Building the Progressive City:

Third Sector Housing in Burlington

By

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Two months after Ronald Reagan assumed office as the fortieth president of the United States, Bernie Sanders was elected the thirty-second mayor of Burlington, Vermont. Both men remained in office for eight years. When Reagan stepped down in 1989, his policies and programs were continued by his vice-president, who was elevated to the presidency by the same conservative coalition that had supported Reagan. Sanders stepped down in 1989 after serving four two-year terms as mayor. His policies and programs were continued by Peter Clavelle, who had served as Sanders's director of community and economic development. Clavelle was carried into office on the shoulders of Burlington's "Progressive Coalition,' the same third-party movement that had supported Sanders.

There is considerable irony in the fact that the decade of the "Reagan revolution" in Washington was also the decade of "Sanderista" rule in Burlington. These two political movements had little in common. Their leaders, Reagan and Sanders, shared even less. Indeed, it would have been difficult to find two elected officials anywhere in the United States during the 1980s who were further apart in background, ideology, and political agenda.

The man elected president was a middle-class midwesterner of Irish descent whose entire career, first in the movies and then in politics, had been heavily bankrolled and carefully scripted by men of wealth and power. Ronald Reagan was the most conservative politician to occupy the White House in fifty years, a person whose entire political philosophy was built around the single idea that private individuals and private markets could solve nearly every problem of poverty, unemployment, and injustice if government would just stop meddling in matters that were not its proper concern. Reagan's domestic agenda, accordingly, was dominated by a simple bias: get government out of the way of the private sector, and let a rising tide of capitalist prosperity lift all boats.

The man elected Burlington's mayor grew up in a working-class Jewish household in Brooklyn, New York. Bernie Sanders wrote his own scripts, first as a documentary filmmaker and later as a political maverick operating outside the traditional two-party structure of American politics. He helped to found Vermont's Liberty-Union Party soon after moving to the State in 1968. During the 1970s, he ran unsuccessfully for statewide office four times, never receiving more than 6 percent of the vote. In 1981, he challenged the five-term Democratic mayor of Burlington. Running as an independent, Sanders mounted an aggressive campaign stridently attacking the city's wealthiest individuals, interests, and institutions. He was given little money and little chance of success. Against all odds, he won—–by ten votes.

A self-avowed socialist, Sanders's conception of the role and responsibilities of government was a radical rebuke to the right-wing Republican elected president only a few months earlier. The market, in Sanders's eyes, was the underlying *cause* of many of the problems faced by Burlington's people, not an untapped solution. Only an activist municipal government could solve these problems, intervening on behalf of lower-income neighborhoods and working-class people to curb the market and correct the harm that market forces often inflicted on vulnerable populations.

Nowhere was the need for municipal activism more apparent, believed Sanders and his supporters, than in housing. As Reagan was confidently extolling the virtues of unfettered markets, Burlington's own market in land and housing was stampeding out of control. Speculative pressures had been building for several years: a revitalized central business district, with the prospect of luxury redevelopment on the downtown waterfront; a burgeoning student population at the University of Vermont, with no accompanying expansion of on-campus housing; and a robust regional economy that was attracting thousands of newcomers to the area every year. By the early 1980s, average housing prices in Burlington for both rental and owner-occupied housing were rising at a rate roughly *twice* that of average household incomes (CEDO, 1986; Mallach, 1988). Lower-income renters were being displaced as rental property rapidly and repeatedly changed hands from one investor to another. Lower-cost housing was being lost through conversion and demolition. New housing was being built at a rate unmatched since the

1950s, but most of these units were pricey condos overlooking Lake Champlain, the city's western border. Few were affordable for Burlington's less affluent residents.

As the private sector was busily exacerbating Burlington's housing problems—and brusquely excusing itself from any special responsibility for addressing them—the public sector was displaying a more dramatic abdication. Reagan had pledged to get government "off the backs" of the people. When it came to housing, he delivered on that promise with a vengeance. Federal support for public housing was cut. Support for the rehabilitation and construction of private housing was cut. Rental assistance was cut. Even the flagship of Richard Nixon's New Federalism, the Community Development Block Grant (CDBG) program was cut. So little federal funding remained by Reagan's second term that most cities the size of Burlington were doing little more for affordable housing than hanging on with broken fingers to a crumbling stock of public housing, a threatened stock of federally assisted private housing, and a dwindling pool of CDBG dollars for housing rehabilitation. In short, when the federal government got out of the housing business, so did most of America's smaller cities.[1]

Burlington never joined this municipal rush for the exits. Admittedly, the burning theater of Reagan's domestic policy was not the most desirable stage from which to launch an innovative housing program, but the Sanders administration was determined to play neither passive victim nor active accomplice to the federal retrenchment that was underway. Something better was expected by those who had voted for Sanders's brand of municipal activism; something better was needed for those who were being excluded or extruded from Burlington's overheated market. The difficulty faced by the "Sanderistas," however, was that most of the federal programs used by previous mayors to construct or rehabilitate affordable housing were being gutted by a hostile president and a compliant Congress. The Sanderistas had to try something different, something new.

TOWARD A PROGRESSIVE HOUSING POLICY

Sanders's first term was a season of siege.[2] A combined Democratic and Republican majority on the city council impeded nearly every initiative, every budget, and every appointment of the new administration. The incoming mayor was not even permitted to hire a secretary for his own office without a major confrontation with the city council.

By the time of his first reelection, however, Sanders's base of political support in the community and on the council had grown broad enough to break through the intransigence of his political opponents. Control of the city council remained with the Democrats and Republicans, but enough members of Sanders's Progressive Coalition had been added to the council to sustain a mayoral veto.[3] By 1983, Sanders finally possessed enough power to begin enacting some of his own policies and programs. Affordable housing was near the top of the Progressive agenda.

Within the Sanders administration—and the Clavelle administration that followed—housing policy was largely a creature of the Community and Economic Development Office (CEDO). This municipal agency was created soon after Sanders's 1983 reelection to give an activist mayor— forced to operate within the structural constraints of a weak mayor, strong city council, commission form of government—the ability to function proactively in shaping the city's growth and development. CEDO was assigned general responsibility for economic development, community development, and housing. It was also given the politically lucrative task of administering and distributing the City's annual allocation of Community Development Block Grant funds. [4]

Prominent in CEDO's founding mission was the explicit charge "to develop, coordinate, and administer a comprehensive program to address the City's housing needs" (Burlington City Council, 1983). This mission was eventually translated by CEDO staff into three easily understood and frequently repeated goals: *protection* of the vulnerable, *production* of new affordable housing, and *preservation* of affordable housing already in existence.

The first of these goals sought to press into service the powers of municipal government on behalf of residents most at risk in a speculative, inflationary housing market. As later described by CEDO in the City's *1988 Annual Report*: "The housing situations of the poor, the disabled, and the elderly are often precarious. The needs of these populations are great; their resources are few. Their bargaining position in a competitive, high-priced housing market is extremely weak. The municipality must make the shelter of its most vulnerable citizens more secure."

Secondly, and most traditionally, CEDO embraced the goal of promoting the production of new housing. "Development," after all, was part of the name of this new municipal agency. It was expected that CEDO staff would take the lead in identifying and assembling sites, acquiring and packaging funds, and facilitating the construction of residential units affordable for lower-income residents—those with annual incomes below 80 percent of median.

Finally, there was early recognition within CEDO that preservation was as necessary as protection and production, especially in a city where 53 percent of the housing stock had been built before 1939. Striving to protect and house the city's low-income residents without striving simultaneously to preserve the low-cost housing they occupied was like working to save an endangered species while acquiescing in the destruction of its only habitat.

Problems of housing preservation were, in fact, some of the most pressing that the city faced: housing was being lost in inner-city neighborhoods through deterioration and deferred maintenance; housing was being lost in the neighborhoods surrounding the central business district, the University of Vermont, and Champlain College through demolition or conversion to nonresidential uses; affordable apartments were being lost in every neighborhood through luxury renovation or condominium conversion; and the clock was ticking on the city's largest federally subsidized housing project, Northgate Apartments, a 336-unit rental complex constructed nearly twenty years before under the HUD 221(d) (3) program. Unless something was done before 1989 to "save" Northgate, there was a high probability that the project's current (or future) owners would elect to prepay the mortgage, terminate the rent stabilization agreement with HUD, and displace most of the project's eleven hundred lower-income tenants—a community larger than most Vermont towns.

There was nothing unusual or especially "progressive" about any of these housing goals. Many cities have pursued similar ends, although few have pursued them as aggressively, comprehensively, and successfully as Burlington. What was special about protection, production, and preservation at the hands of the Sanderistas, however, was the decision to pursue these goals through a dual-track strategy of *empowering* those without residential property and *decommodifying* residential property itself. Their housing policy was, in effect, two separate policies: a policy of "tenants' rights" focused primarily on the goal of protection, and a policy of "third sector housing" focused primarily on production and preservation.

Only the policy of third sector housing is discussed in detail here. A few words should be said, however, about the administration's political efforts on behalf of tenants' rights. After all, empowering persons without property was the administration's first policy—and a seedbed for the second.

The idea of enlisting municipal government in the cause of tenants' rights predated the creation of CEDO. For that matter, it predated the election of Bernie Sanders. Neighborhood activists and tenant organizers had repeatedly petitioned the Democratic machine in City Hall throughout the 1970s to play a larger role in protecting tenants against soaring rents, deteriorating apartments, and displacement. That such entreaties had fallen on deaf ears was undoubtedly a factor in Sanders's surprising victory in 1981. Acknowledging that political debt, while seeking also to deliver on a prominent campaign promise, the new administration called for a special election two months after Sanders took office. Burlington's voters were asked to approve a "fair housing commission," a measure deemed by supporters and opponents alike to be little more than a stalking horse for rent control. It was defeated, three to one.

Despite this early setback, the protection of tenants' rights remained in the forefront of the administration's legislative priorities. It was kept there by the administration's close ties to the state's small but feisty tenants' movement, Vermont Tenants, Inc. (VTI), headquartered in Burlington, and by the administration's recruitment of key staff from the ranks of pro-tenant housing activists and former legal aid attorneys. The most radical proposals put forward by the Sanders and Clavelle administrations, the Progressive Coalition, and VTI were defeated: an antispeculation tax on the sale of rental property was approved as a charter change by Burlington's voters but later rejected by the Vermont legislature (1986); apartment registration was amended out of existence by the city council (1987); and just-cause eviction was voted down by Burlington's electorate (1989). Progressives were more successful in winning approval for pro-tenant initiatives ensuring fair access, promoting health and safety, and preventing displacement. The most significant of these legislative victories were:

- *Ensuring Fair Access*. Anti-discrimination Ordinance (enacted 1984); Security Deposits Ordinance (enacted 1986)
- *Promoting Health and Safety*. Overhaul of Minimum Housing Code (amended 1985); Apartment Inspection Fee Ordinance (enacted 1987)
- *Preventing Displacement*. Condominium Conversion Ordinance (enacted 1987); Housing Replacement Ordinance (enacted 1989)

Not included in this list but equally important from the point of view of protecting tenants was the administration's revitalization of the Burlington Housing Authority (BHA). Prior to 1984, the BHA was controlled by political appointees of the previous administration. Buildings were deteriorating, waiting lists were out of date, and tenants were not heard by the BHA board. As Sanders's appointees to the BHA board gradually pushed aside the holdovers from the past, the BHA began to turn around. A talented new director was hired in 1985. That same year, a multimillion dollar modernization program was begun that aimed at rehabilitating all of the authority's older units by 1993. Senior BHA staff were replaced. Waiting lists were revamped. Tenants were added to the BHA board.

The turnaround of the BHA was pivotal to the overall success of the Progressives' program, for the BHA straddled the line between protecting vulnerable populations and decommodifying valuable property. Progress toward improving conditions for the 347 families in public housing had to be ensured before less traditional measures could be pursued. In effect, the administration had to secure this weakened flank in the ranks of its own constituency before it could march off in new directions. Equally important, the BHA was the local custodian for what remained of the federal Section 8 program. This meant that the BHA was in a position to withhold certificates and vouchers from the third sector housing that CEDO's nonprofit partners began to produce in 1984 or to use such subsidies in support of their efforts. By reforming the BHA, the Sanders administration both improved tenants' lives and enlisted the BHA in its push to remove housing from the speculative market. [5]

CEDO promoted this second policy on a parallel track with the first. The commitment to tenant protection and empowerment remained intact, but after 1984 an increasing amount of CEDO's time and resources were dedicated to the creation of an expanding pool of privately owned, perpetually affordable housing. This third sector housing policy had two programmatic components: (1) municipal support for *alternative models of housing tenure* that could lock in place any public subsidies put into affordable housing, while locking in place affordability itself; and (2) municipal support for a *network of nonprofit organizations* that would work in concert with CEDO to establish these alternative models of tenure, while constructing, rehabilitating, and managing an expanding stock of permanently affordable housing.

The two components, in practice, were often indistinguishable; one frequently led to the other. Promoting a new form of tenure sometimes brought into existence a new nonprofit organization. Thus CEDO's efforts to establish a legal, financial, and organizational foundation for price-restricted models of homeownership led to the formation of the Burlington Community Land Trust (BCLT) in 1984 and the Champlain Valley Mutual Housing Federation in 1990. The BCLT became an aggressive developer of affordable housing. The Champlain Valley Mutual Housing Federation became the primary source of training and support for the region's independently incorporated housing cooperatives—and the manager for all of the reserves built up by these cooperatives.

Conversely, sometimes promoting a new organization has inadvertently introduced a new form of tenure. CEDO's three-year support for a consortium of nonprofit organizations, gathered together to prevent the loss of Northgate Apartments, resulted not only in the successful acquisition and rehabilitation of this threatened project but in the creation of a tenant-controlled structure for owning and managing this property unlike any seen in Vermont before. [6]

At other times perpetual affordability has been achieved not by a new form of tenure but by the nonprofit status of a project's developer and owner. Thus, during the same year that CEDO helped to create the Burlington Community Land Trust, CEDO staff joined with municipal officials from neighboring towns to establish another nonprofit, the Lake Champlain Housing Development Corporation. CEDO has also supported Cathedral Square, Inc. (established in 1978) in developing affordable rental housing for the elderly and the Committee on Temporary Shelter (established in 1982) in developing emergency shelters and permanent single room-occupancy (SRO) housing for the homeless. In each of these cases, the form of tenure is a rather traditional landlord-tenant relationship, but nonprofit ownership protects the long-term affordability of any units produced. [7]

In summary, while the Sanders administration was struggling to enact a series of measures within the city code for the protection of tenants, it was also working to establish new models and new organizations outside of City Hall for the production of housing with lasting affordability. These nonmarket models of tenure eventually included a citywide community land trust, limited equity condominiums, nonprofit and tenant-managed rentals, and a growing number of limited equity cooperatives tied together in a federated structure. Nonprofit organizations for the production and management of affordable housing eventually included the Burlington Community Land Trust, the Lake Champlain Housing Development Corporation, the Committee on Temporary Shelter, Northgate Housing, Inc., and CEDO support for the ongoing development activities of a preexisting nonprofit, Cathedral Square, Inc. By the end of 1992, nearly eight hundred units of privately owned, perpetually affordable housing had been created by CEDO's nonprofit partners through either the construction of new housing or the rehabilitation of old.

WHY THIRD SECTOR HOUSING?

Why did the Sanders administration decide to adopt a third sector housing policy? What were the strategic considerations behind a policy of directing municipal resources toward new housing models and new housing organizations created expressly for the purpose of decommodifying a growing percentage of Burlington's privately owned housing?

Some of the realities and concerns that formed the backdrop for this third sector housing policy have been mentioned before:

• Because federal funds for housing were drying up, new ways had to be found of doing more with less. It was clear that whatever was done for affordable housing would have to be accomplished using local powers, local resources, and local institutions to a greater degree than before. Little support—and even less leadership—could be expected from HUD.

• Because local plans for developing Burlington's waterfront were gearing up, new ways had to be found of investing in lower-income neighborhoods without displacing lower-income residents. It was clear that public and private investment in the central business district during the 1970s had already put considerable pressure on the residential areas surrounding it. Speculative pressures would only increase with the planned redevelopment of the downtown waterfront. Whatever was done to improve these inner-city neighborhoods would have to be accomplished without further fueling an overheated housing market.

• Because federal protections for the renters at Northgate were running out, new ways had to be found to produce affordable housing that avoided mistakes of the past. It was clear that even a twenty-year rent restriction was inadequate protection for scarce subsidies and vulnerable tenants. As long as privately owned housing could eventually return to the private market, affordability could not be assured.

The administration's decision to pursue a policy of third sector housing was a conscious product of these practical considerations. There were political considerations as well. One of the main reasons for promoting new forms of price-restricted housing was the impossibility of achieving the same result via more conventional means. The crushing defeat of rent control by Burlington's voters in 1981 and the watering down of every pro-tenant ordinance proposed to the city council in the years thereafter demonstrated the futility of looking primarily to the municipality's police power to stabilize local housing costs. Similarly, any hope of expanding the public ownership of housing was out of the question. The BHA of the early 1980s was a stagnant mess, and any other form of municipal ownership would have required approval from the same electorate that had soundly rejected the administration's bid to regulate rents. Prevented from following familiar paths pioneered by progressives of the past, the Sanders administration was forced to go in a different direction.

A politically more acceptable path than public control or public ownership was the prospect of decommodifying residential property by means of private contracts and private ownership. What a hostile Democratic and Republican majority on the city council would *never* accept, and what a majority of the electorate seemed *reluctant* to accept if enforced by Progressives in City Hall, became palatable and praiseworthy when pursued by private charities—that is, nonprofit housing development organizations with a 501(c) (3) status. Even better, one of these CEDO-sponsored organizations, the Burlington Community Land Trust, held out the irresistible promise of homeownership for all. True, there were contractual limits on the amount of appreciation that these homeowners could realize on the resale of their homes, but lifelong tenants were being offered a piece of the American Dream. So politically difficult was it for Democrats and Republicans to oppose such a lofty ideal that, despite their early opposition, they were soon jockeying for position on the BCLT bandwagon. By the 1989 election, the Democratic candidate for mayor was even suggesting that the BCLT had originally been a Democratic idea. [8]

Nonprofit control over private housing became a means of appeasing not only critics on the right but allies on the left. CEDO had established a home improvement program in 1983 that had begun directing hundreds of thousands of dollars in low-interest loans into the city's oldest and poorest neighborhoods. Some of these neighborhoods were among those most at risk from speculation and gentrification as the central business district continued to prosper and as plans for the downtown waterfront began to mature. Concerns were voiced by Vermont Tenants, Inc., and by newly elected Progressives to the city council that public investment in and around these inner-city neighborhoods would add to displacement pressures their constituents were already experiencing. [9] CEDO's support for a citywide community land trust and for other nonspeculative models of housing was a programmatic response to such concerns, a way of investing in lower-income neighborhoods without displacing lower-income people. By 1988, most of CEDO's home improvement dollars were going into units controlled by the BCLT, Lake Champlain Housing Development Corporation, or some other housing nonprofit.

The existence of political constraints and the pursuit of political acceptability are not the entire explanation for this third sector housing policy, however. There was also a quest for continuity. Half of Burlington's city council is elected every year. A mayoral election is held every other year. In 1981, when Bernie Sanders was first elected, his margin of victory was minuscule. No one expected the Progressives to hold onto City Hall very long. Just the opposite: there was an ever-present apprehension among Sanders's supporters and staff that each year might be their last. Consequently, an unusual amount of attention was devoted to searching for municipal initiatives that might permanently alter the social landscape—initiatives that might out-live the Progressives' temporary hold over City Hall.

This was especially true in the case of affordable housing, the issue around which many of Burlington's most contentious political battles were being waged. No other issue drew the line between the Progressives and their Democratic and Republican opponents more clearly. On no other issue did it seem more certain that the ouster of Progressives from City Hall would result in a dramatic reversal in municipal policy. CEDO staff argued from the beginning, therefore, that a nonprofit infrastructure should be established *outside* City Hall—*independent* of City Hall. Only in this way, it was believed, could whatever gains that were made in decommodifying residential property be protected against inevitable changes in the political wind.

INSTITUTIONALIZING PERPETUAL AFFORDABILITY

As it turned out, Progressives remained in office throughout the decade and into the next. This meant not only that perpetual affordability became rooted in the purposes and programs of a network of nonprofit organizations established outside municipal government but that the same principle was gradually woven into the policies, programs, and plans of the municipality itself. [10]

The City's support for perpetual affordability had its Burlington beginnings in the city council's 1983 decision to appropriate $200,000 for the start-up of a citywide community land trust. Few who voted for this original appropriation fully understood what a land trust was, let alone fully endorsed the decommodification of private property that lurked beneath the surface of this unfamiliar housing model. Even those on the council and within the Sanders administration who did understand and did endorse what was being proposed were hardly prepared to reorient all of the city's housing efforts toward long-term affordability. The Burlington Community Land Trust was conceived as one initiative among many being considered for the protection of the city's tenants, the preservation of the city's housing, and the production of more affordable housing. [11]

By the time the BCLT was firmly underway, however, the principle of perpetual affordability had begun to influence more and more of CEDO's thinking about affordable housing. A CEDO report that was adopted as an interim policy in September of 1984 recommended a complete review of all municipal land and housing programs with an eye toward linking these programs more closely with the BCLT. Listed prominently among the benefits of such a policy were the "retention of public subsidies," "development without displacement," and "rent stabilization without rent control." The report was quite explicit in describing the wider implications of this new approach to affordable housing (CEDO, 1984: 4): "By permanently removing land from the marketplace and placing a ceiling on the resale price of housing, a CLT . . . can control housing costs. Such measures 'decommodify' land and housing, assuring long-term accessibility and affordability for persons of modest means."

References to perpetual affordability soon began appearing with great regularity in documents and reports issued by CEDO. The most influential of these was the *Report and Recommendations of the Affordable Housing Task Force* (CEDO, 1986), a publication that eventually became a virtual blueprint for most of CEDO's subsequent housing efforts. The Affordable Housing Task Force was a committee of tenant advocates, public officials, and private developers appointed by the city council in June 1985 to explore ways of addressing Burlington's housing problems. Aside from the remarkable range of the twenty-five recommendations made by this committee for expanding and maintaining the supply of affordable housing, its final report is notable for the frequency with which perpetual affordability is mentioned. Thus the BCLT is praised for "creating a permanent stock of affordable housing for our community" (p. 12); the City is urged to support "cooperative housing, especially limited equity cooperative housing" (p. 19) and to ensure the "perpetual affordability" of any housing created through municipal grants of lands or funds (pp. 19, 20); CEDO is urged to utilize "a model such as a land trust, limited equity cooperative, or mutual housing program which assures perpetual affordability" to save the city's threatened stock of federally subsidized housing (p. 23).

The *Report and Recommendations* made it clear that the notion of perpetually affordable housing had entered, by 1986, the mainstream of Burlington's ongoing housing debate; various models for making such housing a reality had moreover become favored contenders for municipal support. By 1988, these models had become such a mainstay of the City's policies and programs that CEDO added the "decommodification of housing" to the operational goals of its mission statement, declaring that "housing that is made affordable today, using sizeable public or private | subsidies, will only remain affordable if limits are placed on the profits that property owners may remove from their increasingly valuable commodity."

The final stage in this multiyear process of incorporating perpetual affordability into the institutional fabric of Burlington's municipal policy was to make perpetual affordability, limited equity housing, and nonprofit development an explicit part of both the City's municipal plan and the City's Comprehensive Housing Affordability Strategy (CHAS). On May 3, 1991, the Burlington Planning Commission adopted a revised Municipal Development Plan that included among its housing policies the declaration that "the City of Burlington will . . . support housing models, organizations, and programs that insure perpetual affordability." There are no less than nine references in the plan to the need for municipal support for such "models, organizations, and programs."[12] Similarly, the City's first CHAS, submitted to HUD on January 10,199Z, included "perpetual affordability" among the five operating principles guiding Burlington's 1992-1996 plan for affordable housing:[13] "The municipality should target its scarce resources toward organizations, projects, and models of tenure that ensure long-term retention of public subsidies and long-term affordability for any-housing that is assisted using public dollars" (CEDO, 1992: 69).

This spreading *conceptual* commitment to perpetual affordability was accompanied by an expanding *programmatic* commitment. The institutionalization of perpetual affordability in Burlington's policies and plans, in other words, was accompanied by the institutionalization of perpetual affordability in the municipality's grant making, loan making, and laws. Such programmatic support included the following: (1) existing municipal resources were redirected, (2) new resources were developed, (3) new ordinances were enacted, and (4) housing professionals employed by CEDO or under contract to CEDO were used to supplement the staff of CEDO's nonprofit partners in expanding the number of privately owned, perpetually affordable units under their control.

Redirecting Existing Resources

Burlington's commitment to perpetual affordability began in 1983 when the new city treasurer discovered a surplus in the general fund. The Sanders administration invested part of that surplus to establish a community land trust, instead of supporting some other worthy project. This was the first of many such trade-offs that forced municipal officials to decide whether to direct limited resources already on hand into *housing* in general—and into housing with *permanent affordability* in particular. These were not easy choices, since Reagan's budgetary ax had spared few domestic programs. Housing, in the early 1980s, was not the only unmet need in Burlington.

Nevertheless, the Sanders administration made an early decision to commit a large portion of the discretionary funds at its disposal to affordable housing. Roughly half of the City's annual allocation of Community Development Block Grant (CDBG) funds went to affordable housing from 1984 to 1992, (see Table 6-1). Equally significant was the later decision to distribute a growing percentage of these housing funds to nonprofit organizations operating outside City government; a nonprofit infrastructure for the development of perpetually affordable housing was thus created and sustained. Prior to 1986, for example, nearly 84 percent of the CDBG funds distributed by the City for affordable housing went to CEDO's own Home Improvement Program (HIP), a low-interest revolving loan fund for residential rehabilitation. From 1986 on, CDBG funds for housing were increasingly redirected away from HIP and toward CEDO's nonprofit partners. Even those funds that remained in CEDO's hands for HIP and for other housing initiatives were increasingly reserved for the nonprofits. This programmatic bias was made explicit in May 1988, when the "Applicant Qualifications" section of HIP's policy manual was amended to read that "HIP places top priority on making loans to nonprofit organizations which are dedicated to providing perpetually affordable housing."

Table 6-1. Community Development Block Grant (CDBG) Support for Nonprofit Housing: City of Burlington, FY1984-FY1992

CDBG Year (Fiscal Year)	Total CDBG	CDBG for Housing	%of Total CDBG	CDBG for CEDO Housing (HIP)	% of CDBG Housing for CEDO	CDBG for Nonprofit Housing	% of CDBG Housing for Nonprofits
CDBG 1983 (FY'84)	$778,000	NA	NA	NA	NA	NA	NA
CDBG 1984 (FY'85)	788,000	501,589	64	$451,944	90	$49,645	10
CDBG 1985 (FY'86)	798,000	394,855	49	300,000	76	94,855*	24
CDBG 1986 (FY'87)	684,000	249,000	36	175,000	70	74,000	30
CDBG 1987 (FY'88)	688,000	368,700	54	57,340	16	311,360	84
CDBG 1988 (FY'89)	658,000	343,400	52	87,500	25	255,900	75
CDBG 1989 (FY'90)	685,000	337,400	49	100,000	30	237,400	70
CDBG 1990 (FY'91)	678,000	278,400	41	100,000	36	178,400	64
CDBG 1991 (FY'92)	767,000	313,800	41	115,000	37	198,800	63

NA, not available.
*Includes $60,300 for the Burlington Housing Authority.

Although CDBG is the most significant example of municipal resources being redirected toward what the 1991 municipal plan referred to as “models, organizations, and programs that insure perpetual affordability,” there were others. A vacant fire station was conveyed for a dollar to the BCLT in 1986 for use as an emergency shelter for homeless families. The BHA directed Section 8 certificates and vouchers to the BCLT, Lake Champlain Housing Development Corporation (LCHDC), and other nonprofits. And CEDO, after obtaining a $3.5 million Housing Development Action Grant (HoDAG) for the *for-profit* developer of a 148-unit project in 1984, applied for two HoDAGs for *nonprofit* developers in 1986: one for a 50-unit housing cooperative to be owned by the BCLT; another for an 80-unit rental project to be owned by LCHDC. The latter project was eventually awarded a $2.9 million HoDAG and was completed in 1989.

Developing New Resources

The City also developed new sources of funding for third sector housing. In 1987, the Burlington Employees Retirement System (BERS) was persuaded by the mayor and city treasurer to establish a $1 million line of credit for the BCLT. These funds helped the BCLT to bring thirty units of housing, including fourteen single-family homes, into its system of perpetual affordability. In 1992 BERS gave preliminary approval to a second $1 million investment in economic development and affordable housing—one not targeted specifically to the BCLT—to be made through the purchase of community development certificates of deposit from a local bank.

Other favorable financing for the City’s nonprofit partners was secured by more indirect means. In 1988, CEDO organized and bankrolled a statewide conference on the federal Community Reinvestment Act. This conference spawned a new nonprofit organization, the Vermont Community Reinvestment Association (VCRA). During the next few years, VCRA mounted formal challenges against the Bank of Boston in its bid to acquire the Bank of Vermont and against Vermont Federal Bank in its application to transfer its downtown headquarters from Burlington to an affluent suburb nearby.[14] Although both challenges were eventually rejected by federal regulators, community reinvestment became a public issue in Vermont for the first time. With VCRA and CEDO working to keep this issue alive, local lenders became unusually forthcoming in financially supporting nonprofit housing.

Bank support for the nonmarket models and nonprofit organizations of Burlington's expanding third sector cannot be attributed solely to outside pressure, however. At least four other factors were at work. First of all, the nonprofit projects that the banks were being asked to finance were getting better all the time, as the nonprofits gained experience developing affordable housing. Unlike those of many for-profit developers, moreover, the projects planned by the nonprofits were neither postponed nor bankrupted by the downturn in the New England economy at the decade's end. Second, the banks' investment in Low Income Housing Tax Credits made some of these nonprofit projects more lucrative than they would otherwise have been (see n. 10). Third, the City announced in 1991 that it would, in the future, place its own accounts with institutions that not only offered the best depository services at the best rates, but demonstrated the best performance in meeting community credit needs. Finally, there was the Community Banking Council. First convened in 1989 by CEDO and the Bank of Vermont, the Community Banking Council brought municipal officials, bankers, and nonprofits together every other month for the next four years to discuss community reinvestment. One result of these ongoing discussions was increased bank involvement in neighborhoods and projects given high priority by CEDO and its nonprofit partners.

The most significant step that the City has taken in institutionalizing its support for third sector housing occurred in 1989 when Burlington's voters approved a property tax increase of one cent on every one hundred dollars of valuation to capitalize the City's housing trust fund. This municipal fund had been created the year before to provide project subsidies for affordable housing and operational support for nonprofit housing organizations. The ordinance establishing the Burlington Housing Trust Fund was quite explicit in describing the kind of housing to be supported: "Priority in all disbursements intended for use in acquiring, constructing, rehabilitating, or financing housing units shall be given . . . to projects that guarantee the perpetual affordability of these units for very low, low, or moderate income households." When the city's residents voted in 1989 to raise their own taxes, therefore, they not only directly guaranteed long-term municipal support for nonprofit organizations like the BCLT and LCHDC that had been working so hard to address Burlington's housing problems but indirectly endorsed the principle of long-term affordability that lay at the heart of these organizations' housing efforts—and at the heart of the trust fund itself.

<u>Regulatory Support</u>

Other provisions have been incorporated into the City's code of ordinances that favor nonprofit developers and the private, nonmarket housing they produce. Such regulatory support comes in two different forms: projects and organizations that promote perpetually affordable housing have been granted *privileges* denied to others or they have been granted *exemptions* from conditions or fees required of others.

Examples of the first are found in Burlington's condominium conversion ordinance and in its inclusionary zoning ordinance. Enacted m 1987, the condominium conversion ordinance gives tenants in any building slated for conversion to condominium ownership 120 days to purchase their building from the current owner. Should they be unwilling or unable to accomplish this difficult feat, the City or a "designated housing agency" is granted the first right to purchase the building on the tenants' behalf. A "designated housing agency," according to the ordinance, is "a public entity or a 501 (c) (3) tax-exempt, nonprofit corporation whose purpose is creating or preserving housing for low or moderate income persons." The city council eventually approved the BCLT, LCHDC, Cathedral Square, Inc., and the Burlington Housing Authority as "designated housing agencies."

A similar preemptive right to purchase residential property is granted these same "designated housing agencies" by the City's inclusionary zoning ordinance enacted in 1990. For 120 days after building permits are issued for any residential project with five or more units, these agencies are given an exclusive option to purchase all of the project's "inclusionary units" at a below-market price.[15] Should these units not be acquired by a "designated housing agency," they must still "remain affordable for a period of no less than ninety-nine years, commencing from the date of initial occupancy." In short, the ordinance mandates perpetual affordability, regardless of who purchases an inclusionary unit.

Regulatory support for third sector housing is also embodied in several key exemptions. Perpetually affordable rental housing is exempt from the annual "apartment inspection fee" collected from landlords for the support of Burlington's minimum housing inspection program.[16] Limited equity cooperatives and other forms of perpetually affordable housing are permitted waivers from the City's strict requirements for on-site parking. Affordable elderly housing is not subject to the same restrictions on density and coverage that govern other projects. And, as of

1992, impact fees on new residential development are reduced for housing that rents or sells at an affordable price. A 50 percent waiver of impact fees “for that portion of a residential project that meets the dual test of initial affordability and continuing affordability” is granted for projects serving households earning less than 75 percent of median income. A100 percent waiver of impact fees is granted for perpetually affordable projects serving households earning less than 50 percent of median.[17]

Staff Support

Less obvious but no less important to the development of private, non-market housing has been the professional support provided by CEDO staff in supplementing the underpaid and overextended staff of the nonprofit sector, especially during the early stages of organizational or project development. Such support, it should be noted, has gone beyond the kind of clean-hands coaching from the sidelines that characterizes much of the “technical assistance” traditionally offered to neighborhood organizations by municipal officials. CEDO staff have often been on the field with their nonprofit partners, at the center of play, putting the administration’s own political and financial fortunes on the line.

Organizational support has been paramount. Thus CEDO’s first housing director was the principal organizer and de facto director for the Burlington Community Land Trust during its first year of existence. CEDO’s second housing director was instrumental in founding the Lake Champlain Housing Development Corporation. CEDO’s third housing director helped to write the Vermont Cooperative Housing Ownership Act and to found the Champlain Valley Mutual Housing Federation. [18] All three played key roles in “saving” Northgate Apartments: first in building the capacity of the Northgate Tenants Association; then in convening the Northgate Task Force and covering the early costs of Northgate Nonprofit; and finally in participating in the creation of Northgate Housing, Inc., the managing co-general partner of the limited partnership that eventually purchased Northgate on behalf of its current residents.

Project support has been equally important. CEDO employs a housing rehabilitation specialist and a housing development specialist, each of whom has sometimes functioned as a de facto member of a nonprofit project’s development team. [19] CEDO staff have written rehabilitation specifications and overseen the quality of finished work for a number of projects undertaken by the nonprofits. On some occasions, CEDO staff have put together the early pro formas and financial packages that made a project possible. On other occasions, CEDO staff have played more of a trouble-shooting role, helping the nonprofits to work their way around unexpected obstacles in the development process. More recently, CEDO staff have themselves initiated several projects, securing site control and shepherding them through the early phases of the municipality's own planning and permit process before turning them over to a nonprofit owner.[20]

At times CEDO has also employed an independent contractor to provide full-time professional support for a nonprofit organization, someone who serves as a virtual member of an organization's own staff for a period of one or more years. For example, a tenant organizer for the Northgate project was funded by CEDO from 1987 to 1989 to ensure active tenant participation in the planning and development of the nonprofit buyout of this expiring use project. Similarly, a specialist in cooperative housing was employed by CEDO from 1989 to 1991, under a joint arrangement with the City of Winooski and the BCLT, to provide assistance to the first limited equity housing cooperatives being developed in Burlington and Winooski. This private contractor went on to become the founding director for the Champlain Valley Mutual Housing Federation.

THE PROGRESSIVE RECORD: 1984-1992

What was accomplished during these years of concentrated support for private, nonmarket housing and for the nonprofit sponsors of such housing? The outcomes can be considered under five headings: productivity, capacity, security, mobility, and constituency.

Productivity

From the end of 1984, the year in which CEDO began heavily investing in the establishment of a nonprofit infrastructure, to the end of 1992, approximately 800 units of housing were brought under some form of private price restriction through either the construction of new units or the acquisition and rehabilitation of existing units. All of these units will remain perpetually affordable. An additional 148 units—constructed, owned, and managed by a for-profit developer using a Housing Development Action Grant—were created with CEDO's assistance outside of the decommodified domain of the nonprofits. Since the tenants of this project have an option to buy out the developer after twenty years (or sooner, if he decides to sell) and since the entire $3.5 million HoDAG provided by the City can be claimed by the tenants if they organize themselves into a limited equity cooperative, all of these units may eventually become part of Burlington's expanding stock of third sector housing.

In sum, a respectable quantity of privately owned, perpetually affordable housing was created during a period of sharp cutbacks in federal aid. Adding these new units of third sector housing produced since the mid-1980s to the preexisting stock of public housing, HUD 202 housing, and project-based Section 8 housing produced in the 1960s and 1970s, Burlington possessed approximately 1,600 units of nonmarket housing by the end of 1992. A little more than 10 percent of the city's entire stock of housing had been brought under some form of multiyear price control. [21]

Capacity

The second accomplishment of Burlington's third sector housing policy was the creation of a nonprofit infrastructure capable of acquiring, rehabilitating, constructing, and managing both single-unit and multiunit housing. Whether initially established by CEDO, partially sustained by CEDO, or intensively supported on a project-by-project basis by resources and policies emanating from CEDO, six different nonprofit organizations were brought to a point in their own development such that each possessed the professional staff, internal systems, and operational experience to carry out major housing projects. Three of these nonprofits—the Burlington Community Land Trust, Lake Champlain Housing Development Corporation, and Cathedral Square, Inc.—possessed the mission, motivation, and means to develop additional units of affordable housing on an annual basis. Only one of the city's six housing nonprofits, Cathedral Square, already existed when the Progressives took over City Hall.

Supplementing the newly created capacity of these private, nonprofit corporations was the revitalized capacity of the Burlington Housing Authority, a municipal corporation that was transformed from crippled infirmity to vigorous health. Besides providing better housing for its own tenants, the BHA entered the 1990s providing maintenance services for the BCLT; management advice for Northgate Housing, Inc.; board leadership for LCHDC; and rental subsidies for the BCLT, LCHDC, Northgate, and the Committee on Temporary Shelter (COTS).

Security

The third accomplishment was to enhance the residential security of many who have been precariously housed. Despite the failures of rent control, an antispeculation tax, and just-cause eviction, significant progress was made during the 1980s in stabilizing rental costs and in reducing the speculative pressures that were causing tenant displacement. The existing stock of affordable rental housing was protected by the enactment of strict controls on conversion and demolition, the enhanced enforcement of minimum housing codes, the revitalization of the BHA, and the successful buyout of Northgate Apartments. At the same time, hundreds of new units were added to the affordable rental stock in and around Burlington by nonprofit organizations and for-profit developers taking advantage of the last few crumbs of federal support for affordable housing. A 1990 agreement between the City and the University of Vermont, moreover, imposed strict limits on the future growth in student enrollment, while committing UVM to construct new, on-campus housing for 544 students by 1995 (see n. 21). The combined effect of these measures, when magnified by an end-of-the-decade downturn in New England's economy, was greater security for Burlington's tenants. By the 1990s, rents had begun to moderate and the rental vacancy rate had crept above 5 percent for the first time in nearly two decades. [22]

Security of tenure was increased, as well, through new models of limited equity homeownership that enabled lower-income tenants for the first time to enjoy many of the rights reserved only for those who own their homes. These innovative models became, with CEDO's support, an influential part of the city's housing scene. [23]

Finally, CEDO's efforts helped to increase the residential security of the city's lower-income homeowners and the city's homeless. Low-interest rehabilitation loans, free paint, and a reverse equity program for the payment of taxes and insurance helped lower-income homeowners to maintain, and retain, their housing. The creation of three emergency shelters, a transitional housing program, and ninety-five units of permanent SRO housing provided basic accommodations for the homeless. Although these efforts neither solved the problem of homelessness nor saved the home of every person of modest means whose income or age had made homeownership a precarious proposition, progress was made on both fronts.

Mobility

A somewhat serendipitous outcome of enhancing the security and protecting the affordability of every rung on Burlington's housing tenure ladder was the opening up of new opportunities for upward mobility from one rung to another. As missing rungs at the bottom of the tenure ladder were replaced, homeless families and homeless individuals found it easier to make their way into secure tenancy. As a pool of price-stabilized rental housing was developed by nonprofit organizations, tenants moved out of some of the worst for-profit rentals and into the best of the nonprofit rentals. As new rungs of limited equity housing were introduced into the yawning gap between for-profit rentals and market-priced homeowner-ship, lower-income households gained a firm foothold on homeownership, leaving tenancy behind. In short, the *lateral* mobility made possible by stabilizing the city's rental market was matched by new opportunities for *vertical* mobility made possible by rebuilding the city's housing tenure ladder. [24]

Constituency

Finally, in building a broad-based consensus for affordable housing in general, and for third sector housing in particular, Burlington's Progressives accomplished, during the late 1980s and early 1990s, the political equivalent of a double somersault on a very high wire. They retained the allegiance of lower-income tenants while winning the acquiescence of moderate-income homeowners for a well-publicized policy of directing most of the City's scarce resources for affordable housing toward a handful of nonprofit organizations promoting unusual models of tenure.

These nonprofits, in turn, helped to broaden the base of popular support for precisely the sort of municipal activism being championed by the Progressives. Each of these organizations has members, beneficiaries, contributors, and staff numbering in the hundreds, a vocal constituency for affordable housing. Drawing on such support, neither the Sanders nor the Clavelle administration was ever alone, from about 1984 onward, when going before the city council or the city's voters with a new housing initiative. It was this constituency, organized outside of City Hall, that helped to win such electoral victories as a condominium conversion ordinance and a one-cent tax increase for the housing trust fund. It was this constituency that helped to win such legislative victories as inclusionary zoning. [25] And it was this constituency that continued the fight for affordable housing— and for perpetual affordability—when the Progressives lost their grip on City Hall at last.

BUILDING THIRD SECTOR HOUSING: CONTROVERSY AND CONFLICT

Behind this record of accomplishment, a record summarized in Table 6-2, lay a ten-year political and ideological struggle between two very different approaches to housing development: on the one side, supporters of an activist administration who regarded the private market as a run-amok source of misery and mayhem that should be closely regulated; on the other, allies of private capital -- developers, landlords, business owners, bankers, and realtors -- who regarded that market as a self-regulating source of prosperity and profit that should be left alone. Between these two extremes, Burlington's politicians and voters were forced to say again and again just how far they were willing to go in using the municipality's powers and resources to modify the market character of privately owned housing.

Although the supporters of perpetual affordability won many of these contests, the Progressives were frequently forced into political compromises that weakened this general commitment. They were sometimes forced to surrender the principle altogether. In 1990, for example, the Clavelle administration won city council approval for a ninety-nine-year affordability period for any units created under inclusionary zoning. The year before, the same administration had to accept a very modest ten-year affordability restriction on any "replacement units" created under the housing preservation and replacement ordinance. Another example: beginning in 1986, CEDO's Home Improvement Program targeted most of its resources to the price-restricted housing of nonprofit developers, but it still made available a small number of low-interest loans and a large number of free cans of paint to low-income homeowners without restricting the future price of their homes.[26]

Some of the most rancorous housing battles in Burlington—and some of the most concessionary compromises—had less to do with who the agent of development should be or what the duration of affordability should be than with whether development should occur at all. Factions within a particular neighborhood sometimes resisted a proposed housing project because they feared that the “wrong” type of people would live there, or they opposed construction of any sort on local lands that had long been vacant. Other factions within the city opposed development on general principle because of its impact on the environment, city services, or the quality of life. Caught in the cross fire of such sentiments, nonprofit developers, and the unfamiliar models of housing tenure promoted by them, sometimes became convenient targets for attacks that were rooted in a deeper bias against a particular class of people or a particular use of land.

CEDO, too, became a frequent target: sometimes because of its backing for unpopular projects like SRO housing for the homeless but more often because of its relative autonomy within Burlington’s commission form of government. CEDO was the only major department, aside from administrative offices like the treasurer, clerk, and city attorney, without a commission appointed by the city council; it was the only major department accountable directly to the mayor. Its independence was further reinforced by its receiving nearly all of its funding from state and federal sources, not from municipal revenues controlled directly by the city council. The result was an activist, innovative, and politicized department doing research and development directly for the mayor, a result that never sat well with any of Burlington’s opposition parties, whether Democrat, Republican, or Green. Indeed, about the only issue on which all of them agreed was that CEDO was “out of control” and “unaccountable to the people.” By the early 1990s, CEDO was continually under attack, facing closer scrutiny by the city council and repeated calls by opposition parties for a commission to oversee its activities.

Other kinds of conflict posed a more direct threat to Burlington’s hard-won consensus around third sector housing, for they emerged not out of fault lines in the political landscape surrounding the policy but out of stresses internal to the policy itself. The most common of these “internal” conflicts occurred between the municipality and its nonprofit partners. There were occasions when the municipality’s housing officials became frustrated with the cautious and crawling pace of nonprofit development and pressured the nonprofits to do *more*. On other occasions, the municipality’s political leaders became frightened by neighborhood resistance to a proposed development and pressured the nonprofits to do *less*. Such tensions became inevitable and unavoidable once the decision was made to rely upon a network of independent organizations, established outside municipal government, for the delivery of most housing services. As much as

Table 6-2. Burlington Housing Highlights, 1983-1992

	Protection of the Vulnerable	**Preservation of Affordable Housing**	**Production of Affordable Housing**
1983		Home Improvement Loan Program	
1984	Anti-discrimination Ordinance	Burlington Community Land Trust Lake Champlain Housing Development Corporation	Burlington Community Land Trust
1985	Accessibility Grants Program Overhaul of Minimum Housing Code	Overhaul of Minimum Housing Code	Lake Champlain Housing Development Corporation Howe Meadow linkage project (40 units)
1986	Security Deposits Ordinance	Antispeculation tax (passed by city; rejected by state) Northgate task force	Fairmount Place demolition project (40 units)
1987	Reverse Equity Program for Elderly; Condominium Conversion Ordinance	BERS $1 million credit line for BCLT Condominium Conversion Ordinance Modernization program for BHA housing Apartment Inspection Fee Ordinance	BERS $1 million credit line for BCLT South Meadow HoDAG (148 units)
1988	Firehouse family shelter Just-cause eviction referendum (defeated by Burlington voters)	Vermont Cooperative Housing Ownership Act Burlington Housing Trust Fund	Firehouse family shelter (5 units) Burlington Housing Trust Fund
1989	Rehabilitation of Wilson SRO Housing Replacement Ordinance Accessibility requirements added to building code	Rehabilitation of Wilson SRO (22 units) Acquisition of Northgate (336 units) Tax levy for Housing Trust Fund Housing Replacement Ordinance	Salmon Run HoDAG (80 units) Heineberg Senior Housing (80 units) Tax levy for Housing Trust Fund Mini-Act 250: housing linkage

	Protection of the Vulnerable	**Preservation of Affordable Housing**	**Production of Affordable Housing**
1990	St. John’s Hall SRO Transitional housing program Group housing zoning amendment	Energy conservation bond ($11 million) Champlain Valley Mutual Housing Federation	St. John’s Hall SRO (21 units) Transitional housing program (9 units) Inclusionary Zoning Ordinance City/UVM agreement on student housing (544 new on-campus beds by 1995)
1991		Completion of $7 million Northgate rehabilitation First limited equity co-ops	Wood Street inclusionary project (7 units) Employer-assisted 10-cent housing program
1992	Sarah Cole SRO Vermont Security Deposits Statute	Rehabilitation of YWCA apartments $2 million Rehabilitation Loan Pool	Sarah Cole SRO (12 units) Impact Fee Ordinance Flynn Avenue Co-op (28 units)

these organizations might have depended upon City Hall for operational and project support, they were not always or automatically going to do the City's bidding. [27]

There were also tensions among the nonprofits themselves. Multiple nonprofits may share a similar commitment to perpetual affordability, but they must still jockey for position and advantage in acquiring preferred properties, in securing scarce funding, and in ensuring their own survival. Competition increased as public funding for affordable housing continued to decline and as the nonprofits' need for ever-more-elusive operational funding continued to grow. CEDO found itself more and more in the uncomfortable position of being forced to choose one nonprofit over another or being forced to act as a third party referee between two (or more) of its nonprofit partners. [28]

Finally, despite the Progressives' best efforts to harmonize the separate halves of their housing policy, there existed from the very beginning a degree of tension between the strategy of empowering tenants and the strategy of decommodifying property. Nonprofit housing developers are not always the best landlords. They may know more about producing affordable housing than they know about managing it. They may lack the resources to fully rehabilitate rundown units purchased at a bargain to prevent the displacement of low-income tenants. They may be so focused on the long-term goal of converting their rental holdings to limited equity homeownership that they ignore the short-term necessity of operating rental housing in an effective, efficient manner. Whatever the reason, Burlington's nonprofit housing in the beginning was not always as well managed as its occupants might have wished. Confrontations between local advocates for tenants rights and local providers of nonmarket housing became an occasional feature of the city's housing scene.

Even when nonprofit developers could be counted among the best landlords, they were sometimes accused of skimming off the best tenants: those with a little more money, a little more education, and a lot more tolerance for the interminable meetings that are often a part of third sector housing. There was some truth to this charge. Many of the units being developed by Burlington's nonprofit organizations, "perpetually affordable" though they may be, were unaffordable and inaccessible for people with the lowest incomes and the greatest need. On the other hand, the accusation of skimming ignored the fact that both the BCLT and LCHDC, after 1989, devoted part of their development efforts to permanent SRO housing for the homeless. The

BCLT, in addition, played a leading role in developing an emergency shelter for homeless families, transitional housing for mother-led families, a downtown service center for homeless individuals, and a new facility for the Chittenden County Emergency Food Shelf. It is worth remembering, as well, that the Committee on Temporary Shelter *always* focused on the poorest of the poor and that Northgate Housing, Inc., saved the home of *every* tenant who was in residence at the time of its successful buy-out of Northgate's 336 apartments.

In the end, these conflicts and controversies do less to overshadow the many accomplishments of Burlington's progressive housing policy than they do to highlight the many obstacles an activist municipal government confronted, and managed mostly to overcome, in comprehensively addressing a clear crisis in affordable housing. The most formidable obstacle confronting the City of Burlington, on the other hand, was circumvented more than it was ever overcome. Rooted neither in conflicts surrounding third sector housing nor in stresses internal to the policy itself, the greatest impediment to the City's progressive housing policy remained the decade-long indifference of a national administration dedicated to doing less, not more, for affordable housing. Every housing accomplishment of both the Sanders and the Clavelle administrations must be seen against the harsh backdrop of this dwindling federal commitment. Whatever was done for affordable housing during the years of Progressive rule was accomplished *despite* a shrinking pool of federal funds. [29]

The election of Bill Clinton raised hopes that this federal drought might finally be coming to an end. If so, Burlington was well prepared. Unlike most U.S. cities, Burlington's capacity for effectively and efficiently utilizing public dollars had been heightened during the 1980s, rather than diminished. CEDO had developed the systems, the partners, and the personnel to administer any new housing program that Washington might devise. The Burlington Housing Authority, after renewing itself and revitalizing all of its older units, was ready for new challenges. A handful of nonprofit organizations were developing and managing hundreds of units of perpetually affordable rental and owner-occupied housing and were beginning to tackle the redevelopment of some of the city's worst inner-city blocks. In short, after years of private effort and public support an organizational infrastructure was firmly in place that was capable of responding immediately and productively to whatever additional resources for affordable housing might be forthcoming from the new administration in Washington.

But on April 5,1993, Burlington got a new administration of its own. Just as twelve years of Republican rule were being brought to an end in Washington, twelve years of Progressive rule were brought abruptly to an end in Burlington. Peter Clavelle was defeated for reelection to a third term as mayor and replaced by a conservative Republican who had campaigned on the theme that local government needed to get "back to basics": fire, police, schools, and streets. [30]

Conspicuously missing from this very short list was any mention of a municipal role in promoting affordable housing. It seemed likely that City Hall's past policy of aggressive support for nonmarket housing and nonprofit development was about to change. The expansion and survival of Burlington's third sector would be determined, during the next few years, not by activists inside city government but by those inside the nonprofit organizations, limited equity cooperatives, and land trust homes that an activist government had helped to create. The future was now in their hands.

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NOTES

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[1] Burlington's population of 37,712 in 1980 occupied 13,763 units of housing. By 1990, the city's population of 39,127 was housed in 15,480 units. This housing was 60 percent rental and 40 percent owner occupied, percentages that have remained fairly constant over two decades.

[2] The origins, constituencies, issues, and struggles of Burlington's Progressive movement are examined in greater detail by Clavel (1986), Soifer (1988), Guma (1989), Conroy (1990), Rosdil (1991), and Wimpey (1992).

[3] During the entire period under discussion, 1981-1993, Progressive allies of the Sanders and Clavelle administrations never held more than six seats on Burlington's thirteen-member city council.

[4] Prior to 1983, federal CDBG funds were distributed locally by the Burlington Planning Department and the Burlington Planning Commission, both dominated by political cronies of the previous Democratic regime. By convincing HUD to make Burlington an entitlement city, with its own allocation of CDBG funds, and by assigning these funds to an executive office accountable directly to the mayor, the Sanders administration increased its ability to set the City's development agenda and reduced the Democrats' ability to block that agenda.

[5] The importance of having a well-run, sympathetic, and supportive housing authority backing the Progressives' efforts to establish a permanent pool of privately owned, price-restricted housing is underscored by Allen David Heskin's (1991) account of a ten-year struggle to establish limited equity cooperatives in a Los Angeles neighborhood. In the latter case, the housing authority's own incompetence was combined with suspicion and hostility toward the co-op model, making the housing authority more of a hindrance than a helper in this grassroots effort to develop third sector housing for lower-income people. In Burlington, from 1985 onward, the opposite was true.

[6] The successful multiyear struggle to "save" Northgate, the nation's first tenant-led buy-out of an "expiring use" project under the 1987 federal Preservation Act, is described in more detail in Torpy (1988), Wallace (1991), and Achtenberg (1992).

[7] Although the landlord-tenant relationship is a traditional one, the guarantees of long-term affordability are not. Affordability is ensured not only by the nonprofit status of the owner, but by loan conditions imposed by the City, deed covenants imposed by the Vermont Housing and Conservation Board, or grant conditions imposed by federal rules. On several

projects, affordability controls have been further enhanced by giving the BCLT the land under these projects or a first option to purchase them.

8 In reality, Democrats on and off the city council were vigorous opponents of the BCLT during its early years. One year after the BCLT was founded, for example, CEDO negotiated a linkage agreement with a private developer that would have added forty newly constructed single-family houses to the BCLT. Prominent Democrats immediately attacked this plan. With these Democratic leaders stirring the caldron, an angry citizen's group arose within the area where the planned BCLT housing was to be built. This group named itself HALT, Homeowners against the Land Trust. In the end, the forty houses were built, but the opposition was successful in limiting to six the number of houses that became part of the BCLT.

9 In 1985, the cost of ignoring these speculative pressures on affordable housing was made painfully clear to every tenant organizer and housing activist in northern Vermont. Two publicly subsidized housing projects on the outskirts of Burlington, Thorn Hill Apartments and Indian Brook Apartments, were converted to market-rate rentals and condominiums, displacing 142 lower-income households. The unsuccessful but widely publicized fight to prevent the loss of these affordable units convinced many activists that new models of nonspeculative housing had to be found.

10 Although the focus here is on *municipal* policy, it is important to note that perpetual affordability also became a key aspect of state policy during the late 1980s, at least insofar as that policy was embodied in programs and priorities of the Vermont Housing and Conservation Board, the Vermont Housing Finance Agency, and Housing Vermont. The most expensive and most successful housing projects undertaken by CEDO's nonprofit partners would simply not have been possible without the financial backing of these three statewide organizations. Vermont has been especially far-sighted in its use of Low Income Housing Tax Credits, directing most of these credits (via Housing Vermont) toward projects with nonprofit partners committed to preserving affordability long after the tax benefits are depleted. More information on Vermont's commitment to perpetual affordability can be found in Harmon (1992) and Libby (1996).

[11] One of Sanders's closest political allies, Terry Bouricius, had invited representatives from the Institute for Community Economics to meet Sanders in January 1982. The seeds for a community land trust (CLT) in Burlington were planted in this early meeting. It was not until the fall of 1983, however, that Progressives were able to bring a proposal for CLT funding before the city council. Most of the public debate surrounding this proposal emphasized the homeownership aspects of this housing model, not its potential for "decommodifying" private property. A different debate went on within the administration and the Progressive Coalition. It focused on two issues: whether a CLT should concentrate on new construction on the waterfront or on rehabilitation in existing neighborhoods, and whether a CLT should be one housing program among many or the centerpiece for all of CEDO's housing efforts.

[12] Although the political lead in making perpetual affordability the cornerstone of the City's policies and programs was clearly taken by CEDO, it should be noted that the Planning Department was equally committed to this principle after 1986. A new planning director, Mark Eldridge, was hired that year. Under Eldridge, Burlington's Planning Department was just as likely as CEDO to propose innovative ways of promoting and preserving the affordability of newly constructed housing.

[13] The other four "operational principles" in Burlington's 1992 Comprehensive Housing Affordability Strategy were "municipal activism," "redistribution of benefits and burdens," "balance of stability and mobility," and "nonprofit partnership."

[14] During the challenge against the Bank of Boston, Mayor Sanders, the city attorney, and CEDO attempted to enter the legal fray on the side of VCRA. They were prevented from doing so by a negative vote from the Democratic-Republican majority on city council. The administration was successful in winning approval from the council only for a resolution creating a Community Banking Council.

[15] The percentage of inclusionary units required in any given project runs from 10 percent to 25 percent, depending upon the sales price of the market units and the location of the project. The price of these inclusionary units is set at 65 percent of median for rental projects

and 75 percent of median for sales projects. Also included is a density bonus of 15 percent to 25 percent.

[16] The revenues raised by this fee also pay for staffing the City's Housing Board of Review, a municipal commission that, among other duties, ensures that landlords return tenants' security deposits. Another portion of this fee has been used to support a landlord-tenant resource center.

[17] From 1989 to 1990, CEDO convened and staffed the Regulatory Review Task Force, a committee of public officials, private developers, and affordable housing advocates appointed by the city council to evaluate the impact of municipal regulations and fees on the development of new housing. Among the fifty-six findings and suggestions of this task force in its final report was the recommendation that "City Council should consider deferring or waiving all impact fees for affordable housing" (CEDO, 1990:10). Two years later, a CEDO-sponsored ordinance implementing this recommendation was enacted by the city council.

[18] CEDO had three different housing directors during the period 1983-1993: Brenda Torpy (1983—1985); Amy Wright (1985—1986); and John Davis (1986— 1993). Despite such turnover, CEDO's third sector housing policy remained remarkably consistent for over a decade. This was due to four factors: overlapping terms of service allowed all three housing directors to work closely together in putting this policy in place; a succession of Progressive city councillors with a special interest in third sector housing helped to keep this policy on track; both of CEDO's directors, Peter Clavelle and Michael Monte, had backed the policy from the very beginning; and the same person presided over this policy during the entire period, first as CEDO's director and then as mayor. Clavelle's particular contribution was recognized in 1992 when *Shelterforce* named him "one of the country's best elected officials when it comes to securing decent housing for all" (1992: 9).

[19] CEDO staff who have played such key supporting roles for the nonprofits have been Amy Wright, Jeffery Glassberg, Tom Dillon, and Richard Moffi. (Moffi also served as acting housing director in CEDO during Davis's one-year absence, 1992—1993.)

[20] Sometimes, of course, projects being developed by CEDO's nonprofit partners have needed technical support that cannot be provided by CEDO staff, especially when a project's initial feasibility was being evaluated. CEDO has often helped to defray these predevelopment costs. At other times it was not the feasibility of a new housing project that was in question but the feasibility of a new housing model. Prior to the BCLT's incorporation in 1984, for example, CEDO hired a private attorney to research the authority under Vermont law for this unusual housing model. Similarly, prior to the development of Vermont's first limited equity cooperatives, CEDO joined with other co-op advocates to help push a cooperative housing enabling act through the state legislature (in 1988) and then to assist in the preparation and dissemination of model documents for the formation of cooperative housing corporations (in 1989).

[21] Despite their focus on third sector housing, both the Sanders and Clavelle administrations devoted significant resources to producing and preserving units of housing that were neither owned by nonprofits nor perpetually encumbered by price controls. These units are part of the Progressive record, even if somewhat removed from the epicenter of Progressive policy. Included in this count are approximately 450 units of housing rehabilitated with grants and loans from CEDO's Home Improvement Program; 77 modestly priced units constructed by private developers under a CEDO-negotiated linkage agreement and a HUD demonstration program; and 544 dormitory beds planned for construction by 1995 under a 1990 agreement between the University of Vermont (UVM) and the City. The last was the result of nine years of municipal pressure on UVM, which culminated in the City's refusal to issue planning or building permits for newer university facilities until UVM committed to the construction of additional on-campus housing.

[22] The 1990-1992 recession introduced a spate of new problems, however: vacant buildings, bank foreclosures, and deferred maintenance. Throughout the 1980s, much of the City's housing policy was premised on coping with problems of speculative *reinvestment*. The 1990s opened with the specter of *disinvestment* hanging over Burlington's older neighborhoods. By the end of 1992, this changing economic climate had caused three shifts in City policy: priority was being given to the rehabilitation of existing housing over the construction of new housing; the minimum housing inspection program was being

overhauled (once again); and reductions in impact fees were being offered to the developers of affordable housing.

23 Although any form of homeownership customarily ensures far more security than any form of tenancy, security of tenure is also a priority of Burlington's nonprofit landlords. All subscribe to the principle that eviction should be for "just cause" only, a principle that the city's for-profit landlords would have been forced to adopt if a just-cause eviction charter change had been approved by Burlington's voters in 1988. It wasn't, so they didn't.

24 This aspect of Burlington's housing program received national recognition in 1991 as one of twenty-five outstanding "Innovations in State and Local Government," an awards program of the Ford Foundation and Harvard's JFK School of Government. CEDO's comprehensive and creative commitment to "rebuilding the housing tenure ladder" was chosen as a finalist out of nineteen hundred state and local programs reviewed by the Innovations staff. Earlier, one of CEDO's principal partners in rebuilding the tenure ladder received *international* recognition for its innovative approach to affordable housing. In 1987, the Burlington Community Land Trust received a "Special Merit Award" from the United Nations International Year of Shelter for creating "a new kind of partnership in the fight against poverty... that links needy families, the private sector, and government."

25 Inclusionary zoning is a good example of the political effectiveness of the nonprofit network. This measure was brought to the city council in 1985 as an ordinance and in 1987 as a recommendation of the Affordable Housing Task Force. It was voted down both times. Three years later, it was enacted into law. What had changed? In 1990, when for-profit developers asserted they could not build housing with a mandatory affordability component, nonprofit developers challenged their conclusions. Having neutralized the "expert witnesses" for the opposition, the nonprofits helped to create the political space for a liberal Democrat and two liberal Republicans to vote with Progressive members of the city council.

26 With the advent of HOME in 1992, another exception was made. CEDO used its first $500,000 in HOME funds to create a $2 million loan pool for the rehabilitation of multiunit housing. (The balance of these funds was provided by the Vermont Housing Finance Agency.) These low-interest loans were made available not only to nonprofit developers

promising long-term affordability but to for-profit developers willing to abide by HOME'S affordability restrictions and willing to invest in distressed areas targeted by CEDO.

[27] Other sources of tension between City Hall and its nonprofit partners were impact fees on new housing and property taxes on existing, price-restricted housing. The nonprofits argued that the City should not give subsidies for affordable housing with one hand and take them back with the other. The issue of impact fees was addressed in 1992 (see n. 17). The issue of property taxes remained unresolved.

[28] The principal source of tension among CEDO's nonprofit partners has been the competition for *operating* funds. Having helped to create a diverse network of nonprofit housing organizations, CEDO has had to find new ways of helping to sustain this network over time. This quest has met only limited success. Even when combining CDBG, HOME, and the City's housing trust fund, CEDO has never had many resources to direct toward the general operations of its nonprofit partners. Barring a new federal housing program or dramatic changes in the rules governing CDBG and HOME, this is a problem that will only grow worse.

[29] It should be pointed out, however, that CEDO was unusually aggressive and remarkably successful in going after whatever federal dollars remained. When it came to larger projects like Northgate Apartments and the Flynn Avenue Co-op, moreover, CEDO had a Washington ally in its quest for scarce federal funds: Senator Patrick Leahy. Without the help of Senator Leahy and his legislative aid, John Romano, Burlington would have been harmed far worse by cutbacks in federal housing assistance than it was.

[30] How much this message of minimalist government might have contributed to Clavelle's defeat is difficult to say. After all, Clavelle won four out of six of Burlington's wards in the 1993 election, and the Progressive Coalition retained six out of thirteen seats on the city council. The key issue in the 1993 campaign, moreover, was a wildly unpopular "domestic partners" measure supported by Clavelle and enacted by the city council a month before the election. This issue was successfully exploited by Clavelle's opponent who as a member of the city council had voted against the "domestic partners" measure.