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At the Intersection of Identity and Finance: Redefining Value Through the Lens of Affordable Home-ownership[1]

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This article analyses how new economic and financial practices shape subjectivities and socialities, in two domains of identity: the renter/owner/co-op owner and race/ethnicity/class/gender. I argue for the inextricable (and mutually constitutive) links between the valuations of property and the valuations of people. Through two years of ethnographic analysis of a low-income ownership programme in New York City, I examine how co-op's residents' experiences in a housing environment whose value is partially screened from the speculative housing market can reveal new insights into housing and the capitalist urban processes.
Keywords: Housing, New York, race and ethnicity, class, gender, value

Introduction

Why does the American ideal of homeownership remain so strongly entrenched in the global collective psyche despite overwhelming proof of its political, economic and social costs? In the current era in which the neoliberal ideology of private ownership prevails, inherent is the idea that owners are more responsible, productive members of society than renters (Basolo 2007; Saegert et al. 2009). In the US, the term 'homeowner' is typically associated with private homeownership of a single-family dwelling. This renter/owner stereotype is so persuasive that it holds true in a place like New York City, where, even in the Upper East Side, the country's wealthiest neighbourhood, 70% of residents are renters (Angotti 2006).

This form of property ownership is not working for a great number of people. In this article, I examine through a detailed analysis of an affordable housing cooperative conceptions of property relations among low-income, urban people of colour as they transition to homeownership. I also consider the role of the Urban Homesteading Assistance Board (UHAB), a 35-year-old non-profit organization in New York City, that assists renters in their transformation into cooperative homeowners. I explore how residents negotiate their new roles as collective owners, rather than individual renters, as well as how these new economic and financial practices shape subjectivities and socialities.

Limited Equity Cooperatives (LECs)

Limited equity cooperatives (LECs) are housing cooperatives in which residents own shares of a building, while the resale value of shares is limited to preserve affordability for future generations of purchasers (Saegert and Benítez 2003). All co-ops UHAB helps create are LECs to ensure the long-term sustainability of affordable housing. Co-ops are a difficult concept to

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understand, since residents own shares and the right to live in their apartments, not the actual apartment itself, whether it is low-income or market-rate. LECs provide an alternative form of homeownership, especially for those who could never afford private ownership, and may also provide a hedge against gentrification (Saegert et al. 2003).

Access to affordable housing, especially by low-income minority households, has been a persistent problem in the United States, but as the global economy entered a prolonged period of economic decline in 2008, the outlook became particularly ominous. The number of households paying over half their income for housing rose to 19.4 million in 2009. At least 7.8 million foreclosure proceedings have begun since 2007, with 3.5 million foreclosures finished between 2008-2010 and another 2.2 million loans in the pipeline (State of the Nation's Housing 2011). Although all groups have been hurt by the housing crisis, low-income and communities of colour are disproportionately affected for three main reasons: more sub-prime and other predatory lending practices occur among African-Americans and Latinos; they have a higher unemployment rate than non-Hispanic whites; and the overall net worth of minority groups is much lower than whites, leaving them with fewer resources to counter their losses in the housing market (State of the Nation's Housing 2009).

Yet even before the foreclosure crisis, many critics questioned the relentless promotion of homeownership as the best solution for all households (Herbert and Belsky 2006; Rohe and Watson 2007). LECs can act as a potential buffer against the effects of the housing crisis and recession, since, as de-commoditized housing is removed from the cycle of private ownership and profit, (Achtenberg and Marcuse 1986; DeFilippis 2004), they have a fixed value.

In many ways, the slippery nature of ownership characterizes the neoliberal logic of late-capitalism. Financial decisions about abstract and complex financial instruments like derivatives are predicated on a general uncertainty and ambiguity about ownership and market responsibilities. The global capital system is overly determined by such slippages and ambiguities. To some extent, the economic crisis of 2008 was predicated on this fact — a disconnect of social/educational capital from the workings of unfettered finance capital — all complicated by race, ethnicity, class and gender that over-determine how people experience the pains and possibilities of a capricious marketplace (see Comaroff and Comaroff 2001; LiPuma and Lee 2004). This volatility of value, in which material items like homes and pensions were thought to be worth a certain amount, turned out to be based on 'fictions of finance' (Maurer 2006:18). The fixity of value people relied on did not exist.

By engaging the two ostensibly separate fields of finance and identity, I offer evidence of a new way of conceptualizing value, arguing for the links between the valuations of property and the valuations of people. How can new understandings of 'value' change ways of thinking about ownership itself, about the states of possessive individualism/collectivism?

Graeber (2001) outlines investments into the multiple conceptualizations of value, linking values to action. He believes the objects people consider most important are those that represent social relations and processes of the material world. The fiscal crisis eviscerated the ideal of the

American Dream — buying your own home — introducing a disconnection between the ideal value of property and the reality of what it is worth. LECs, however, represent alternative value conceptions through the stability of price and a different form of sociality, community and equality.

Furthermore, in a recent article on property and persons under neoliberalism, Hirsch claims that 'contests about new and old property forms are simultaneously generative of new forms of persons…whose outlook and conduct potentially undermine the conventional property claims' (2010:347). Building upon his model, I explore whether LECs can offer a challenge to the normative capitalist private ownership regime, while simultaneously (and somewhat ironically) preserving the hegemony of homeownership. While LEC residents are homeowners, they are subject to restrictions free-market owners are not, such as limits on resale value. Does this lead to self-perceptions beyond the renter/owner opposition, a third or hybrid category?

To clarify, I am discussing two domains of identity: the renter/owner/LEC owner and race/ethnicity/class/gender. In this short paper, I focus primarily on the first definition. My question is whether, as collective owners who must work together to make a building successful, LEC residents offer an alternative conception of ownership? In other words, can LECs as a property form generate Hirsch's 'new forms of persons'?

'We went through hell but now we are in heaven and we ain't leaving from heaven'

Miss Ruby, a former Black Panther who as a teenager was a bodyguard for Malcolm X and Martin Luther King Jr., describes her experience as the driving force behind the formation of an affordable housing cooperative. She has lived in the building for thirteen years, making her a relative newcomer, since some residents have lived in the building for as long as sixty years. She asked me to refer to her as either Ruby or 'Mom'. Several residents buy her mother's day presents. Whenever I left their building or after a late meeting that we attended together, she insisted I call her when I got home to let her know I had returned safely.

In order to begin to provide answers to the questions about the process of learning to be a homeowner, I turn to my two years of ethnographic fieldwork, primarily through a detailed analysis of a co-op I refer to as 'Home Together' in the Harlem/Washington Heights area. This is a historically African-American neighbourhood that is experiencing gentrification as well as an influx of Latino immigrants (Jackson 2005; Lao-Mantes and Dávila 2001; Taylor 2002). Home Together's residents are almost entirely Black — African-Americans, Afro-Caribbeans, and Africans. There are only two Asian households, one Latina resident and one white resident. Ethnic and racial tensions exist among all groups. The neighbourhood's population, however, is mostly Latino, the majority of whom are Dominican. Lyrics of the music emanating from nearby stores, as well as the language on shop signs are primarily in Spanish.

When residents got notice in 2002 that their building was to be sold to a private landlord, Miss Ruby began to research how it could become a co-op. She consulted with a neighbourhood housing organization and organized tenants to begin the long process of conversion; some buildings have been in the pipeline for fifteen years. There are twenty units in this five-story walk-up, sixteen of which are now owned and four rented. The building was in horrible physical condition and needed a gut renovation. Previously the building had not been a safe place, with multiple robberies, drug deals, and even a shooting and knifing. She persevered and rid the building itself of known criminals. Residents had lived without heat for two years. The water bill had not been paid for fifteen years, so lines were turned off. Sewage backed up, filling the basement to the ceiling. Many people got sick often, suffering cold, coughs and vomiting. Even in the winter, windows had to be open to avoid the smell.

Most residents moved out for two years (2004-2006) as the building underwent renovation. Many are unhappy with the result since rooms were made smaller (partly because of new zoning regulations and partly because of a corrupt contractor). Some bedrooms barely have space enough for a twin bed, and in kitchens in one line of apartments it is impossible to open the stove and the refrigerator at the same time. The contractor ('Green Hill'), which must be from a Department of Housing and Preservation (HPD) approved list, had a notoriously bad reputation (and has since reorganized under a new name). Since they were rehabilitating four buildings in the neighbourhood at the same time, Green Hill took insulation from Home Together and used it in other buildings. As a result, walls are not insulated so when an alarm clock goes off in one apartment, neighbours are woken up too. The contractors also would have taken the hall lights that Home Together had paid for, but Miss Ruby stopped them.

When a building converts into an LEC, tenants already living there have the option to buy into the corporation and continue to live in their apartments, no matter how many bedrooms or square feet, for the price of $2500.[2] This is a very poor building—about half of the residents receive government housing subsidies. While LECs differ in their corporate structures and proprietary leases, in newer ones like Home Together, those who decide to remain renters have rent-stabilized apartments, although a majority of residents must buy for a conversion to occur. Outsiders who move in pay more; about $35,000, which is still a relatively small amount. Twelve people bought, four rented and four apartments were sold. Surprisingly, UHAB obtained a grant making it possible for incoming tenants to pay only $2,500. As a result, no mortgages were taken out and residents are not subject to predatory lending practices as individuals. As a co-op, the building has both private and public loans. As in the last year two shareholders have died, two apartments became available for sale. Because of the conditions of the grant Home Together received, the new shareholders of the two apartments will pay $2650 each, while the grant will pay the difference between the 'real' resale price to the corporation (about $45,000 per apartment).

Despite numerous health problems, Miss Ruby works extremely hard at keeping up the building and dealing with tenants' complaints and problems. Even though she is no longer Board President, residents still come to her with their grievances rather than go to the current President,

[2]This did not have to be paid all at once, but in instalments of $500 each.

Antonia. Residents gave me several possible reasons for this: force of habit; the second President is younger, in her thirties and is not seen as a mother figure (despite having a daughter); Miss Ruby is African-American, while Antonia is the sole Latina resident. A third Board was recently elected—the new President is a white male, so this change in gender and race presumably will affect the social dynamics.

Miss Ruby knows that she is older and not in the best of health, so she is consciously grooming a new generation of leaders, teaching them the skills of managing a co-op. She is the self-appointed 'internal monitor' of the co-op and takes seriously the idea of keeping it as affordable housing.

Most residents express happiness and pride to be owners instead of renters, stating that they feel more secure on a personal level (always having a place to live), and that if they stay long enough they will eventually make some money. Only a few see it as stepping-stone to owning another home and most plan on staying indefinitely. The background of residents varies ethnically as well as in terms of previous home-owning experience. In particular, many from the Caribbean are not first-time homeowners, having owned a place in Barbados or Trinidad, but people born in the US are more likely to have grown up in either public housing or rental apartments. The exceptions are mostly Southerners, some of whom grew up in houses their parents owned, but they are first-time homeownership themselves.

Asset Accumulation and Affordability

A major policy issue arises from the tension between the two values of wealth creation for homeowners and balancing the long-term affordability of housing stock. LECs offer a potential for both. Government assistance takes many forms, but with LECs, subsidy retention is the main mechanism. This financial assistance does not subsidize the buyer but rather the place in order to ensure long-term, even permanent affordability. Homeowners still earn equity, just not as much as they would under a private ownership model, but are also exposed to less risk, as we see with the many underwater mortgages and foreclosures. One advantage of subsidy retention is that this one-time subsidy is not just for a few 'lottery winners' but stays within the community, so new funding is not necessary for each subsequent owner. In this manner, LECs can preserve low-income and mixed-income housing in gentrifying neighbourhoods (Jacobus and Lubell 2007).

LECs also may act as a potential buffer against the effects of the housing crisis and recession. For example, at Home Together, in the summer of 2010, one owner lost her job and another could not work for several months due to illness. Instead of losing their apartments as they might have in a rental situation, these shareholders negotiated with the Board of Directors and worked out payment schedules.

While LECs protect the building shareholders, whether this process protects the block and community from gentrification or crime is unclear. Transforming into a co-op allowed Home Together's residents to get rid of the criminals living in and working out of their building, changing the dynamic of the entire building, but their particular block still is full of gang members and drug dealers. It is the only co-op on the block, although the building next door is in the process of co-op conversion, also under UHAB's guidance. The hope is neighbours will see how well Home Together works and want to emulate them.

One woman born on the block says it is much safer now, like in the 1970s when she was a child (the crack era was difficult on the neighbourhood). Other residents, however, believe that because of the bad economy, the amount of crime and drugs on the block has gotten worse in the last few years.

Conclusion

This research brings together two seemingly disparate fields of anthropological inquiry, the anthropology of finance and the anthropology of identity, to argue for the analytical benefits that accrue from putting these domains in critical dialogue, which few anthropologists have done (but see Ho 2009). In Ethnicity, Inc. (2009), the Comaroffs explore how and 'why identity congeals into property… [to] fully grasp emerging patterns of selfhood and sociality' (2009:144), but they focus more on the ways in which race and ethnicity are commodifed into new forms of commercial enterprises rather than on how new understandings of 'value' can change ways of thinking about ownership itself and about the stakes of possessive individualism/collectivism. By engaging these two ostensibly separate fields (finance and identity), my project will offer a new way of conceptualizing value, arguing for the inextricable (and mutually constitutive) links between the valuations of property and the valuations of people.

The economic crisis of 2008 and the continuing recession it has spawned highlights the need for anthropological interrogations of cultural life in the context of social transactions that have become increasingly volatile and uncertain (and at least partially by design). Using low-income cooperative housing in a gentrifying neighbourhood as empirical grounding, my work will contribute to a new understanding of identities, subjectivities and socialities as seen through the lens of finance capital's global ubiquity and its seepage into areas of social and 'cultural intimacy' (Herzfeld 2005). Overall, this research offers far-reaching insights into the contemporary financial crisis, which I explored through contested conceptualizations of housing value and human value.

Despite all the issues at Home Together, everyone involved with this building, from residents to UHAB employees to myself, believes this will be a successful co-op. Miss Ruby's hard work, mediation, and cultivation of new younger leaders is key. In the face of vast differences among residents, they are able to work together for their common cause, thanks in large part to her leadership.

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