

# A NEW SYMBIOTIC STRATEGY FOR THE GEORGIST MOVEMENT

By Gary Flomenhoft, St Lucia, Australia

*"You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete." --Buckminster Fuller*

What would you say if I told you that 150 communities in a single European country had adopted value recapture of land appreciation in only the last eight years? Value recapture is often touted by Georgists as an alternative to LVT, especially when it comes to transit stops or other places where public investment results in a windfall to landowners. I hope you would say that is the greatest success story in the history of the Georgist movement. Then what would you say if I told you that Georgists probably had absolutely nothing to do with it? I hope you would be appalled. Please correct me if I'm wrong.

The "communities" I am talking about are not municipalities controlled by politicians representing developers and other members of the oligarchy that rules us. Getting them to change tax laws to LVT is always problematic because every homeowner wants a piece of the unearned increment pie, developers hate cutting their profits, and tax laws can always be repealed by the next hostile administration.

The "communities" I am referring to are smaller enclaves of property owners, residents, financiers, and ngo representatives who choose to carve out a section of town or distributed properties, where land appreciation accrues to the community and not to homeowners. Isn't that our goal? But enclaves don't work you say pointing to Georgist communities in the US. I am not talking about an enclave like Arden, Delaware or Fairhope, Alabama where higher LVT has been stymied and economic rent is still kept mostly by landowners. In these new enclaves most or all of the land appreciation goes to the community. Sound ok so far?

These new enclaves have an origin that was 100% due to the efforts of several Georgists in the US in the 1960s and 70s including Ralph Borsodi, Mildred Loomis, Robert Swann, and others. The leading promoter of these enclaves in the US even says so in his excellent presentation on the roots of these communities on his website. However, I doubt if very many, if any, residents of these new enclaves even know about this Georgist history. That is because Georgists are not involved, most likely because it does not involve LVT, and it is not at the municipal, state, or national level. Many Georgists may think this approach is a distraction, or too limited, or some other reason not to support it. That is a huge strategic mistake on the part of Georgists in my opinion. We've got to think outside the LVT box.

Ok, I'll end the suspense now if you're still with me. Since they were introduced to the UK in 2006-2008 there have

been 150 community land trusts (CLTs) created in the UK. Go to: <http://www.communitylandtrusts.org.uk/home> and click on the CLT activity map. I was astounded by the speed of this phenomenon. 150 communities formed in eight years! Has anything like this ever happened anywhere? This is huge missed opportunity for Georgists to get involved in a kindred movement that is promoting our values. Community Land Trusts are voluntary associations of people who agree to forego retention of land appreciation and return it to the community, usually for use as a down payment on the same property for the benefit of the next owner. In this way it creates perpetual affordability, unlike LVT which can always be repealed. If Georgists got involved we could make sure that residents and officers understand the Georgist principles and history behind the movement. They could be recruited as an army of lobbyists on behalf of LVT, value recapture, resource rents, recovery of the commons, and other Georgist policies.

If Georgist organizations started creating community land trusts, they would provide a public service that would gain good will on the part of residents who benefit. Many social movements are able to advance their political agenda by providing public services. The Syriza Party in Greece is a recent example. By living in CLTs, Georgists could get on boards of these organizations and influence their political agenda. Some community members are usually on their boards, so Georgists could get on their boards even without being residents. But why not live there if you qualify? Why not walk our talk and refuse to keep land appreciation from our own property? In return your mortgage payment will be much lower.

I'll give you an example. I have been a resident/owner in the Champlain Housing Trust, formerly the Burlington Community Land Trust, in Burlington, VT since 2005. This is the largest CLT in the world with over 2000 housing units, and received the UN habitat award in 2008. See: <http://www.worldhabitatawards.org/winners-and-finalists/project-details.cfm?lang=00&theProjectID=97E5A778-15C5-F4C0-995D3E37BF5D5CDF>

This is nothing to sneeze at as there is one winner in the entire world per year. There are now 250 CLTs in the US.

First I owned a coop apartment and now I own a condominium, which commonwealth countries call "strata title". The purchase price was \$155,000 when I bought it. Due to value recapture from previous sales, the CLT put \$50,000 into the purchase as a down payment for me. Therefore, my mortgage was \$105,000 (continued on p. 16)



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instead of \$155,000. My interest rate at the time was 5.1%, which is rather high right now, but refinancing would not be worth it for the time period I plan to hold it. According to a calculator online the monthly payment for a 30 yr. mortgage at 5.1% on \$155,000 is \$841.57/month, and on \$105,000 is \$570.10. That means I am saving \$271.47 per month or \$3257.64 per year. I have owned it for 5 years so have saved \$16,288 so far. Is it worth it to save money now and give up capital gains later when housing appreciates? It is to me on principle, and also on practical grounds.

Many other people are underwater on their mortgages because they bought at the peak of the land cycle. My property was completely unaffected by the 2008 GFC. That is another benefit of CLTs. As a result, the foreclosure rate on market property in 2010, for example, was 4.63% compared to .46% for CLTs. Think of all the CLT residents who didn't lose their homes, unlike the foreclosed market property owners. One thing is missing though. I went through extensive training in order to qualify for this property. Not one word was said about the Georgist origins of the system, or the principles involved. It was mainly presented as a "stepping stone" to future purchase of market property. I have no intention of ever living in any other type of property given the choice.

John Emmeus Davis is the leading promoter of CLTs in the US. On his website at:

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<http://www.burlingtonassociates.com> you will find a slide show on roots of the CLT covering in depth the contribution of Georgists and even Henry George himself, especially in chapters two and three. The first Community Land Trust was unequivocally originated by Robert Swann, a Georgist, in 1970. Where are we now?

Going further, Georgists could create CLT banks which would be considered Community Development Finance Institutions (CDFIs) in the US. As I recall CDFIs enjoy numerous tax advantages and could further promote the development of CLTs. Creating CLTs would give Georgists a geographical base and assets, perhaps even providing office space and other services to the organization. There are many symbiotic benefits to joining, supporting, or creating CLTs. I urge Georgists in UK and US to get involved in community land trusts, reinvoke their Georgist history, and get on-board this rapidly growing movement. Otherwise I'm afraid it is a huge missed opportunity.

Currently I am working on promoting CLTs in Australia, where there are none. Please contact me if you want to get involved.

Gary Flomenhoft is an Affiliate Fellow with the Gund Institute for Ecological Economics of the Univ. of Vt. He may be emailed at [gary.flo@uvm.edu](mailto:gary.flo@uvm.edu). <<