



Housing & Land: A Need for Transformative Demands

Right to the City's Transformative Demands Working Paper Series No. 1

The Housing Crisis

There has always been a crisis of housing for the poor. Before the subprime crisis sparked today's recession/depression, working class communities, and particularly communities of color, were already impacted by deeply rooted structural inequalities. For decades, suburbanization, urban removal, and redlining (predatory lending in reverse) reinforced segregation. An era of vast neglect gave way to a period of mass speculation. By the 1970s and 1980s, cash-strapped city governments began to explicitly pursue public land and housing for investment and profit. As cities and regions became driven by revenue growth, elected officials transferred key questions of public policy to powerful private corporate actors. With their profits declining, corporations turned increasingly to land and housing for short-term returns. Neoliberal policies gained traction, guided by principles of deregulation and privatization. Cuts in social services became prevalent, especially impacting the many women who headed working class households. Public housing, neglected for years, became a prime target for privatization resulting in the loss of over 400,000 units since 1995, a massive transfer of property to private interests.¹

What was an ongoing crisis for the poor became a new crisis for millions more. The impact of the 2007/2008 housing crisis has extended beyond working class communities of color to working class and middle class communities across ethnicity, race, and urban/suburban divides. During the height of gentrification, from the mid 1990s - early 2000s, the banks practiced predatory lending by openly targeting vulnerable households to buy homes and take on unsustainable debt. As the housing bubble grew, banks played houses as casino chips, gambling away people's mortgages, and their homes, to finance investors looking for enormous and quick profits. Corporations' influence over government won them deregulation and thus minimal government interference in this high-risk game of chance. When the crisis hit, homeowners took on the burden of the banks' risks through mushrooming payments, and overleveraged homes. While banks continue to package and sell debt to speculators for profit, homeowners threatened by foreclosure struggle to pay increasing mortgage payments with decreasing paychecks. Renters in overleveraged apartment buildings have also experienced the impact of foreclosure as slumlord banks fail to maintain buildings and often force evictions.

The current crisis has led to two consequences:

1) *A massive transfer (theft) of wealth from people to banks.* The banks have taken homes from millions of people. Currently over 11 million homeowners have underwater mortgages, and foreclosures are projected to reach 6 million by 2013.² The disproportionate targeting of

¹ See our full report on the state of public housing at <http://www.righttothecity.org/we-call-these-projects-home.html>

² Carey, Nick. "Americans brace for next foreclosure wave." Reuters. 4 Apr. 2012. (<http://www.reuters.com/article/2012/04/04/us-foreclosure-idUSBRE83319E20120404>). 12 Apr. 2012.

communities of color by predatory lending led to the greatest loss of Black wealth in a century.³ Meanwhile, the millions of foreclosures have led to more than 2 million children pushed from their homes, and another 6 million children at risk of homelessness.⁴ As millions of homes go vacant, rental prices have soared. Not only did the banks make exorbitant profits through inflated debt, fees, and securitization of mortgages, the financial system received what a recent Ford Foundation sponsored study revealed to be not \$700 billion, but \$29 trillion in bailout funds paid for by U.S. tax-payers.⁵

2) *The unprecedented degree of control banks hold over housing and land.* Over 95% of the housing stock in this country is privately owned and much of this is controlled by banks through mortgages.⁶ With deregulation, banks gained unprecedented ability to use this housing stock to speculate, making large profits while foreclosing on millions of homes.

The Movement's Response

While the current crisis is causing mass suffering, a growing resistance movement is fighting back and winning significant victories. Through recent expanded foreclosure and anti-displacement organizing, many more residents and activists are joining the movement. Different sectors of the movement are working more closely together, including community groups, Occupy, labor and environment sectors. The movement is countering the greed and racism of Wall Street, with different values and visions.

Our vision is rooted in the understanding that housing is a human right. Housing must first and foremost be created and exist to meet people's needs. It should not principally be a commodity to be bought and sold for profit. *Our vision can only exist with what we name as the right to the city: the collective right of all people to create democracy and control resources where they live to meet their needs and thrive.*

Grounded in this vision, we see three current opportunities for our movement.

1) *To grow the housing justice movement from thousands to hundreds of thousands (if not millions) led by those directly impacted.* The breadth of the crisis and the rising consciousness make this growth possible. We now can imagine uniting homeowners, renters, public housing residents, and homeless individuals and families. We can see new levels of partnerships between the different sectors of the movement.

2) *To raise consciousness.* The time is ripe to challenge, uproot and replace dominant values and ideas that cause people so much harm. As we organize, we must deliberately make time to dialogue and develop our own analyses and solutions. We must not be narrow, but explore and address race, gender, class, and ecology in this process.

3) *To develop, fight for and win transformative demands.*

<http://www.bloomberg.com/news/2011-01-13/u-s-foreclosure-filings-may-jump-20-this-year-as-crisis-peaks.html>

³ http://www.faireconomy.org/files/StateOfDream_01_16_08_Web.pdf

⁴ http://www.brookings.edu/~media/Files/rc/papers/2012/0418_foreclosures_children_isaacs/0418_foreclosures_children_isaacs.pdf

⁵ <http://www.levyinstitute.org/publications/?docid=1462>

⁶ Michael Stone, *Right to Housing*, p 240.

Transformative Demands

We need transformative demands to connect our fights to our vision and belief in housing as a human right. Where we were defensive, we can now be offensive. Where we were timid, we can be bold. In this moment, with deliberateness and successful strategies, we can build to hundreds of thousands and we can win concrete victories that shift the balance of power. This can only happen when we dream it and fight for it. We no longer have the excuse that people are not ready or that the time is not right.

Definition

Transformative demands address the root cause(s) of a problem in society, alter power relations, and cause systemic change. For Right to the City, transformative demands possess the following characteristics:

i. Solutions that Put People's Needs Over Profit: Transformative demands are grounded in the premise that the economy exists to serve the needs of the people and the planet rather than maximizing profit. They put forward creative solutions that go beyond defending what we have now, to creating alternatives that allow people and communities to control land and housing.

ii. Social Ownership: Transformative demands move economic ownership and decision-making from banks and large companies to residents and communities. Tactics can be diverse and creative and address the needs of current homeowners, renters, public housing residents and homeless individuals/families. Examples of tactics may include worker and consumer limited equity cooperatives, community land trusts, and creative social housing development by non-profit organizations.

iii. Democratic Control: Transformative demands seek democratic control within social housing and over private housing. They operate on the assumption that social ownership alone is not enough. Whatever the form of social ownership, whether limited equity, land trusts, public housing, etc, residents and communities must be the primary decision-makers. Also, there must be democratic decision-making for public decisions over the allocation, location, and standards of private housing.

iv. Scale: Transformative demands have the potential to achieve scale. They can be local, regional and national in scope. They may begin locally and small but can be replicated and adapted to communities, cities and regions across the country to impact millions of people.

v. Consciousness: Transformative demands are part of campaigns and fights that develop the consciousness of members, activists and the larger public. We seek to increase awareness on many fronts: the importance of organizing, analyses of the problem(s), our values/principles/vision, and our concrete solutions.

An historic example of a transformative demand. We often draw from the lessons of the civil rights era to reflect on the power and challenges of movement moments. An example of a transformative demand from that time was the demand to "End Jim Crow," which included the demand for full enfranchisement for African Americans. Transitional demands such as an end to segregation of lunch counters, buses, and schools, for example, connected to the larger demand to transform southern society. The transitional demands played an important role by

organizing impacted communities and their allies through creative, local, and replicable actions. However, participants in these actions never lost sight of their larger transformative demands.

Housing and Land Examples of Transformative and Transitional Demands

Transformative demands reflect the systemic-change criteria listed above. They must relate to the root cause of the problem which, in relation to the housing crisis, is the banks' and Wall Street investors' use of housing and land as commodities to make enormous profits at the expense of residents and communities.

We believe two key transformative demands in this moment are as follows:

- ***Win Community Controlled Housing.*** We must demand the transfer of bank and government owned unoccupied properties to non-profits and communities, as well as the conversion of their rental occupied properties to forms of collective ownership that maintains permanent affordability. The current crisis allows us to call into question banks' control of the majority of housing and land in this country for profit and speculation. These unoccupied and rental properties can be placed under permanent resident and community control through different forms of social ownership, i.e. community land trusts and limited equity models.
- ***Create a Community Reinvestment Bank.*** We can now demand pushing profit driven banks out of the housing business altogether. We can call for the creation of a Community Reinvestment Bank and new financial institutions that serve people's housing needs. This bank should operate at national and local levels and should have adequate resources for those communities hardest hit by the crisis.

Transitional demands can be key to making transformative demands possible, but alone these demands do not adequately alter power relations. The following are examples of current transitional demands that are critical towards realizing transformative demands:

- ***Win Principal Reduction.*** Winning principal reduction for millions must be seen as one step towards realizing housing as a human right. This step restricts a bank's profits, and asserts that people's housing needs must come before greed. Principal reduction allows residents to reduce their debt and stay in their homes. However, principal reduction alone is not enough. It does not address the needs of renters, homeless individuals/families, and the homeowners who even with principal reduction cannot afford to stay in their homes. And as long as banks retain significant control to speculate and gamble with mortgages, new crises will occur and our housing will not be secure. Thus, we also need transformative demands like the ones above.
- ***Make Banks Pay.*** One way to hold banks accountable is through passing local ordinances that exact mandatory fees for each foreclosed property. These fees generate immediate funds to maintain unoccupied properties, possibly as a first step to resident and community ownership. An example of such an ordinance was won in Springfield, Massachusetts in July 2011 by Springfield No One Leaves and City Councilor Amaad Rivera.
- ***Win Housing through PILOTs (Payment in Lieu of Taxes).*** Hospitals, academic institutions and some for profit companies (like Smith and Wesson in Springfield, Massachusetts) are given tax-free status and have to "establish" a contract with local

municipalities to make a "payment." Residents can pressure municipalities to modify the contracts to meet their needs. These agreements can include anything from community owned housing to substantial financial resources for community development.

Next Steps

Continue the dialogue. Take back and share this document with members of your organization, allies, organizers and residents in your city. Assess the transformative demand examples given here, and discuss what other transformative demands are needed to reach the opportunities of this moment. Consider how the demands in your current fights express and lead to transformative demands. How might your work change or expand to address transformative demands? If you are already making transformative demands, identify steps you can take to share your local model with other groups and cities.

Right to the City will continue to circulate this paper, and hold more Urban Congresses across the country. A Transformative Demands Paper No. 2 will unpack specific "living" transformative demands, strategy, and tactics generated and promoted in the ongoing congresses and forums. We encourage dialogue around ideas for transformative demands, but just as importantly, we must ask how we can expand our movement and how we can address the current contradictions and tensions we face to build the power necessary to fight for and win our dreams.

Organize and Keep Fighting Now. Fight to keep people in their homes using all necessary strategies and tactics. Grow the mass resistance to foreclosure and eviction being organized in Greensboro, Raleigh-Durham, Asheville, Wilmington NC, Boston, Oakland and other cities across the country. Fight to win principal reduction. Develop and fight for transformative demands. Consider what has worked in other cities, and adapt and replicate models that are working.

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