying grandfathered rates will see their rates jump significantly over time, with increases of up to 18% per year. Few will be able to afford these leaps, with over 30% of homeowners in the floodplain earning less than 60% of the New York City Area Median Income, currently calculated at \$85,900 for a family of four. Just how high their rates will rise depends on obtaining an elevation certificate that compares the elevation of a home’s lowest living level to its Base Flood Elevation as indicated on the FIRM. For some households, the new rates could be as much as \$10,000 more per year than they are currently paying.

One of the biggest drivers of flood insurance premiums is the difference between a home’s lowest living elevation (the lowest level on which people live) and its Base Flood Elevation (BFE), which is determined by the property’s location on the Flood Insurance Rate Map.

When the new maps are adopted, the City expects BFEs to increase by an average of 2.3 feet. Expected average BFE increases by borough are shown above.

Climate Change

The 2013 Preliminary Flood Insurance Rate Map (expected to take effect in 2016) will more accurately depict the current risk of coastal flooding in New York City, and, as a result, will significantly expand NYC's high-risk floodplain. The new maps, however, reflect only current risk levels and do not take future risk from climate change into account. The higher temperatures, increasingly severe weather conditions, and rising sea levels associated with climate change will drastically increase flood risk and permanently alter life in New York City's coastal communities.

By 2050, New York City sea levels are expected to rise by a foot, making today's "100-year storms" two or three more times as likely to occur. Given this reality, more and more New Yorkers will face an increased flood risk and will be required to purchase flood insurance.

The Challenge of Elevation

In other parts of the country, homeowners have been able to minimize their flood risk by elevating their homes with relative ease. In New York City, however, almost 40% of buildings would be extremely challenging to lift. Attached and semi-attached buildings cannot be boosted like single family structures, which typically have ample maneuvering room on all sides. Basements pose additional engineering problems, as do narrow lots. With extensive and expensive remediation, some homeowners may be able to eliminate their finished basements and reduce their insurance premiums. Many of them, however, rely on their basements for additional space, and even as rental units to offset mortgage costs. And while some New York City structures could be elevated, such as beachside bungalows and small single-family homes, the cost of doing so is prohibitively expensive for many of these homeowners.

Chain Reactions

Without action, the impact of rising flood insurance prices could ricochet through the city's economy. First, rising costs will make a serious cut into homeowners' budgets. For a household making a combined total of \$75,000 per year, for example, a \$5,000 insurance premium would comprise 6.6% of their total income. By comparison, an average homeowner pays just 1.7% of their annual income for insurance, maintenance, and repairs combined. If premiums rise and wages continue to stagnate, that cut will become increasingly deep. New Yorkers today are still suffering from the results of the recession; from 2012 to 2013, real wages in the city rose just 1.2% and they remain down 10% from 2007.

As costs swell, home values could drop. According to New York City's insurance study, a \$500 flood insurance increase could lead to a \$10,000 decrease in home value. As those costs keep rising and home values keep falling, many more homeowners will find themselves "underwater" and teetering closer to foreclosure.

Many small businesses could also be displaced. While homeowners were granted some insurance relief in 2014, commercial buildings remain completely vulnerable to the 2012 cost increases. Businesses that can afford the high insurance costs are likely to be national or international chains, leading to a decline in locally owned small businesses that are often long-time, much relied-upon fixtures of a neighborhood.

All in all, the rising flood insurance costs could lead to displacement, foreclosure, underwater mortgages, short sales, turnover, vacant homes and declining tax revenue. If the problem of rising flood insurance premiums and the need for greater coastal resiliency is not addressed, the flood insurance program could spur a slow exodus of working and middle class people from large swaths of New York City. **P²**

Surging Inequality and the Foreclosure Crisis

Gregory D. Squires

THE DRAMATIC RISE IN INEQUALITY over the past three decades is no longer contested as indicated by the attention paid to this issue by publications ranging from the *Wall Street Journal* to *Mother Jones*. Another issue that continues to grab headlines today is the foreclosure crisis and the associated economic challenges facing many households and communities. Lost in much of this discussion, however, is the central role that inequality in general and residential segregation in particular play in the flood of foreclosures and their costs.

According to the Joint Center for Housing Studies, 4.9 million families lost their homes to foreclosure between 2008 and 2013. And while the foreclosure rate has declined in recent months, at the end of 2013 9.8 million households were underwater, meaning they owed more on their mortgage than their homes were worth according to Zillow, an on-line data base that records national mortgage information. Homeowners have lost \$1.86 trillion in home equity, about \$20,000 per household. While this crisis has reached almost all parts of the nation, these problems began in low-income communities of color and that is where the greatest damage has been done. Economic inequality and racial segregation have been major contextual factors framing the



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developing crises but missing from most of the policy debates. This article takes a closer look at these factors. Following a brief review of prevailing accounts of the crisis, I provide an overview of trends in inequality, its role in the foreclosure crisis and the policy implications that stem from bringing inequality into the debate.

Causes of the Crisis

Explanations for the foreclosure crisis are varied and complex, but most reflect one of two narratives – one focusing on irresponsible borrowers and bad government policy and the other focusing on the behavior of lenders and their regulators. Perhaps the most popular, if flawed, account focuses on the role of misinformed, if not greedy, borrowers trying to purchase more home than they could afford, nurtured by faulty government fair lending policy (e.g., the Community Reinvestment Act (CRA) which is a federal law prohibiting redlining, affordable housing goals for Fannie Mae and Freddie Mac, fair housing laws). By “forcing” lenders to make loans to borrowers in low-income and minority communities who actually could not afford to pay them back, a dynamic was set up to create a housing bubble that finally burst. As *Fox News* television reporter Neil Cavuto told his audience on September 18, 2008, “Loaning to minorities and risky folks is a disaster.”

In fact, the foreclosure crisis was brought on by a range of aggressive, predatory and often fraudulent practices by mortgage lenders, various investors and other financial service providers and regulators. High-priced loan products – often with predatory features like variable interest rates, pre-payment penalties and balloon payments – were disproportionately marketed

to unsuspecting borrowers in low-income and minority communities. Originators were often less than scrupulous in their underwriting practices, frequently falsifying income and other financial characteristics of borrowers in loan applications. Investment banks purchased the loans and packaged them into mortgage-backed securities that they sold to other investors – often with inflated investment grades from rating companies – and regulators were slow to respond as problems emerged. Assuming housing prices would keep rising, it was expected all parties were protected. If borrowers could not in fact make the payments, they could always sell the home. But when borrowers started to default, home values declined. Many borrowers found themselves “underwater.” Not able to sell, some walked away from their homes, while others were foreclosed on and forced out of their homes.

As for federal policy, the CRA only applied to depository institutions which made a tiny share of the problematic subprime loans; most were originated by independent mortgage bankers and brokers not covered by the law. And while the CRA did call for lenders to be responsive to the credit needs of their entire service areas, including low-and moderate-income communities, it also required lenders to do so consistent with safe and sound lending practices. Fannie Mae and Freddie Mac, for instance, did not begin to purchase and sell the problematic loans until the crisis was well under way. According to the National Community Reinvestment Coalition, the CRA has generated more than \$6 trillion in lending to traditionally underserved low-income and minority communities thanks in large part to grassroots community organizing efforts since the law was enacted in 1977.

Surging Inequality

Ignored in much of the current discourse and policy debate is the role of inequality generally and racial segregation in particular in fomenting the crisis and undercutting reform efforts. This is despite the fact that economic inequality has increased dramatically over the past 30 years contrary to the egalitarian trends from the end of World War II through the 1960s. To illustrate, the Brookings Institution reported that the top one percent increased their income by 275 percent between 1979

and 2007 compared to 65 percent for others in the top fifth and just 18 percent for those in the bottom fifth. The ratio of the compensation of chief executive officers to typical workers grew from 42-1 in 1982 to 354-1 in 2012 according to an April report by the AFL-CIO. The Federal Reserve Board recently reported that between 2010 and 2013 the income of the wealthiest 10 percent grew by 2 percent while the income of the bottom 60 percent declined. And between 2002 and 2013 the Census Bureau reports that black household income as a percentage of white household income declined from 61.9 percent to 59.7 with the Hispanic/white ratio dropping from 70.6 percent to 70.3 percent.

Wealth has long been more unequally distributed than income and wealth disparities have increased in recent years as well. The ratio of the wealth controlled by the top one percent of families compared to the median grew from 125 to 225 between 1962 and 2009 according to the Economic Policy Institute. In October 2014, Janet Yellen, Chair of the Governing Board of the Federal Reserve System, reported that the wealthiest 5 percent increased their share of total wealth from 54 percent in 1989 to 63 percent in 2013, while those in the lower half saw their share drop from 3 percent to 1 percent.

Economic disparities map on to residential ones. As Pew researchers Richard Fry and Paul Taylor concluded in 2013: “Despite the long-term rise in residential segregation by income, it remains less pervasive than residential segregation by race, even though black-white segregation has been falling for several decades.” While segregation peaked in the 1970s, Blacks and whites continue to live in highly segregated neighborhoods. According to John Logan and Brian Stults’ analyses of recent census data, nationwide, the share of white residents in the census tract of a typical Black resident changed little between 1940 (40 percent) and 2010 (35 percent). Another indicator of the ongoing reality of segregation is the persistence, if not slight increase, in the segregation of Hispanics and Asians from whites during these years.

Racial wealth inequalities have also skyrocketed in recent years and can be largely accounted for by changes in home equity. For whites median home equity declined between 2005 and 2009 from \$115,364 to \$95,000 compared to a drop from \$76,910 to

\$59,000 for Blacks, and from \$99,983 to \$49,145 for Hispanics according to Pew researchers.*

The “Contribution” of Inequality to the Crisis

In an April 2014 speech at a Conference on the State of the U.S. and World Economies in New York, then Federal Reserve Board Governor Sarah Bloom Raskin (who has since moved on to become Deputy Secretary of the Treasury Department) argued that macro-economic analyses and policies have missed the mark because such patterns of inequality have been ignored. She noted that lower-income families have less wealth to fall back on to cushion hard times. As more of their wealth is accounted for by equity in their homes, when the housing bubble burst, they lost a disproportionate share of their wealth. For lower- and middle-income families, about 70 percent of their wealth was tied up in their homes compared to 15 percent for families in the top quintile. So when the crisis hit, lower- and middle-income families lost about 15 percent of the net worth of their housing assets but 40 percent of their net worth overall. Among mortgages originated between 2004 and 2008, 25 percent of those in low-income neighborhoods were foreclosed on or in serious delinquency in 2011 compared to less than half the rate in high-income neighborhoods. As Raskin concluded, combining the job loss, income stagnation and loss of benefits also disproportionately affecting lower- and middle-income households with the loss of home equity brings inequality to the center stage of the crisis.

Inequality also contributed to the crisis and undercuts the recovery through traditional political channels. As Joseph E. Stiglitz argued in his book *The Price of Inequality*, inequality in economic and political spheres has mutually reinforcing and problematic outcomes. Those at the top are more able to enact policies that reflect their interests rather than the interests of the majority of the population or the economy and polity generally. For example, he points out if we were se-

* As Melvin L. Oliver and Thomas M. Shapiro revealed in their classic book *Black Wealth/White Wealth*, housing accounts for approximately 62.5 percent of the assets of black families compared to 43.3 percent of white wealth. So, not surprisingly, blacks, and other non-whites, are more vulnerable when the housing market declines.

rious about deficit reduction, we would increase tax rates on the top earners and eliminate loopholes that only benefit the wealthy. But, he argues, “Because so many in the 1 percent derive too much income from the sectors that get these gifts . . . these proposals have not been focal points of the standard deficit reduction agenda.” Several political scientists, including Larry M. Bartels, Martin Gilens, Benjamin Page, Paul Pierson, Jacob Hacker and others have provided a wealth of empirical evidence demonstrating that elected officials respond far more effectively to views of affluent constituents than those of poor people.

Reinforcing this perspective, Thomas Piketty argued in his widely celebrated book *Capital in the Twenty-first Century*:

In my view, there is absolutely no doubt that the increase of inequality in the United States contributed to the nation’s financial instability. The reason is simple: one consequence of increasing inequality was virtual stagnation of the purchasing power of the lower and middle classes in the United States, which inevitably made it more likely that modest households would take on debt, especially since unscrupulous banks and financial intermediaries, freed from regulation and eager to earn good yields on the enormous savings injected into the system by the well-to-do, offered credit on increasingly generous terms.

Not surprisingly, longstanding racial inequalities also contribute to the ongoing foreclosure and related economic crises. To illustrate, Federal Reserve Board researchers reported when subprime lending peaked in 2006, 53.7 percent of Blacks, 46.6 percent of Hispanics, and just 17.7 percent of whites received high-priced loans. In minority neighborhoods, 46.6 percent received such loans, compared to 21.7 percent of borrowers in white areas. These gaps did not close when various credit and financial characteristics of borrowers were taken into consideration. When Wells Fargo loan officers referred to these high-priced products as “ghetto loans” for “mud people,” it was fairly clear to whom they were targeted.

The foreclosures that followed reflected these racial disparities. Among borrowers who received loans between 2004 and 2008, 11 percent of African

Americans, 14 percent of Latinos and 8 percent of Asians have lost their homes compared to 6 percent of non-Hispanic whites as reported by CRL. The consequences are also captured in the decline in home equity cited above.

Perhaps more revealing, but also hidden from public view and public debate, is the role of segregation. Studies appearing in the *Fordham Urban Law Journal* and *Housing Policy Debate* revealed that racial segregation is a significant contributor to high-cost and predatory lending. More significantly, in the *American Sociological Review*, Jacob S. Rugh and Douglas S. Massey demonstrated that racial segregation is a powerful predictor of foreclosures even after a range of other presumed predictors are taken into consideration including creditworthiness, coverage under the CRA, overall subprime lending rate and other socioeconomic and demographic factors. In fact, segregation was the single most powerful predictor. It would be surprising, actually, if this were not the case. In highly segregated communities – economically and racially – it is simply easier to identify the target markets to which predatory loans were most aggressively marketed.

Raising Our Sights

What does this overview suggest for policies to address the crisis? Bank reform remains a critical domestic policy issue, but the focus of those efforts must go beyond individual financial institutions and their regulators. Policies aimed at ameliorating economic inequality and segregation should become part of the bank reform toolkit.

The Dodd-Frank Wall Street Reform and Consumer Protection Act signed into law in 2010 was aimed at minimizing risky behavior that threatened not just the life of particular banks but the financial system and the global economy generally. The use of certain predatory loan products was restricted. An oversight council was created to act should “systemic risk” be in the offing to assure that taxpayers would not be on the hook for more bailouts and calling for the breakup of large financial institutions if necessary. A “say on pay” was granted to corporate boards to reign in excessive compensation. A Consumer Financial Protection

Bureau (CFPB) was created whose sole function was to protect consumers in the financial services marketplace by writing new regulations, investigating complaints and enforcing key fair lending rules. Independent mortgage bankers and brokers not previously regulated by federal law would come under the jurisdiction of the CFPB. And in a nod to inequality, financial institutions are required to disclose the ratio of the compensation of their CEOs to a typical employee.

Enforcement of all of these regulatory requirements remains vital to ameliorate the consequences of the foreclosure crisis and move towards the goal of fair and equitable access to appropriate credit products. Other potentially beneficial reforms would include the following:

- modifying CRA to cover non-depository financial institutions,
- allowing homeowners to utilize bankruptcy laws as an alternative to foreclosure which is now prohibited,
- establishing a duty of suitability for lenders, similar to what stock brokers have, requiring them to recommend products that are in the clients’ financial interests and
- encouraging more municipalities to utilize eminent domain authority to purchase loans and modify them so families can stay in their homes.

But other steps to combat rising levels of economic inequality and the persistence of racial segregation are essential as well if the costs of the foreclosure crisis are to be mitigated and the likelihood of future crises is to be reduced. Policies to reduce economic inequality include:

- raising the minimum wage and indexing it annually to keep up with inflation,
- expanding the earned income tax credit to lift more families out of poverty,
- implementing a transaction tax on all sales of stocks, bonds, and related financial instruments and
- reducing the disparity in the income tax rates for earnings derived from investments (e.g., capital gains) and labor.

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Fear and violence in the city

The case of Ciudad Juárez

Jorge Alberto Avitia

THE WORLD HEALTH ORGANIZATION defines violence as the intentional use of force or physical power, as a fact or a threat, against oneself, another person or group, that can cause lesions, death, psychological damage or developmental disorders. But violence, far from the academy, can be described by more than a hundred thousand inhabitants in Ciudad Juárez. This city has become one of the most violent cities over the last decades. Since the '90s, people residing in the city have been suffering from several types of violence including femicide and organized crime fighting against forces of the state and other cartels.

Ciudad Juárez

Ciudad Juárez is located in the north of Mexico, and shares a border with one of the United States' safest cities: El Paso, Texas. The arrival of the railroad in the middle of the nineteenth century, the economic development of El Paso and the Mexican Revolution had a great impact on Juárez, both socially and economically. By 1920, Juárez became a getaway place for people from the United States due to the Volstead Law that prohibited alcohol. This brought many social problems such as crime, street fights, an increase in alcohol consumption and the growth of cantinas, bars and brothels. Eventually this picture would change in order to have a better, cleaner city.



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Home of one of the biggest and most important industries in Mexico with approximately 1.3 million inhabitants, it can be said that Juárez is also a giant industrial park of *maquiladoras*. It began in 1961 with a big trigger for the growth of the city: the PRONAF (*Programa Nacional Fronterizo*), which intended to develop the economies in the border cities of Mexico through modern architecture, culture and tourism. Linked to this program, in 1965 came the PIF (*Programa Industrial Fronterizo*) that promoted new production processes, such as the ones in Asia. Five years later, Juárez had almost 20 plants or *maquilas*. These were followed by the creation of several industrial parks, the first and most relevant being the Antonio J. Bermudez.

The industry began to expand in the '70s, and since then the city has become dependent on big multinationals. It also caused a population explosion for which the infrastructure and equipment were not developed (and still are not). Juárez has been performing a major role in the economy of the whole country, but contrary to what the city expected, it has not received the resources, both economic and social, it needed to fulfill its role. It grew immensely, but it did not develop well.

Generalized violence in Juárez

Juárez's citizens have been continually and consistently under the hammer of violence. As said earlier, Juárez was in the world's spotlight with the phenomena of femicide, which consisted of young poor women, usually workers of the *maquiladora*, found dead in the limits of the city. From the beginning until 2014, more than 900 bodies have been found. Something that was not

addressed was how these women had to walk to their workplaces, even if they took the maquiladora's own transport. Usually their surroundings were dark – workers have to be at their jobs by 6 a.m.; in other places the road was too long or desolate – in Juárez there are many vacant lots between housing. Bad planning also played an important role in the criminals being able to kidnap and kill women. Organized crime and cartels were in Juárez by then, but it was not until recent years when these organizations let the world know their power.

On the other hand, the violence resulting from the narco-economy and the turf battles between cartels started to become too visible. Deaths of those involved in organized crime were shown to give messages to other cartels, so in 2008, former president Felipe Calderon Hinojosa initiated a *guerra contra el crimen* – a war against crime. In the span of 4 years, Ciudad Juárez was seen by the whole world as its most dangerous city.

Those four years of violence and insecurity due to cross-fire between both organized crime and state actors resulted in: more than 10,000 dead, bodies that could be seen on the main avenues in broad daylight, thousands of orphans and widespread fear. In the urban center, businesses closed, and the morphology of the city shifted. Street closures began to appear, private security became a standard in medium and high socioeconomic groups, and public space became private in new developments. Also one of the main public thoroughfares was abandoned, since owners of establishments, cantinas and bars fell victim to extortion or were gunned down.

Today a new city is being born. At least for the first half of 2014, violence levels were going down consistently, although October was a month with 30 violent deaths. That is a decrease, but danger still lies on the streets and fear in the people's minds. Juárez was in 2014 still the most violent city in Mexico, with three times the national rate of homicides.

Living in a city amid criminal violence and state violence

It is a common misconception to see violence in Juárez reduced only to killings and shootings. Several forms of crime were and still are present. More men have died as

a result of drug-related murders, whereas more women have been killed outside of the organized crime sphere crisis (femicide). Crime also behaves differently according to class; poor people suffer more from assault with a deadly weapon, while the middle class and the rich are kidnapped for ransom, or suffer from *cuotas* (a form of extortion usually against small businesses owners).

There has been a constant in criminal violence that makes it unique: the brutal display of power. It can be felt by watching dead bodies lying on the street under the sun; by hearing on the news how several mutilated bodies were found in a public park; by reading about police officers being literally hunted, ambushed and killed on the main avenues. Underneath all that brutality lies something unseen, untouched and unspoken: fear. And fear is a very powerful enemy of a healthy mind and a healthy city.

As one might expect, gunfights erupted in the city between soldiers and police against *sicarios* (hired guns for the cartels). In a short period of time, complaints from citizens against federal police and the army spread. Police could get into your house without any warrant, searching for drugs or guns; elements of the army were caught planting drugs on citizens and then blackmailing them to give them money; and a phenomenon known as *levantones* (usually a van or pick-up truck picks you up by force and asks for personal information, threatens or kidnaps you; sometimes the police just take you to ask for money or they arrest you) was a real concern. Human rights were being violated by our own protectors. Many recommendations have been issued by the United Nations, and it is clear that human rights are being violated by the state. Its response to violence has been more violence, more policemen, more and bigger guns and programs such as *Antes de las diez es mejor* (a program which allowed minors to be on the streets only before 10 p.m.), which emptied the streets after sunset.

Some words from a citizen will explain better than I can the general feeling towards police:

“Ellos son los que provocan la violencia. Los federales andan aterrorizando a la gente en la calle, los ves y te da miedo por su presencia, y además también te da miedo porque roban y extorsionan y siembran droga a la gente para presentar chivos expiatorios.”

“They are the ones who trigger violence. Federal Police terrorize people on the street, you see them and you get frightened, and also you feel fear because they steal and extort and plant drugs on people to present scapegoats.”

Taken from an article in the newspaper *Norte de Ciudad Juárez*, by Barraza, (2010).

We have then a city that has fear of criminals, but also of authorities.

Fear as a result of generalized violence in the city

Fear is a state of mind, but also a social construct that is omnipresent. In Ciudad Juárez, people are afraid of being kidnapped, murdered, assaulted, raped or even of being pulled over by police.

Fear has repercussions in attitudes and behavior. People can be paranoid about their surroundings and other people, may tend to avoid certain spaces or places and lock themselves in their shelters. Ironically, they are afraid of the streets, but also afraid in their homes. “*Estamos encerrados en vez de los malos, los malos andan sueltos*: We are locked in, in place of the bad guys; they roam free,” is an expression I have heard many times from the locals. The existence of physical barriers such as closed streets and private security promotes fear in people. They are evidence of something going on, of danger, of crime and overall, they show that the people are the ones that should seek their own safety instead of relying on the state. In one neighborhood where I made some interviews, there is a police patrol 24/7. This is not private security, they are actually police elements watching the streets, watching me closely as I got near my interviewees (Figure 1). The neighbor-



Figure 1. Rincones del Campestre: police patrol in the park.

Photo: Jorge Avitia

hood is Rincones del Campestre and it is located among others of high socioeconomic level.

The creation of physical barriers comes to mind immediately as a strategy to feel safe, as this has taken place for thousands of years. However, in the city, walls and security within neighborhoods can create a number of different problems. We dichotomize spaces as safe and unsafe, leading to segregation and to relating “unsafe” places with certain social groups. We scapegoat the offenders with images molded by television and newspapers.

Fear is individual, but also social. Perception is very powerful, often more than facts. The perception of fear combined with the perception of corrupt authorities creates different scenarios in the minds of citizens. Thus, a neighborhood may be safe and violence free, but there exists violence in my uncle’s or friends’ neighborhoods, there may have been shootings in my mother’s street; danger may or may not be real, but fear is. And this perception of fear is what guides behavior. Its consequences are still showing up, both as the lack of healthy minds, but also a healthy city.

One good example is the fear citizens have of the police while driving. Due to the alarming car accidents in Juárez, police checkpoints are all around the city on its main avenues in order to find drunk drivers. The problem is that police officers take advantage of this to blackmail drivers, telling them they are being arrested or that they are going to lose their cars. The

police take money from the citizens, and there is even a Facebook page that alerts people about the location of checkpoints throughout the day.

Living in the city with fear and the role of planners

What is to be done? A lot of people that had the chance to leave the city did, leaving behind thousands of abandoned houses. Many went to the neighboring city of El Paso, which was considered the safest in the United States for a long time;

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Fear is individual, but also social. Perception is very powerful, often more than facts. The perception of fear combined with the perception of corrupt authorities creates different scenarios in the minds of citizens.

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some others went back to their cities of origin, which they had to leave in the first place to get a job in the Maquiladoras in Juárez. However there are the ones who stayed, for whatever reason. Say for example, in the poorer areas the economic situation leaves people without any option but to keep working and living in the same places, while the higher socio-demographic groups

that stayed, did it for their identity and sense of belonging, since they were raised and born in Juárez. Let’s not forget that the people who need to keep working are the ones in the maquiladoras, and most of them are from the southern states of Mexico – Oaxaca, Chiapas and Veracruz.

The rich who fled to El Paso took with them their businesses and capital, and one can see local franchises from Juárez there; the ones who stayed simply closed their establishments or relocated. There is a strong relationship between Juárez–El Paso, since families are split, with some members living in each city. Fleeing to El Paso is still an answer to run from violence and feel safer.

Juárez is a city with uneven distribution of money and infrastructure, which, like the whole country, also happens to have a corrupt police institution. The rich, the middle class and the poor make up the city. The former want to feel safe, but so do the latter. The way both groups live in the city is important to understand in order to act. Rich people have the means to protect themselves behind tall fences, hire private security and even install cameras in their perimeters. On the other side, it is common to find large stones, big garbage cans or other objects blocking the streets. See an example from Rinconada de las Torres, a low socioeconomic level neighborhood, where the neighbors closed the streets with their own means (Figure 2). Both have fear, and both act accordingly; also both cause problems to traffic and privatize public space.



Figure 2. Rinconada de las Torres: closed street.

Photo: Gilda Moriel, Mexodus

New housing developments have recently become a headache for older citizens living in traditional districts. They are private with security and high walls. Danger is what comes to mind when one sees these elements facing the street where people walk. The streets lack maintenance and streetlights and the walls, being hundreds of yards long, leave pedestrians unable to flee in case of emergency (*levantones*, for example). The difference is clear: new developments have good infrastructure inside the walls; outside, there is a lack of infrastructure. Traditional and older settlements do

not get any attention from the local government, and only get palliative programs in times of elections, or symbolic spaces (e.g., the football field in Villas de Salvarcar, in honor of the students who were killed there). Thus, in the newer developments what began as a way to protect themselves, is transitioning to show a way of life, a social status.

Living with fear has proven to be catastrophic to the city life and the life of the city. Places where people used to gather are no longer alive, and public space is seen as dangerous due to its

openness. People feel safer in big malls because they are closed and have private security. While there are some big public parks, the ones located near the housing are barely visited, which can lead to a fracture in the social fabric, since neighbors are not sharing the same space or activities even in their own streets – especially in newer neighborhoods. With the closing of streets, many family places are now private, so only a few can use them. Also, commercial corridors have disappeared due to organized crime, leading to more empty streets that used to be full of people

day and night. New corridors are growing again, slowly, but in different parts of the city. Finally, emigration is still a reality, leaving entire neighborhoods open to delinquency. We should remember the “broken windows” theory as we consider how public space has been changed in its use, and has changed the daily lives of people.

Can planners make a change? Not on their own: full cooperation by both the public and private sectors is needed. NGOs are doing their part, but still, fear is latent. Juárez needs better infrastructure so people feel safer at night. Feeling safe will bring people out to the streets once again, so there will be more eyes, more vigilance. To bring more activities into the city also helps to have spaces used every day. For example, after some years of inactivity, the *Feria* was brought again and was a success where thousands of families enjoyed public space.

Densification is also an option, since the unplanned expansion of the city to its outer limits has proven to be a failure. The abandoned housing represents danger to people who stayed in those neighborhoods, and the unplanned expansion should stop. The national fund for worker’s housing institute in Mexico, INFONAVIT, gave thousands of credits for workers of the maquiladoras in Mexico, including Juárez. These credits last for up to thirty years, and were offered to workers in their own workplaces. Developers were given permission to build more housing than the actual need. When the violence and employment crisis met, workers could not

afford to keep paying for their new houses, so they abandoned them.

In order to get close and understand people’s problems there is the need for them to be listened to, and to pay attention to what they have to say. People I have interviewed say that they no longer can take a walk after six p.m. Others acknowledge they only visit a very limited part of the city due to the fear of unknown places. Several people admit they are frightened of the authorities. One 60-year-old lady told me: “When Federales and the Army arrived I felt hope for a moment, but when I noticed what they were doing, it was chaos. I was horrified, they left, and I calmed down a bit.” Others have even lost hope as I asked them how they can feel safer; “I cannot feel safe, this is my home and I feel safe here. Outside I cannot do anything else, I can just be alert.”

Planners are humans as well as the citizens, and humans ought to learn from one another. The community approach can also catalyze networks between neighbors, so they can know each other, talk to each other and care for each other. Participatory planning is important because people can give priorities to problems they think are the most serious and take action collectively. These actions could include groups of neighbors taking roles in their streets, such as cleaning abandoned houses and parks, reforestation and taking back public spaces by using them continually.

Neighbors can be vital in recovering the public spaces and giving life to the streets once again. Examples of these are some civil associations

such as *Gente a Favor de la Gente*, which get resources from the United States and take action in low-income neighborhoods. Color Walk, an idea from the civil association *Taller de Creación Gráfica*, is giving life to the city through the painting of murals from several local, national and international artists. Activism and the involvement of neighbors is making changes, and the government is responding to ideas and initiatives.

Academics are developing strategies and go there with the communities and provide some education and have workshops, but an institutional link remain to be made. Good plans exist, there are good planners, but missing is the road that takes ideas into realities. There is an opportunity for addressing some of the most important issues in Juárez now that it is considered in the “100 Resilient Cities,” pioneered by The Rockefeller Foundation. The challenges are endemic crime and violence, flooding, heat wave, high unemployment and social inequality.

Finally, the state is in debt to the thousands of families who lost their loved ones. Psychological attention is yet to be provided to those who suffered a traumatic experience so they can reclaim their right to live and experience the city. The state is also responsible for the actions of their forces in the streets. More training is needed: humane approaches to serve the citizens. Decimating corruption is a great challenge, but it has to begin now by being true to integrity and to the commitment to people. The public and private sectors suffer from corruption, so it is up to people who care to start to take actions. **P²**

Asset Management Companies and the Financialization of Urban Development

Lessons from Ireland and Spain

Michael Byrne

THE RECENT GLOBAL FINANCIAL CRISIS has brought increased attention to the deeply intertwined relationship between finance, real estate and urban development. Although it has received less attention, the role of the state in extending and re-enforcing this relation is just as important, especially in times of banking crisis. Nowhere is this clearer than in the case of Asset Management Companies (AMCs), such as the US Resolution Trust Corporation, the Swedish Securum or Ireland's NAMA. AMCs are a strange beast, sitting uneasily somewhere between the public and private sectors, appearing in times of crisis to acquire and manage huge volumes of real estate assets, and often disappearing just as quickly. And yet, despite the fact that they can become major players in shaping our cities, their implications for planning have scarcely been addressed.

This article addresses the challenges and possibilities presented by AMCs by focusing on two contemporary cases: Ireland's National Asset Management Agency (NAMA) and the Spanish Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria (Management Company for Assets Arising from Bank Reorganisation, SAREB). Both agencies were set up following the global financial crisis, which in Spain and Ireland, as in other cases, took the form of a combined



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banking and real estate meltdown that brought their economies crashing down and their governments to the brink of bankruptcy. SAREB and NAMA also share a narrow commercial remit, focusing on 'maximizing the value' of their assets. In what follows, I look beyond the financial wheeling and dealing and examine their impacts on cities. The case of NAMA demonstrates how the failure to recognise and prioritize planning in the NAMA legislation has resulted in the reproduction of neoliberal, profit-driven development. In the case of Spain, however, we see how ordinary citizens have been central in exposing the impact of SAREB on the city and taking direct action to highlight its potential to contend with the country's housing crisis.

The Planning Implications of AMCs

At their heart, AMCs are a form of financial institution set up by governments to acquire, manage and sell "troubled assets." These assets are primarily financial in nature, in particular loans which have gone bad because of defaulting borrowers and the declining and uncertain value of underlying collateral. Real estate, with its close relationship to credit and its boom and bust cycles, is a particularly common form of collateral linked to troubled assets. The proliferation of troubled assets linked to real estate is common in recent banking crises – the US savings and loans crisis of the late 1980s and early 1990s, the Nordic banking crisis of the same period, the East Asian crisis of the late 1990s and, last but not least, the current global financial crisis.

In each of these cases governments sought to take troubled assets out of the system, restoring the credibility, and balance sheets, of banks. The idea is

simple. The government sets up an agency to buy troubled assets, which no private sector actor would take on, from the banks. In return the banks get some recapitalization or bonds which are government guaranteed. It is basically a cash for trash swap, as the economist Joseph Stiglitz once put it.

Examples of agencies that were set up include the US Resolution Trust Corporation, the Thai Asset Management Company, Malaysia's Danaharta, Securum in Sweden, Arsenal in Finland and, finally, the Irish National Assets Management Agency (NAMA) and Spanish SAREB in the current context.

Once the AMC has acquired the financial assets, its job is to try and squeeze as much value out of them as possible, maximizing revenue and minimizing losses. It does this by restructuring the loan and selling it, or by foreclosing on the underlying collateral – a house, office block, car park, undeveloped land, etc. – and selling it.

Top-down and bottom-up approaches to planning

So what are the planning implications of all this? A “top down” look at NAMA and a “bottom up” look at the SAREB provides some indication.

The NAMA legislation in 2009 set out to maximize the value of its assets as a key objective. However, it also stated that one of the agency's purposes is to “contribute to the social and economic development of the state” and, more specifi-

cally, the legislation stipulates that NAMA should have regard for “good planning.” Unfortunately, detail on what this might entail is not provided and the agency's interpretation has left much to be desired.

This is clear from NAMA's involvement in planning issues relating to the Docklands waterfront area of Dublin. The Docklands area has been designated as a Strategic Development Zone – which means “fast track planning,” without the usual appeals process. The development agency, Dublin City Council, prepared a planning scheme for the area and this scheme was subject to approval by Ireland's planning authority. NAMA made numerous submissions for approval, and these give us an insight into their approach to planning issues. Essentially, the Irish AMC took an approach that was identical to property developer views on planning that have become common around the world. Indeed, one of the submissions was made in conjunction with a host of private sector actors. NAMA, it seems, wanted planning to be less prescriptive, more flexible and to favor intensified development. In this way, “planning certainty” could be provided, which is useful for selling “Ireland's prime internationally marketable land bank” to the hedge funds, private equity funds and vulture funds circling around Ireland's deeply depressed property market.

It is worth noting that NAMA has held assets linked to up to 60,000 saleable units, worth a spectacular 47% of Irish GDP, and holds a virtual monopoly over key aspects

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The Irish National Assets Management Agency (NAMA) has held assets linked to up to 60,000 saleable units, worth a spectacular 47% of Irish GDP, and holds a virtual monopoly over key aspects of the financialized real estate market. And yet, despite its significant size and public dimension, when it comes to the planning and development process, it has been all about maximizing the value of capital.

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Researchers, policy makers and practitioners are behind the curve here and have little to teach NAMA in terms of the impact of AMCs. We have, perhaps, been guilty of leaving such matters to the economists. However, while governments, AMCs and many researchers have neglected the urban implications at stake here, homeless families in Spain are pioneering an alternative and democratic perspective on the planning potentials of AMCs.

Resistance in Spain

Since the onset of the property and financial crisis of 2008, over 500,000 families in Spain have been evicted due to mortgage non-payment, and the numbers keep growing. In response, victims of the mortgage crisis have formed the social movement *Plataforma de Afectados por la Hipoteca* (PAH, Mortgage Holders Platform). They initially came together to resist evictions, much like parallel organisations in the US. However their work has expanded to fighting for debt write-downs and, most recently, occupying empty housing units held by banks which have been bailed out with public funds. Ten occupied apartment blocks belong to the *Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria* (Management Company for Assets Arising from Bank Reorganisation, SAREB). This AMC was established in 2011 with much the same purpose as NAMA in Ireland and acquired assets worth over €50 billion (US \$76.5 billion), over half of which was housing, making it Europe's largest holder of real estate assets. As with the Irish case, the agency has focused on selling assets to large financial institutions and has done nothing to ease the eviction crisis. The PAH, in contrast, has seen the potential and occupied apartment blocks to house families who have become homeless through eviction. Once they occupy the housing, they seek to negotiate with SAREB to regularize their tenancy under a social rent (capped at 30% of family income).

The case of Bloc Salt in Girona reveals the conflict between SAREB and PAH over housing. Bloc Salt

had been vacant for over three years when it was occupied in 2013 and 16 families were re-housed there. In September 2013, SAREB successfully sought an eviction order on the building, raising the possibility of imminent eviction of all residents. The PAH responded by organising a national campaign to stop the eviction, bringing into play various tactics including political pressure, media work and direct action. One such action took place in late October 2013 when the PAH entered and blocked a real estate fair in Barcelona, at which SAREB was in attendance. Via this action they achieved an immediate meeting with SAREB which focused on the use of SAREB housing units for social housing and Bloc Salt in particular.

During the campaign, the PAH mobilized a variety of arguments which juxtaposed the right to housing with the predatory practices of the banking system. They argued that SAREB was yet another mechanism for bailing out banks with public funds while ignoring the impact of financialization on housing and the plight of families facing eviction. In its attempts to pressure SAREB to make assets available as social housing, the PAH has had some success. Most notably, in the small city of Sabadell (Catalunya), SAREB agreed in September 2014 to transfer an apartment block occupied by the PAH to the local authorities in the form of social housing. This agreement was reached following months of campaigning around the building, which houses 146 people.

AMCs, the State and the "Financialization of the City"

AMCs, as should be clear from the above, are inherently political; they involve huge investment, risk, and often losses for the public. But debate is often restricted to purely economic terms – do they represent value for money? Will they get a return for the tax payer? What are the fiscal implications? While these are important questions, what gets lost here is their impact on cities.

This is a situation that suits AMCs very well indeed, as they like to downplay their urban implications. As the saying goes, 'the devil's greatest trick was convincing the world he doesn't exist.' For example, tenants in NAMA-held properties have spoken to me about the difficulty they encounter in engaging

with NAMA when threatened with eviction. Spain's SAREB takes a similar hands off approach.

Indeed, NAMA's attempt to sidestep the urban planning implications jars with the view expressed by the Irish Minister for Finance (Michael Noonan), who has ultimate responsibility and oversight for NAMA. In a recent statement to the press about the proposed development of Dublin's Docklands, he made it very clear that AMCs can have a decisive impact on the city:

The Dublin Docklands area presents a unique opportunity for NAMA and the Irish taxpayer. It is rare that such large swathes of prime waterfront land in a modern city such as Dublin has remained undeveloped. It is even rarer that the ownership of such land rests in a State organisation providing the opportunity for truly joined up planning, development and construction of such a large and important area. NAMA now has the opportunity to bring this area to life and create a Dublin Docklands that will rival the likes of London's Canary Warf, Boston's Seaport and Singapore's Marina Bay.

NAMA and SAREB are indicative of the role of financial entities in shaping urban outcomes, but they also show the part played by the state in extending and deepening the financialization of the city. The experience of both AMCs also suggests that governments, in setting up AMCs, tend to ignore the planning and urban development implications, focusing instead on the solvency of banks and rebooting financialized real estate markets. As we have seen in the case of NAMA, planning regulations are weak, vague and ineffective, permitting it to prioritize the maximization of asset values. Here it seems we have much to learn from the PAH and its struggle against SAREB. Those on the frontline of Spain's housing crisis have politicized SAREB. And by doing so, they draw out not only the injustice involved in bailing out banks with public funds, but also the potential to harness real estate assets which fall under the control of state agencies in order to respond to the urban catastrophe set in motion by the global financial crisis. **P²**

Surging Inequality and the Foreclosure Crisis

Gregory D. Squires

continued from page 17

Further steps to combat segregation include the following:

- providing greater public and foundation support for grass roots advocacy organizations,
- expanding and strengthening inclusionary zoning rules, now in place in hundreds of communities, requiring more developers to set aside a share of homes in new developments for low-income families,
- banning the mortgage tax deduction in segregated communities, making the absence rather than the presence of racial and ethnic minorities the problem to be solved and
- changing the mortgage tax deduction to a credit so families at all income levels can participate.

Even if we took all these steps, challenges would persist. Free market ideology and the political power of industry and capital continue to play a critical role in shaping how wealth is controlled and distributed. Thus, progressive movement building to democratize the economy must continue alongside 'technical' fixes.

Nonetheless, bringing economic inequality and racial segregation onto the agenda is a critical first step. These structural factors present far more fundamental and problematic challenges to the nation's economy and overall well-being than banking practices alone. Raising our sights and addressing these broader patterns of inequality must also become part of the foreclosure and financial services industry policy debates. **P²**

Bioenergy Villages and Renewable Energy in Germany

Stephan Schmidt

FRUSTRATED AT THE SLOW PACE of international efforts to address climate change, environmental advocates are increasingly turning to regional and local solutions to hasten the transition to renewable energy. In doing so, they are well served to examine best management practices from countries like Germany that have been successful in advancing local action.

Germany has long been a leader in setting high national standards for carbon reductions and targets for renewable energy as part of its energy transition (*Energiewende*), and it has also been very effective at implementing change at the local scale. It is guided by two primary organizing concepts: an active federal policy environment to regulate and incentivize the transition to renewable energy; and a long tradition of decentralized organization and localized civic engagement to implement the transition. Bioenergy villages, which are able to meet at least 50% of their energy needs through regionally produced bioenergy while simultaneously involving citizens in the decision-making process, are an important tool in localizing energy production.

A bioenergy village involves a combined heat and power plant powered by locally produced biogas; the resulting current is fed into the public grid, and the excess heat is utilized via a district heating network to provide communal heat. The bioenergy village concept offers many advantages: stable energy prices, secure supply and new job opportunities in rural areas.



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Currently, the Federal Ministry of Food and Agriculture lists over 100 bioenergy villages (and another 50 in various stages of planning) on their website. The geography of bioenergy villages is quite variable. Southern Germany has the greatest number, while eastern Germany has lagged somewhat behind. Many existing heating systems in the east were only recently replaced and upgraded in the 1990s after reunification, and residents are more reluctant to invest in a new system. In southern Germany, there is a longer tradition of rural and agrarian cooperative entrepreneurship that bodes well for bioenergy village incorporation. In addition, the state of Baden-Württemberg actively supports and subsidizes bioenergy. The implementation of a bioenergy village requires advocates and organizers to negotiate between federal policies and local level planning and decision making to create a favorable political and social climate.

Federal Policy and Subsidies

The Federal government establishes the framework in which decisions are made, and creates appropriate incentives to achieve longer-term goals. The *Erneuerbare-Energien-Gesetz* (EEG), or renewable energy law, of 2000 provides investors a high degree of investment security by incentivizing electricity from renewable energy sources through the use of feed-in tariffs, which offers long term contracts to eligible renewable electricity generators for the electricity they supply to the grid. As a result, the renewable share of total electrical production now stands at over 20%. However, approximately 55% of final energy requirements in Germany stem from heating. As the EEG only regulates the renewable

electricity sector, the Renewable Energies Heat Act of 2009 promotes investment in projects that supply heat to communities, primarily through the use of bioenergy. Public, private and community organizations are eligible for funding. The subsidies occur at multiple levels. First, the biogas producer receives the benefits of a feed-in tariff to produce electricity. Such incentives have resulted in the conversion of many dairy operations, particularly in Bavaria, where the hilly topography and smaller farms have made many dairy operations unprofitable, to bioenergy operations, with former dairy farmers becoming energy farmers (*energie wirt*). Second, the *energie wirt* can also receive a subsidy for utilizing

the excess heat produced during the process of generating electricity by selling it at a fixed rate to a district heating operation. Finally, there is a direct subsidy to the district heating organization itself to help overcome the high initial cost of establishing a network. The impact of the Renewable Energies Heat Act on the production of heat from biomass is evident in the figure below.

Local Initiatives

In conjunction with federal policy, the energy transition in Germany relies on localizing energy production, decentralizing the decision making process and incorporating public participation. In order to apply for

federal funding and take advantage of available incentives, the village must first organize. Since the early 20th century, local cooperatives have played an important role in developing agricultural markets and providing electricity to rural areas, and there is widespread knowledge and familiarity with cooperatives. The benefits of cooperatives include a simple organizational structure, increased community involvement and reduced opposition and an egalitarian ethos. However, decentralizing the decision making process also implies high transaction costs, administrative bureaucracy and reduced economies of scale. Nevertheless, localized energy cooperatives have found renewed popularity. A 2012 study notes that there are approxi-

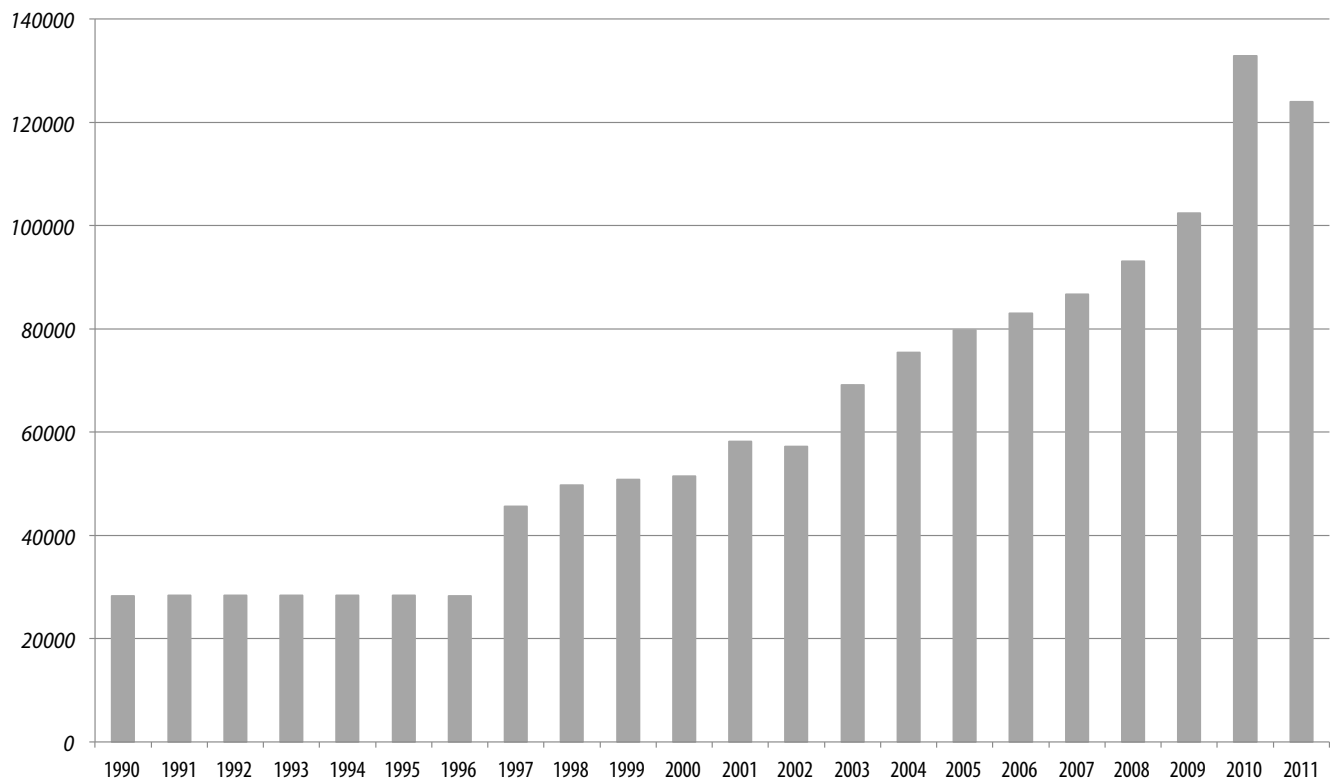


FIGURE 1
Heat supplied from biomass in Germany (measured in gigawatt hours).

Source: Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (2012) *Renewable Energy Sources in Figures: National and International Development*.

mately 500 new energy cooperatives in Germany. Of these, over half were formed since 2005. Most are small (the average number of members is 29) and 83% of them were founded with less than 50 members.

Problems with Implementation

Compared with other renewable energy systems, the bioenergy-village concept is somewhat unique for a number of reasons; first, due to physical limitations, biogas district heating schemes are most successfully implemented in small, rural (yet relatively densely settled) villages. Second, organizing a bioenergy village requires a great deal of community-level trust, as sufficient customers must be convinced to sign on to make the effort worthwhile. Local advocates are instrumental in organizing and implementing a bioenergy village, and must negotiate a number of obstacles when winning over residents. These include the overall cost (particularly the initial investment), concerns over the consistency of the supply (and the perceived loss of autonomy and control over individual heating needs), and resistance to switching systems, particularly when residents perceive the existing systems to be working. Advocates must negotiate local politics as well. While generally supportive, several cooperatives may have a strained relationship with the municipal government (*Gemeinde*) which may raise issues such as utilizing public rights of way to lay piping. In addition, rental properties and absentee landlords, jealousy between

neighbors over relative heating costs and the perception of “rich farmers” all present challenges to advocates. Many residents are also concerned about property damage through the laying of extensive piping. This is complicated by the fact that often the network has to work around certain properties whose owners have opted out.

Hussingen: A case study

An example from the village of Hussingen in Bavaria may prove instructive in illustrating how advocates achieve success. In 2008, village homeowners were approached by the owner of a biogas production facility to gauge initial interest in developing a district heating network. A small group of interested supporters was formed, and they conducted a survey to gather relevant household information (age and size of structure, type of insulation, heating systems and overall fuel usage). Based on this information, the group concluded that interest tended to come from owners of older, poorly insulated houses as well as newer structures in which existing heating systems were ready to be replaced. At this point, with approximately 25 interested residents, an initial build out phase was proposed to connect a housing development and the Town Hall with the existing biogas facility. To this end, a privately owned company was founded to organize and apply for funding. The installation of the cogeneration plant and the construction of the pipeline took place in autumn 2008, with over 3,000 feet of piping installed.

A public information meeting was held in March 2009. Due to a particularly cold winter and high oil prices, there was much more interest this time. Approximately 95% of all households expressed interest, the majority of which were dependent on oil for heating. A more extensive network required a greater degree of cooperation and structure, so in June 2009, village residents formed a cooperative to operate the district heating network. The operator of the biogas plant agreed to lay the pipe to the biogas plant. In order to secure the supply of heat (and to assuage concerns about demand), an oil boiler was installed for peak-load emergencies.

The Hussingen situation is instructive as it demonstrates the intersection between several factors: a motivated core of advocates and entrepreneurs collecting data and marshalling persuasive (particularly financial) arguments, an initial demonstration project to establish trust and reliability in the new technology and an exogenous catalyst event (cold winter and high heating cost) to create a favorable political climate for the introduction of a bioenergy district heating network. Moreover, the organizational structure the villagers adopted had additional benefits. The cooperative helps keep down administrative costs by conducting its own monitoring of the system, checking meters and doing its own billing, and encouraging resident interest and involvement. In addition, the process of creating a

cooperative, and the decision making and problem-solving involved, generated a new sense of connectedness within the community. Residents became more conscientious of how their own energy is produced and utilized and continue to work together; the cooperative is interested in investing in wind energy. Social trust served as both a necessary ingredient as well as an outcome of cooperative action.

Environmental Issues

The use of public policy and funding to support and subsidize bioenergy villages as a means to help rural areas transition to renewable energies is fraught with a number of obstacles and concerns. The incentives are for the most part structured without much thought given to coordination at the regional or national scale. Different mandates and objectives for different energy types, which tend to vary over time, have resulted in short term decision making and require multiple funding sources. Municipalities, organizations and private individuals utilize whatever incentives they feel are best for them at the time. For example, the biogas incentives for electricity encourage a consistent level of production, regardless of time of day or season. Not only does this render biogas ultimately uncompetitive with other energy sources, but it leads to the production of heat when there is little demand, without an effective means to store it.

Critics also argue that bioenergy villages overstate their long-term environmental benefits. These criticisms generally fall into two camps. First, the industrialized nature of producing biogas (transportation, energy consumption, fertilizer usage, etc.) and the emissions generated at every step suggest that the net impact on greenhouse gas amounts is less than advocates suggest. Second, the industrialization of agriculture and the expansion of monoculture crops, specifically corn, often replaces a more diverse agricultural base and has aesthetic and cultural implications.

The production of highly localized taxpayer funded biogas facilities also raises regional equity questions. bioenergy villages obviously work best at a very small scale in rural areas. Critics have pointed out that the taxpayer financed subsidies facilitate the transfer of wealth from urbanized metropolitan areas, where biogas production and small scale district heating is not a viable option, to rural areas, where it is. Also, utilizing biomass and agricultural products to create electricity and heat raises ethical dilemmas. Similar to the ethanol discussion in the US, there is a debate over the global ramifications of using agricultural land and products to produce energy.

The bioenergy village concept lies at the intersection and interaction of federal policies and incentives and local level planning and decision-making. By setting national level goals and providing the appropriate

federal policies, the use of bioenergy villages in transitioning to renewable energy systems plays to many of the strengths of German social structure, in particular an emphasis on decentralization and localized organized and self-management. In doing so, Germany has been able to circumvent some of the gridlock traditionally associated with energy transitions. As the global demand for alternative energy and action on climate change increases, Germany is well positioned in terms of technological knowledge, administrative and institutional knowledge and policy tools that others can learn from.

P²



Photo: Emily Achtenberg

Bolivia Revolutionizes Urban Mass Transit

From the Streets to the Sky

Emily Achtenberg



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(nacla.org/blog/rebel-currents), where an earlier version of this article appeared.

THOSE SEARCHING FOR REVOLUTION in Bolivia may find it in unexpected places. On the streets and in the sky above La Paz, the nation's capital, and the neighboring indigenous city of El Alto, a genuine transformation of the urban public transportation system is taking shape, against the backdrop of a political competition that is working to the benefit of local residents.

On December 4, President Evo Morales inaugurated the third line of *Mi Teleférico* (My Cable Car), the spectacular new cable car system launched last May between La Paz and El Alto. With its Red, Yellow and Green Lines (the colors of the Bolivian flag), 11 stations, and 427 gondola cabins spanning more than 6 miles at an elevation of 13,500 feet, it is the longest and highest urban cable car system in the world.

Around 100,000 passengers each day – more than 1 out of 5 commuters between the two cities – are now riding the *teleférico* to work or school, to buy or sell goods in the local market or to enjoy family leisure or tourist

activities in one location or the other. Compared to the grueling, unpredictable journey in a packed taxi, minivan or microbus that is the customary mode of local transit, the popular *teleférico* offers a quick hop in the sky between sleek modern terminals, with spectacular vistas along the way and free internet at the stations. While the fare of 3 *bolivianos* (43c) costs more than a minivan ride, passengers who are elderly, disabled or students pay only half, and the commute takes less than 20 minutes instead of the usual hour.

Morales points to the *teleférico* as a showpiece of Bolivia's modernization, made possible by

the past nine years of economic prosperity and political stability under his MAS (Movement Towards Socialism) government. It is also being touted as a symbol of integration, breaking down social, economic and geographic barriers by connecting distant neighborhoods of indigenous migrants to the city's commercial center, while opening up opportunities for tourism and investment flows to El Alto. As a political project, the *teleférico* epitomizes the campaign themes of progress, development, technological advancement and national unity that propelled Morales and the MAS to an overwhelming victory last October.



Photo: La Razón

LEFT
Bolivia's new cable car system.

ABOVE
PumaKatari bus in La Paz.

While the cable system was constructed by the Austrian firm Doppelmayr – one of a handful of companies in the world with the necessary technical expertise – it is also very much a domestic initiative. The \$235 million project cost has been financed entirely by Bolivia, with funds amassed largely from hydrocarbons revenues (taxes and royalties) accruing to the government. The construction workforce is largely Bolivian, and Bolivian engineers and technicians are being trained to operate the system.

The *teleférico*'s capital cost is expected to be amortized in 25 years – earlier than originally anticipated – through a combination of passenger revenues (75%) and commercial income (25%) generated from retail space and billboard rentals at the stations. (Fortunately, no commercial advertising is permitted on the cable cars, which are decorated instead with messages about important Bolivian laws, and, occasionally, with civic symbols such as soccer balls.) While experts remain skeptical, since virtually no public transit system in the world operates in the black, Morales has predicted that profits from the *teleférico* will soon be used to subsidize the government's cash transfer programs.

Morales has pledged another \$450 million to construct 5 more *teleférico* lines starting next year, more than doubling the reach of the system. Unlike cable cars built in cities like Caracas and Medellín, which serve only a few isolated hilltop neighborhoods, Morales views the La Paz/El Alto *teleférico* as

the core of a high-capacity urban mass transit system – a “subway in the sky,” as *The New York Times* has dubbed it. Austrian president Heinz Fisher will travel to Bolivia to sign the new contract on January 22, the day Morales is sworn in for his third presidential term.

Equally popular in La Paz is the new municipal bus system, *PumaKatari* (named for the cougar and serpent that symbolize strength and cleverness in Andean culture). Designed to serve the city's remote and neglected hillside neighborhoods, the system is especially welcomed by poorer residents who live farthest from the center, and are often denied service or charged extra by taxi and minivan drivers. In some neighborhoods, angry residents have mobilized to demand the expulsion of minivan lines that provide poor service. The municipal buses, with fares of 28c during the day and 43c at night, may cost a little more than prevailing modes of transportation, but offer the same half-price discounts as the *teleférico* and the convenience and reliability of fixed stops, schedules and routes.

PumaKatari is the brainchild of Luis Revilla, the popular La Paz mayor elected in 2010 on the left-center MSM (Movement Without Fear) ticket. Revilla supports the *teleférico*, but insists that it must be part of, and coordinated with, an integrated mass transit system for the La Paz metropolitan region that is efficient, safe, convenient and meets residents' needs. Otherwise, says Revilla, the *teleférico* could end up serving

primarily tourists, as has occurred in other Latin American cities.

The first phase of *PumaKatari* was launched in February 2014 – just before the *teleférico* – with 3 routes and 61 buses manufactured by King Long Motors of China. Four new routes and 73 buses have been commissioned for early 2015, with another 4 routes and 60 buses to follow later in the year. The total \$30 million capital cost, along with an initial \$4 million operating subsidy, is being financed by the municipality, which in turn receives most of its funds principally from national hydrocarbons revenues.

With Bolivia's departmental and municipal elections scheduled for next March, transportation politics have become a major battleground in the hotly-contested La Paz mayoralty race. Revilla, forced to form a new party when the MSM was decertified after its poor showing in the national elections, collected more than 50,000 signatures in a week to secure standing for the new *Sol.bo* (Sovereignty and Liberty) ticket.

Sol.bo has since acquired many adherents, especially among MAS dissidents such as former defense minister Cecilia Chacón and TIPNIS leader – and ex-presidential candidate – Fernando Vargas. The party is now organizing a slate of candidates to run for positions throughout the La Paz department, including ex-MAS education minister Félix Patzi for governor.

With Revilla now being mentioned as a potential future rival to

Morales, the mayoral campaign and its related transportation issues have become even more competitive and contentious. At the recent official ceremony inaugurating the *teleférico*'s new Green Line, Revilla was snubbed in favor of La Paz city councilor Guillermo Mendoza, who is also the new MAS candidate for mayor. (Initially, the head of the state cable car company, César Dockweiler, was widely rumored to be in line to run for MAS.)

Tensions have also arisen over the selection of an interim mayor to replace Revilla, who is legally required to resign by the end of the year in order to run again in March. Revilla has expressed concern that the confirmed designee, a MAS-allied city councilor who recently voted against expanding the *PumaKatari* bus project for reasons of cost, could work to undermine his transportation initiatives over the next several months.

Still, there are growing signs of inter-jurisdictional cooperation and coordination around transportation planning in the region. *Teleférico* stations are being coordinated with *PumaKatari* bus stops, and the first integrated transfer location was established with the new Green Line in December. The municipalities of La Paz and El Alto have

signed an agreement to cooperate in implementing a regional mass transit system, and now meet regularly with representatives of the state cable car company as well as the Ministry of Public Works. El Alto's counterpart to *PumaKatari*, the new municipal bus *Sariri*, is scheduled to start operations early next year, with two routes feeding directly into the *teleférico*.



Bolivian cable car promotes national anti-racism law.

Photo: Emily Achtenberg

The Morales government has also taken critical steps to contain opposition by the powerful MAS-allied *transportista* (taxi- and minivan-drivers) unions which have threatened to derail both the *teleférico* and municipal bus initiatives. Morales has guaranteed a \$100 million loan from China to enable the La Paz and El Alto unions to purchase 2,000 modern vehicles from King Long Motors, the same company that manufactures the *PumaKatari* buses. The upgraded fleet will run

on natural gas, eliminating the cost of federal gasoline subsidies. Additionally, the government will buy up the old minivans for scrap, and the unions will use the proceeds as a down payment on China's loan.

Looking ahead, whether the La Paz/El Alto bus and cable car systems will achieve sufficient capacity and integration to become an effective

popular mass transit system remains to be seen. There are also concerns about the selective future gentrification of El Alto, where colorful multi-story mansions built by a new class of wealthy Aymará bourgeoisie are already dramatically changing the landscape.

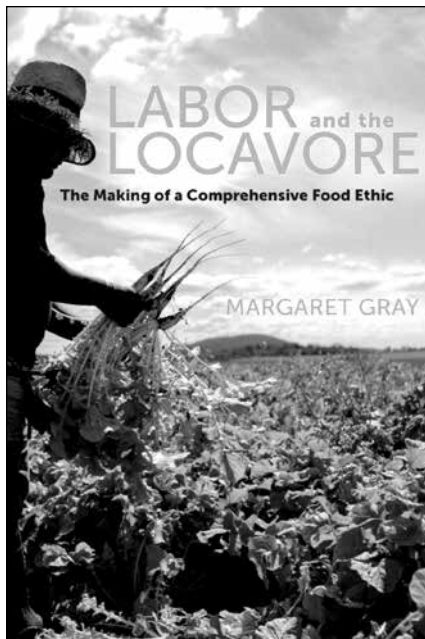
But for now, Bolivia's competitive urban transportation politics seem to be working to everyone's

advantage. Having the resources from hydrocarbons revenues to fund major infrastructure projects, the commitment of visionary national and local leaders and ever-vigilant neighborhood organizations certainly helps. Meanwhile, showcasing its shiny new cable cars and buses, La Paz has just been named one of the "seven most amazing cities in the world." **P²**

Wake Up Locavores!

Justice for Food Workers Matters

Tom Angotti



Labor and the Locavore
The Making of a Comprehensive Food Ethic

Margaret Gray

240 pages

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Tom Angotti is Professor of Urban Affairs & Planning at Hunter College, co-editor of *Progressive Planning Magazine*, and author of *New York For Sale: Community Planning Confronts Global Real Estate*.

THERE'S NOTHING LIKE biting into a fresh New York State apple. One of the great joys of eating locally-grown fruits and vegetables is to experience real food flavors that beat the synthetic substances produced in the labs of the food conglomerates that manufacture most of the food eaten in this country. Buying from local farmers is also a way of supporting an alternative to corporate agriculture. The fresh produce is organic or minimally treated and kinder to the land. Community supported agriculture, farmers markets and the growing food movements are beginning to break through the iron curtain of 20th-century urbanization that alienated most of us from the land that sustains us on this planet. So I'm glad to be a locavore.

Margaret Gray, however, challenges the local food movements to look beyond the quality, price and safety of food and understand better the lives of the people who produce the food. Based on a decade of interviews with farm owners and workers, Gray compiled a vivid picture of the living and working conditions of farmworkers in the Hudson Valley, north of New York City. Since the late 20th century, most

farmworkers in the region have been undocumented Latinos. Thanks to their exclusion since the New Deal from national labor protections – a compromise that placated Southern growers – and similar New York State exclusions, their wages are significantly lower than average, restrictions on child labor are limited and their jobs are not secure. Gray also probes the precarious economic situation of small farmers who operate at the margin, don't get the generous government support that corporate food conglomerates receive and therefore have to sell at higher prices for a smaller market.

Gray's answer to the locavore's dilemma is what she calls a comprehensive food ethic. "We need to ask how our food choices might help make a better world," she says. This is the main premise of the growing food justice movement, which looks at working conditions at food factories, restaurants and supermarkets as well as conditions on farms. Gray sees a comprehensive food ethic as opening up the possibilities for systemic change.

Gray describes the work of New York's Justice for Farmworker's Campaign and tells how efforts for

reform were thwarted by farm owners. Many farmers, who themselves may struggle to make ends meet, profess sympathy for the lot of their workers, but Gray found that paternalism instead of solidarity was the predominant sentiment. She concludes that we should:

. . . support local farms to build a food movement that incorporates workers. Buy local! The more vibrant we can make regional agriculture, the more prosperous our farmers will be and the better positioned they will be to pass on their profits to their work force. . . . But tell farmers what you want your purchase to support, much in the same way that consumers do in the instance of pesticide practices and animal treatment.

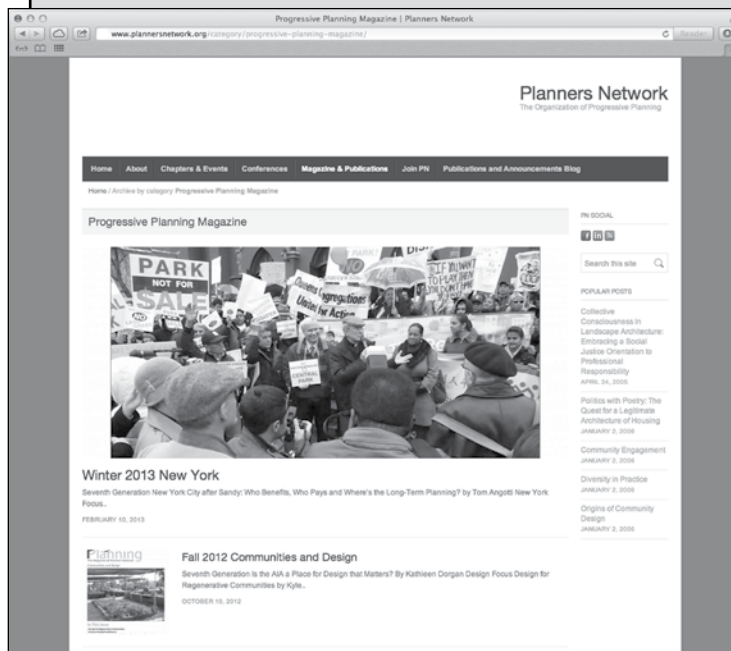
According to a 2012 report by the Food Chain Workers Alliance, “The food production, processing, distribution, retail, and service industries collectively sell over \$1.8 trillion dollars in goods and services annually, accounting for over 13 percent of the United States Gross Domestic Product.” Over 15% of all jobs in the country are in the food system.

Improvements in the lot of food workers is bound to increase food costs, not an attractive prospect for consumers. But if we consider the enormous waste in our food system – transporting food half-way around the world, throwing away more than we eat, the costs of treating a host of food-related illnesses like diabetes and obesity – there is more than enough room to make up the difference.

Monocultures, fracking and genetically modified products are undermining the remarkable diversity in local food production. Global “free trade” has increased the flow of tasteless imported produce. However, the alternative should not be to return to a system of small-scale farming that has exploited slaves, sharecroppers, immigrant workers, contract labor and small farmers who work hard only to find themselves struggling to support their own families. Margaret Gray reminds us that a progressive transformation of our global and local food systems cannot be achieved without securing justice for all food workers. **P²**

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