Limited Equity Co-ops as Bulwarks against Gentrification

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Abstract:

This study examines the contribution of Limited Equity Cooperatives (LECs) to sustaining high quality, affordable housing for lower income and minority residents of a rapidly gentrifying neighborhood. Census data from 1990 and 2000 revealed large rent increases and population changes indicative of gentrification. Survey and observational data documented lower housing costs, better physical conditions, and a more diverse population in LECs compared to the area. Analysis of survey data showed that effective leadership, inclusive participation, and trust and cooperation among shareholders predicted physical quality, financial and social stability, and continued affordability. Clinton LECs provide a bulwark against displacement from which low and moderate income New Yorkers can continue to struggle for affordable housing and social inclusion. Measures to assure the ongoing success of LECs and their continued affordability to lower income residents are discussed, as well as the broader political implications of LECs.

INTRODUCTION

The Clinton neighborhood, also known as Hell's Kitchen, sits in the Western middle of Manhattan. Since the urban disinvestment of the 1960's, Clinton has been the scene of intense political activism to protect housing for working class and middle income residents. Its geographic location and social history make it one of the leading battlefields of the forces promoting and opposing gentrification.

Clinton's limited equity cooperatives (LECs) contrast with the rest of the central Manhattan housing market, which offers few housing prospects for working class and middle income New Yorkers. These LECs were formed in the early 1980s after landlord abandoned buildings were taken in lieu of taxes by the City. Residents' groups assembled, then struggled for and achieved ownership of their deteriorated buildings. As in most cooperatives, each household owns shares in the building. An elected Board of Directors governs and sometimes manages the building, holds shareholder meetings, and reports to shareholders on financial status and major decisions. Unlike market rate cooperatives, public policies and investments made the cost of buying shares very low (initially $250 per unit). In exchange for this bargain, shareholders are obligated to observe limits on the profits they can make by selling their units. The public policies defining the sales price formula has varied, but all versions have aimed at realizing the goal of keeping the units affordable for low and moderate income buyers.

As a result of the history and ownership structure of LECs, residents earning lower incomes than their neighbors have the opportunity to live in the center of

Manhattan and participate in the diverse life styles and occupations of the area. Secure tenure for working class residents through ownership and resident control has resulted in an ethnically heterogeneous. LEC residents include descendents of the many early Irish, Italian, and Jewish workers who settled the area in the 19th century, a smaller number of African American blue and white collar workers, as well as more recent Latino and Asian working class immigrants. LEC residents also represent the Americans from all over the country, and immigrants from all over the world, who move to New York seeking to start careers, dreaming of fame in the arts, or wanting to dedicate themselves to public service are also represented. The lower burden of housing cost releases residents from considering merely the financial aspects of their occupation, allowing them to pursue more fulfilling, but lower-paid vocations such as artists and local activists. As other low income neighbors have been replaced by higher income newcomers, LECs have become increasingly unique islands of stable, low-cost housing. LECs' significance in the context of a rapid process of gentrification with its crucial implications on the lives of low income city dwellers is henceforth examined.

The Clinton Seed Fund (CSF), which commissioned this study, is a revolving loan fund established by the 1980 negotiations among the City, community leaders, and the developers of the Manhattan Plaza housing complex. Since the CSF's founding, LECs had frequently obtained low-interest loans for building improvements. By the fall of 2001, the few applications received by CSF came mostly from LECs. Thus the CSF concluded that they were one of the only remaining affordable housing options in Clinton and commissioned a study to examine their current needs (D'Elia, personal communication).

The Spatio-Political Context of LECs

Recent studies of gentrification in Clinton (Hackworth, 2000; Hackworth & Smith, 2001) have argued that Clinton exemplifies a "third wave" of gentrification that relies more on state intervention than prior waves. State-supported gentrification also undermines local activists' efforts to use government regulation of the private housing market to fight displacement. Changes in housing finance support gentrification by making private investment in inner city housing more available and less risky (Wyly & Hammel, 1999). The aim of low income housing policy has shifted from government sponsored housing provision to a drive to deconcentrate poor populations and transfer low income housing provision to the private market. The rhetoric accompanying these policy changes may also compromise the rationale for opposing displacement of inner city poor and working class enclaves while lauding the influx of higher income populations as neighborhood revitalization.

The public sector has historically intervened in Clinton to both promote and prevent displacement. Large-scale public investment in Clinton extends back into the 1950s and continues up through the present. As Map 1 shows, Clinton borders a regional hub to the south, which includes the Port Authority Bus Terminal, the Jacob K. Javits Convention Center, the Penn Central rail yards, Penn Station, and the Lincoln Tunnel. The entertainment and tourist destination Times Square and the Midtown business district are rapidly encroaching from the east. Other significant features of the neighborhood include a part of the Garment District east of 9th Avenue, the soon-to-be-built Hudson

River Park, which will connect Clinton with the riverfront on its western border, and 9th Avenue, which continues to attract new upscale restaurants and stores (Conard & Smiley, 2002). In 2003, the New York City Planning Department has released a proposed plan to drastically increase the density and financial productivity of a slice of land along the far western edge of Clinton extending southward through the Chelsea neighborhood (New York City Department of City Planning, 2003). The most controversial component of the plan, and that requiring the greatest public investment, is the proposed Olympic Stadium (Rayman, 2003).

INSERT MAP 1 ABOUT HERE

Clinton lacks conventional public housing but contains many other forms of subsidized housing. One of the most controversial publicly-funded housing developments, Manhattan Plaza, was earmarked initially only for performing artists. After conflicts with the surrounding community, apartments were also targeted to community elderly and families. This mixture of populations resides in the same large complex with restaurants, health clubs, and other upscale amenities. Recently, private developers have added many units to the upscale housing market, while reaping tax benefits from setting aside 20% of the units for low and moderate income residents.

Activism and Resistance

Community activism in Clinton began to confront unpopular proposals for public projects dating back to the 1950s (Gwertzman, 1997). While the projects have been built, neighborhood activists have also won concessions (Rivituso, 1998). One of the most significant of these was the creation of the Special Clinton District (SCD) as a government compromise in the face of community protests against the Convention Center plan in 1969. The SCD was an anti-gentrification measure, which included provisions to protect existing buildings and restrict new development in the neighborhood. The goal was to make sure that affordable, family-sized apartments remained available in Clinton, while fending off widespread development that would displace current residents. Among other clauses, the SCD banned the destruction of any structurally sound building, denied alteration permits to buildings with histories of tenant harassment, and restricted the height of buildings to 66 ft or 7 stories. By limiting the ease of construction in the neighborhood, the SCD made it more expensive and difficult for potential developers to build new projects in Clinton. After losing a lawsuit brought by developers in 1990, the efficacy of the SCD as a protection against gentrification waned and many working class residents, as well as housing activists, have moved away from the neighborhood (Hackworth & Smith, 2001).

Henri Lefebvre's framework of social struggle and social production of space can serve to illuminate our analysis of LECs' significant contributions (Lefebvre, 1991) by identifying a broader political value, one that challenges the market and the social structure. Lefebvre claims that space – the way it is designed and talked about, as well as the activities that take place in it – is a manifestation of the prevailing social structure. In capitalist societies, according to this stance, space is first of all a commodity, with an exchange value. The prevailing hegemony maintains itself by constituting the social and the abstract space (abstract space is the space that incorporates power interests and knowledge about space) in its own shape. This constituted space then reproduces the hegemonic social structure. The hegemony constantly endeavors to control social space, producing and controlling knowledge that directs and maintains the status quo, and producing spaces to assure reproduction of the hegemonic knowledge and hierarchical space. Lefebvre then claims that no space is neutral and all space is about struggle to shape the structure of society. With this understanding in mind, urban redevelopment is seen as a process whereby urban space is commodified. Through techniques of the market, and with policy and legislative aid from government, urban space is redefined as a 'means of production' for the accumulation of capital. Spaces (and their inhabitants) that do not comply with that formula, such as affordable housing projects or community gardens, are a hindrance to urban development, and are therefore subjected to practices of exclusion from the cityscape.

The social production of contested space is, for Lefebvre, the way groups can resist and change the prevailing structure. This can only be done through the association of individuals who act locally on a given space through everyday practices that challenge the prevailing ones. These contesting spatial practices can affect and change the way we think about a space, and the way we design it and operate in it, ultimately transforming its meaning. The history of Clinton LECs, anchored as they are in struggles to obtain ownership, as well as the limitations on sale prices that separate LEC units from the mainstream housing market make LECs good candidates for the application of Lefebvre's ideas about the production of contested space.

Throughout their histories, the existence of LECs has depended on their ability to marshal social capital that could leverage political power and economic investments. Social capital refers to properties of social networks that promote cooperative action and the achievement of individual and group goals (Coleman, 1988). DeFilippis has argued that social capital, without a tie to economic capital and power relationships, cannot significantly benefit working class communities (2001). Thus, the capacity to realize economic capital from social capital is the crucial end of the latter and by which is should be identified.

However, collective forms of property ownership such as LECs provide a real opportunity for residents to use social capital in ways not completely subservient to market and political demands for development. LECs in the hot, government-promoted real estate market of Clinton offer a particularly stringent test of this idea. This study examines the extent of gentrification in Clinton and compares LECs' costs, resident characteristics, and housing quality to other local housing options. It also assesses the relationships among residents' participation, local housing advocacy, and the quality and stability of the co-ops.

METHODS

The CSF-defined target area, shown in Map 1, includes 69 buildings organized as 52 LECs and incorporated by New York State as Housing Finance Development Corporations (HDFCs). The analysis is based on data that was generated from both primary and secondary resources.

Census comparison. The following variables, drawn or calculated from the 1990 and 2000 US Census of Housing and Population, were compared and mapped for New York City: Median Household Income, Median Gross Rent, Aggregate Gross Rent, Percent of Population with a Bachelors Degree or Higher, and Percent of Non-white Population.

The changes in these indicators over the decade were computed into Z scores and mapped, as well. *These maps are included in this submission for the reviewers but would be available on the City University of New York's Center for Human Environments web site if published to deal with space considerations.* Demographic characteristics and rates of change of the Clinton neighborhood are compared with the rest of the city. The selection of variables is suggested by Marcuse (1986) who examined five Manhattan neighborhoods' gentrification using 1970 and 1980 Census data and concluded that changes in education level are the most reliable indicator of gentrification, and that two other indicators that seem reasonably reliable, as well as theoretically plausible, are changes in income and race or ethnic origin.

Neighborhood survey and observational assessment. The original data gathered included: 1) Participation by important stakeholders and experts in an advisory committee; 2) A survey of co-op residents in the target area of Clinton, plus informal conversations with residents; 3) Observational assessments of exterior building conditions. 4) Key informant interviews with neighborhood activists; 5) Participant observation in community meetings; 6) Review of documents and websites concerning Clinton. The survey obtained information about the LECs' physical conditions, financial conditions, and management, as well as shareholder involvement. Between May and September of 2002, 95 surveys were obtained from 58 individual buildings (84% of the target buildings) and 47 incorporated HDFCs (90% of HDFCs in target area) by CUNY Graduate Center research assistants and Clinton HDFC building leaders. Surveys were collected through phone-calls, building meetings, and door-to-door interviews. Since our contact list contained mostly leaders, they are over-represented in the sample. Conversations with residents of buildings where no surveys were completed helped fill out the picture.

Topics covered in the survey included the following: resident demographics (See Table 1 in the Results section for individual measures.), financial condition and affordability, co-ops' physical condition, management, quality of life, and shareholder involvement. The scale measuring buildings' overall condition consisted of eight items on which residents rated the building's heat, hot water, electricity, plumbing, windows, security, cleanliness, and hall lighting. Residents also rated the building's management and identified who the management was. One item asked residents to rate their perceived resident influence on the building. Respondents also evaluated eight possible physical and social problems that could occur in their building (i.e. graffiti, harassment), as well as perceived financial problems.

Social capital measures from a previous study of residents of the same housing stock out of which the Clinton LECs were developed (Saegert & Winkel, 1998; Saegert, Winkel, & Swartz, 2002) were used to estimate residents' informal building participation, tenant association participation, perceived prosocial norms, and formal leadership (See Table 2 for individual items). An open-ended question was asked about any difference living in a LEC has made in residents' lives. Building leaders were asked about the building's history, resale policy, and recent sales of co-op shares.

Exterior ratings of the conditions of LECs and their neighboring buildings were assessed through a revised assessment tool developed in the 1970s in New York City (Perkins, Wandersman, Rich, & Taylor, 1993). Buildings' conditions were determined by rating the façade, windows, sidewalks, curbs, and gates of each building. These ratings were summed in a 0 to 71-point scale (from 'poor' to 'very good' exterior condition).

This research also employed ethnographic approaches. Key informant interviews were conducted with Clinton activists and leaders. The information gathered in these interviews provided a coherent and comprehensive picture of both the history of activism in the neighborhood and the events and problems that LEC residents in Clinton are facing now. In addition, researchers participated in, observed, and documented three meetings with the CSF board, two Community Board meetings, and two neighborhood meetings called by the CSF for LEC leaders. More data on historical and current activism in Clinton was gathered from various secondary sources. Websites included *Hell's Kitchen Online* and the New York Department of City Planning website's pages on the city's current Hudson Yards Master Plan. The unpublished "Keeping the 'Kitchen' in Clinton: Community Efforts to Resist Gentrification" (Gwertzman, 1997) provided details of the history of activism in Clinton. *Hell's Kitchen South: Development Strategies* (Conard & Smiley, 2002), published by a local community organization, was consulted as a product and example of current organizing and planning efforts in Clinton.

RESULTS

Results are organized to first present a picture of the extent of gentrification in Clinton using census data. Then survey and observational data are used to assess the cost and quality of LECs in Clinton. Finally, we evaluated the stock of social capital afforded by LECs and the goals to which it contributes, as well as the relationship of LECs to local activists' broader efforts to maintain a housing stock for lower income New Yorkers.

Rent, Income, Ethnicity, and Education in Clinton: 1990-2000

Rents have risen in Clinton since 1990 when median rents for Clinton ranged between $375 and $700, comparable to many areas in Northern Manhattan, the Bronx, and Brooklyn. By 2000, Clinton's median rent levels were primarily above $700, more similar to those in the rest of Central Manhattan and parts of Queens and Brooklyn. For seven of the nine Clinton census tracts, the rise in rents was greater than the mean for the city.

During the 1990s, the inflation-adjusted gross rental income produced by 67.5% of the census tracts in New York City increased. The Z scores for the amount of increase show that six of the nine census tracts in Clinton increased more than the average for the city. In 2000, five of the tracts in Clinton each generated over two million dollars a month.

Leaving aside the two industrial and transitional tracts housing only a small number of residents, median inflation-adjusted incomes in Clinton ranged from $30,000 to $60,000 in 2000 compared to $20,000 to $40,000 in 1990. The citywide median income in 1990 was $31,592 and the median for Manhattan was $33,977. By 2000, the median had increased citywide to $41,056 and, in Manhattan, to $50,711. Between 1990 and 2000, incomes generally rose throughout Central Manhattan, but they remained slightly lower in the Clinton area. However, the percent increase in every Clinton census tract was higher than the mean increase of census tracts citywide (all boroughs).

Educational levels increased in Clinton over the decade. In 1990, only one census tract in Clinton had more than 50% of residents with a bachelor's degree or higher; in

2000, five tracts did. All of the Clinton tracts showed more educational increase than the New York City average.

Changes in the racial composition of Clinton were more complex. In 1990, Clinton had a mix of white and non-white residents. Five census tracts had concentrations of 25% to 50% non-whites; two tracts had fewer than 25% and two tracts had more than 50% non-whites. In 2000, 6 tracts had 25% to 50% non-whites; one had less than 25%, and two had more than 50% non-whites. Between 1990 and 2000, two Clinton census tracts increased the percent non-white populations more than the city average, while the other seven increased less than the city mean for change. Across the decade, Clinton was less segregated than much of the rest of the city.

Between 1990 and 2000, gross rents rose more in Clinton than for the average New York City census tract. While incomes have increased more than average for the city, they remain lower than in many areas of Manhattan. Educational levels showed pervasive, but less extreme, increases. The mix of white and non-white residents remained fairly steady with neither whites nor non-whites predominating to the extent common in the rest of the city. Maps of the census data show that in 2000, Clinton looks more like the rest of Central Manhattan in terms of median and aggregate gross rent and percent of residents with a bachelor's degree. Despite increases in income, Clinton census tracts still stand out from the homogeneously high median incomes in most Central Manhattan census tracts. Therefore, while the data suggest that housing affordable to low and moderate income households is becoming scarcer, Clinton residents are still more economically and ethnically diverse than much of surrounding Manhattan.

LEC Resident Characteristics

Table 1 describes respondent characteristics. Almost half (49.5%) of the respondents live in a one-person household. Over 80% of the respondents have lived in their building for more than ten years. Most of the survey respondents are well educated, with about 14% having finished high school and 65% having at least some college education. The demographic data should be interpreted with caution—the large number of leaders in our sample may have had an effect on our results.

Respondents included fairly equal numbers of white (54.4%) and non-white (45.6%) residents. Non-white residents reported a significantly lower average income range of $20,001-$25,000, compared to white residents' average income of $40,001-$45,000 ($t = -3.045$, $df = 67$, $p = 0.003$). The average non-white residents less often attended or completed college, compared with white residents ($t = -2.163$, $df = 87$, $p = 0.033$). Thus, white survey respondents' average annual household income is comparable to other residents in Clinton according to the census data of the year 2000 ($41,441), but non-white residents have much lower incomes. Table 2 presents the annual median income for each census tract in Clinton.

INSERT TABLE 1, 2 ABOUT HERE

LEC Housing Costs

LECs remain more affordable for their low-income residents than surrounding housing. Map 2 compares median rents in Clinton with monthly co-op charges. Since most households do not have mortgages due to the historically low cost of LEC shares, monthly maintenance fees are compared to rents. The map indicates that in 2000, the median rents fell between $1,300 and $1,051 for two census tracts; between $851 and

$1,050 for three tracts; between $651 and $850 for two tracts; and one tract has a median rent of $529. Importantly for this study, all LECs (shown as colored triangles) have monthly fee ranges lower than the median rent for the census tract in which they are located. Only 21% have monthly fees comparable to even those in the lowest rent census tract; the remaining 79% of co-op monthly charges range from below $265 per month (13%) to $265-$350 (35%) to $350-$481 per month (31%).

INSERT MAP 2 ABOUT HERE

While 22% of survey respondents did not provide information about either their income and/or their monthly maintenance fee, among the remainder, 28% spent only one-tenth or less of their income on their maintenance fee. Thirty-two percent spent 11-20% and 17% spent 21-50%. The median monthly charge-to-income ratio in the LECs is only 20%. Nonetheless, 15% of residents reported excessive housing cost burdens; 9.5% of residents paid from 30% to 50% of their incomes in monthly maintenance charges, and over 4% of the respondents paid over 50% of their income. Census tract median rent-to-income ratios ranged from 24% for two tracts, to 25-27% for four tracts, and almost 30% for two tracts. Thus in two of the Clinton census tracts, half the residents pay more than the 30% of their incomes considered affordable by federal standards. The few buildings that already report excessive housing-cost/income ratios raise a warning signal concerning the continued affordability of even the LECs in the area.

Less than a third of respondents provided information about the resale policy in their buildings. Of the 29 leaders who reported whether they have a resale policy or not, 86% said they did have a resale policy, and 14% said they did not. More sales (30) were reported in the last three years than in the several decades since most buildings became

LECs (9 sales). Resale prices ranged from \$1-\$150,000 for apartments sold within the last three years, while those sold more than three years ago ranged from \$250-\$25,000. Resale policy appears to vary among the co-ops, with debate among residents over apartment resale prices and the criteria for accepting new residents (see Figure 1). In most buildings, part of the money gained from the resale of an apartment goes back to the co-op.

INSERT FIGURE 1 ABOUT HERE

Housing Quality of LECs

The results suggest that despite the low incomes of residents and the modest maintenance fees, LECs are in good condition. When compared with the private sector stock, exterior condition ratings by trained observers found that **LECs were significantly better rated than their neighboring buildings** (means: LECs = 70.2676, non-LECs = 69.4067; $t = -2.451$, $df = 144$, $p = 0.015$). These results are supported by survey data: the majority of respondents rated their building's overall physical condition as excellent (65%) or good (30%). Only four (5%) buildings in the LEC sample were rated as poor.

Social Capital within LECs

Table 3 indicates that Clinton LEC respondents scored relatively high on measures of social capital. Compared to comparable housing in Brooklyn, Clinton LEC residents generally showed more social capital, except at the level of informal building participation. They reported more formal leadership activities, more perceived prosocial norms, and more basic tenant participation. Again, it must be remembered that the Clinton sample over-represents leaders, who are most likely to score higher on many measures.

INSERT TABLE 3 ABOUT HERE

Table 4 demonstrates the relationships between demographic characteristics and social capital variables. In previous research, the social capital indicator yielded four factors: informal social participation, tenant association participation, prosocial norms, and formal leadership. To explore possible demographic differences in social capital, these four factors were separated. The correlation between ethnicity and other demographics depicts a potentially marginalized population. White and non-white residents show significant differences in educational levels and income. Ethnicity also correlates with social capital variables; non-white residents perceive lower degrees of prosocial norms, and develop less leadership. Associated with their lower incomes, non-white residents also pay a higher proportion of their income for the co-op charge.

Among the social capital variables, the strongest correlation is between ‘perceived prosocial norms’ and ‘shareholders’ participation’. When residents trust each other more, they are more likely to participate in issues related to the building, and vice versa. There is a moderate negative relationship between years of residence and perceived prosocial norms, which means residents who live longer in the building experience less trust. Leadership is associated with demographic traits more than other social capital variables. Residents who have completed higher education, are white, and earn more money exhibit more leadership.

INSERT TABLE 4 ABOUT HERE

Demographic characteristics, type of management, and an aggregated social capital indicator were used as predictors to explain co-ops' physical conditions, social problems, financial problems, and overall building management, among other things. Because of the small sample size and large number of independent variables, a two-step regression analysis was employed. Backward elimination reduced the pool of independent variables which were then used in simultaneous regressions to determine parameter estimates. A detailed summary with adjusted R^2 is listed in Table 5.

As Table 5 shows, more social capital predicted fewer social problems, better management quality, less desire to move, more perceived resident influence, and a trend toward better physical conditions. Among the demographic predictors, education was most important. Higher-educated residents reported more social problems. More educated and white residents also reported better management. Older residents are less likely to want to move. Higher-educated residents also felt they had more influence, regardless of building social capital.

Perception of financial problems did not relate to social capital levels and the regression findings were only marginally significant. While most people did not report serious financial problems in their building, higher-educated residents reported more financial problems. In another marginally significant regression equation, ethnicity predicted co-op charge/income ratio. Non-white residents paid a higher proportion of their income for their monthly co-op charge.

Self-managed buildings reported functioning in a more up-to-date manner (recently developed budgets, recent elections of building officers, etc.). Residents who lived longer in their building, were more educated, and had lower incomes also reported more up-to-date procedures.

INSERT TABLE 5 ABOUT HERE

Our quantitative research indicates that social capital is an important ingredient in maintaining a high quality of life in Clinton LECs. When a sense of community is achieved, residents note its advantages: “If I need help, people in the building are there for me; I feel safe going to the board.” This provides an incentive for residents to try to work together effectively, even across differences in ethnicity, income, education, and other personal qualities. However, our conversations with residents, as well as answers to open ended questions, made it clear that maintaining cooperative relationships was one of the biggest challenges in many buildings. One resident who had lived in his building since before it became an LEC spoke from experience: “It took a while for people to get to know and trust each other, especially for the life-long residents to trust the more recent tenants. Once people got to know each other, however, things have been running relatively smoothly and successfully.” Another resident, who also works for a community organization in Clinton, raised a pressing issue: the growing problem that “recently…people are not as interested [in their LECs] and are burnt out and tired.” Indeed, downsides to living in a LEC mentioned included time invested, hassles, lack of privacy, frustration with other tenants’ low participation, and more trouble in general than renting.

Nonetheless, most residents considered the effort LECs require to be worthwhile. When asked how living in a LEC has made a difference in their lives, of those who answered, most responded positively (72%), while only a small number gave negative (8%) and mixed (20%) responses. Eighteen percent remarked that living in a LEC gives them a better quality of life. Other advantages of living in a LEC included the ability to afford to live in New York City (18%), the ability to choose a job not based on income (8%), general financial security, having a sense of community, safety, learning new skills, and having more control over repairs and how the building's money is spent. Comments praising LECs were frequently similar to that of one resident: "I have no pressure of higher rent. I can be an average person and breathe a little." Residents repeatedly proclaimed, "I would not be living in New York if it weren't for this [LEC]." Beyond personal advantages, residents saw community benefits, as well: "[Living in a LEC has] increased my responsibility to the building and the community;" "It keeps the neighborhood very diverse by having lots of LECs in the area."

Ethnographic data suggest that LECs help to create a space to reconnect local activism with the neighborhood by enforcing values of civic participation and creating spaces for interaction. The social and leadership skills that are learned in LECs increase residents' resources and motivation for civic participation (Saegert & Winkel, 1996). We found, for example, that buildings with regularly scheduled meetings and those that were self-managed in Clinton had higher levels of leadership. We saw this from the first meeting the CSF had with local LEC leaders to discuss the survey, which quickly became an organizing meeting for collectively addressing shared problems. Out of the 52 LECs in Clinton, 24 leaders turned up to find out what was happening. A similar number came out on a bitterly cold night in January 2003 to hear the results of the study. Latino and White LEC residents spoke with passion of the conflicts in their buildings over the economic opportunities of high resale prices versus the needs of low income residents, present and future. They called on the CBO staff present to help them understand their choices. They want to find legal means of protecting the affordability of their housing while being fair to residents. As importantly, they want a broader dialogue about the values of inclusion and democratic participation that are the underpinning of LECs. They wanted to make these issues prominent enough to get the ear of the politically powerful once more to protect the less affluent. In the wake of the report and the meeting, different activist organizations have discussed the agenda that emerged among themselves, with us the researchers, and with each other.

This spurt of activity occurs in a context of weakening local activism that once spawned both the programs to create LECs and the CSF. As housing continues to become less affordable, the neighborhood continues to gentrify, and more activists and working class residents are forced to move away, the face of community organizing in Clinton is inevitably changing. Now, the community consensus on the social mission of the LECs does not appear to be quite as strong as it once was. Three models of current LEC tenant thinking can be found: 1) those who see LECs as a response to gentrification and want to make sure affordable housing remains an available resource; 2) those concerned with realizing financial gain after spending years of effort on their buildings and community; and 3) those who live in LECs which have benefited by receiving a tax cap from the city and feel accountable to pass on their benefits to future residents. What remains to be seen is whether new activists take up Clinton's cause or if old ones will rally again.

CONCLUSION

In summary, despite indications of gentrification in the area, LECs remain affordable to lower income residents. Our data indicated that while LECs were in better physical condition than neighboring housing, monthly costs were lower. LECs allow working class and lower paid white-collar workers to stay in Clinton, thus maintaining some of the diversity of the city. Artists, actors, musicians, teachers, and public agency employees are able to work at jobs they consider personally fulfilling and still live in Manhattan.

There is also a political dimension to the diversity that LECs provide. Without these residents, working class and middle income people would increasingly cease to live in the neighborhood. The struggle of the less affluent to enjoy and participate in the life of midtown Manhattan would be diminished. The democratic principles that are the foundation of LECs provide a space for people to realize that to improve their quality of life, they must put aside their individual differences and think collectively. This social glue provides opportunities for the development of informal as well as formal social networks that can serve different purposes like improving the building conditions or looking after the elderly population in the community.

LECs and Capital

Recent theorizing about social capital, and more generally, about class struggles for space, have bearing on the case of Clinton. The fact that some LEC shareholders now threaten the existence of the LECs by undermining the resale policy and 'opening the door' for market value sales prices illustrates the difficulty of isolating property from the market. However, the continuing existence, affordability, and living quality of LECs sustains the potential for continuing struggle to a degree greater than that found in other housing. While the establishment of LECs had never been the primary concern of housing activists in Clinton, LECs accomplished something that activism alone had not: they took real property out of the mainstream of market economics. Further, the social capital on which social activism depends gained at a local scale the ability to deploy resources directly to provide high quality, affordable housing controlled by residents.

DeFilippis (2001) has suggested that for social capital to truly improve the lot of less wealthy urban residents, it must be related to economic capital and power. Social capital should not be considered an end in itself but rather a means for improving the group's economic status. From this point of view, those individuals who were part of the network, and were able to constitute their ownership over property, are now selling this property for market value and realizing the economic profit from social capital. If, on the other hand, limited-gain resale policy is maintained, the collectively-owned housing asset that supports social capital would not be fully realized as economic capital. Here DeFilippis presents a paradox of social capital in low income communities: the social capital that was a major component in the success of the group's struggle cannot be realized and generate affluence individually if the group is to maintain its boundaries (as a low income group saving its resources for others in this group). On the other hand, individuals' realization of social capital as capital threatens the future of the network itself (DeFilippis, 2001). While DeFilippis' approach illuminates some aspects of LECs, it ignores others that are beyond economic capital.

LECs support a network of low income residents in the face of a highly gentrified neighborhood, with at least two results. Affordable space in the city is secured for the group's members by appropriating space from the market realm. The appropriated space is maintained as bulwarks against redevelopment and limits the process of gentrification in the area. To the extent that this space is kept and more is appropriated, processes of gentrification, residents' displacement, and neighborhood's homogenization will be limited in reach. Furthermore, establishing such control through ownership of property that cannot be capitalized at market value has, as Clark (1994) suggests, tremendous value for residents' lives. This improvement of the quality of life may be the main achievement of much poor and working class housing activism (Marcuse, 1999).

Within LECs, social capital is materialized without being commodified. The weakness that DeFilippis finds – LECs' incapacity to realize their social capital as economic capital – is their most significant strength. Inhabitants' practices are not only aimed at providing a roof over their heads but also at contesting a political agenda in the broader social sense. LECs are creating a different space, a new model of space in which egalitarian association nourishes group members' needs for home, security, safety, connectedness to others and to place, sustainable living through low housing expenses, good job opportunities, and an asset to bequeath to future generations (Saegert & Winkel, 2001) while creating a space that contests the status quo.

The main policy implication of this research is that Limited Equity Cooperatives provide a useful ownership form for governments, CBOs, and residents interested in maintaining a high quality housing stock for lower and middle income people in increasingly expensive housing markets. This ownership form is underutilized in the

United States. It deserves at least the same support as other forms of subsidized housing for the poor and working class, such as tax credit financing, tax breaks, and lower liability for public services such as water and sewer charges, as well as the programs designed to support homeownership. For LECs to occupy a bigger niche in the housing market, a variety of procedural and contextual issues must be addressed (Saegert & Benitez, 2003). Other research has discussed the pivotal role of the process and history of particular cooperative conversions (Rohe, 1995) and the policies, financial mechanisms, technical assistance and political formations that support LECs over the long run (Saegert & Winkel, 1998).

The Clinton study brings attention to problems related to differences in ethnicity and socioeconomic status among shareholders. Because some residents have much lower incomes than others, targeted housing subsidies may be useful. Low-interest, need-based loans to buildings may help to compensate for specific residents' lower incomes. Coupling purchase loans to prospective low income residents with caps on resale prices could assure adequate income to keep buildings running while maintaining them as lower cost housing. Public monitoring of resale prices is also required. Problems with resale prices may further be addressed through building greater solidarity among the co-ops, increasing social engagement among residents, working with co-op boards, and providing information on alternatives to higher apartment sale prices.

Another split among Clinton LEC residents occurred between the immigrant and often non-English speaking population and the English-speaking U.S. citizens. Our data show that non-English speakers participate less. They can feel neglected and confused if the majority of the building business is conducted in English. They also often did not fully understand the definition of a co-op, that they own shares in the building, and how their participation in co-op governance is important. Incorporating this non-English-speaking population into the buildings more, providing shareholder education for them, and encouraging leadership could all help to resolve this problem.

A third major issue is the problem of replicating leadership and providing leadership training. This sample is not unusual in that many of the current leaders, while successful, well-respected, and reliable, are growing older, raising the question of who will replace them when they can no longer lead their buildings. This problem is compounded by the amount of responsibility many leaders have, often sharing few duties with others and taking the burden of most of the workload upon themselves. Small leadership cores, sometimes consisting of only one person, can promote problems of succession and also of resident engagement. While "dictators" or small leadership groups can be effective in running LECs, they are detrimental when they shut out tenant influence on decisions and the way the building is run. Dictators may also create problems for leadership replication. Our survey has shown that widespread resident participation is associated with better living conditions and more commitment to the building.

Management is a continuing issue in every building, including such problems as the decision of whether to manage the building through the shareholder association and board or to use outside management. If the choice is made to use outside management, the problem then becomes one of securing a competent company or individual manager. Some LECs in this study were managed by a CBO that seemed to be drifting away from advocacy for lower income people toward development and property management. LEC shareholders felt excluded from key information and decision making and perceived an inability to influence their manager's priorities.

Like all forms of housing for low income people, assuring the long-term viability of LECs requires a supportive policy framework, public and non-profit investment of time and money, and a continuing commitment to monitor LECs and provide assistance with predictable challenges and unexpected contextual changes. Compared with other forms of low income housing, the return on such investments, however, is at least comparable, and often greater, in terms of housing quality, resident quality of life and social integration, and a diverse, civically engaged citizenry.

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