

# **Housing as a Productive Family Asset**

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### ***Productive Uses of Family Housing***

Despite the fact that housing in the United States continues to be designed largely for consumptive and leisure activity, vast numbers of families of all income levels use their homes for productive business endeavors. This study investigates how particular types of low and moderate-income families seek to use their homes and land as productive, economic assets. Doing so helps them to generate income and lower their costs of living.

Curiously, *housing* policies at the federal and state level are generally not attuned to the productive uses to which families apply their homes. One does not see references to homes whose designs make them suitable for businesses, terms like “flex” spaces, or “live-work” space in the language of state or federal housing programs. Scoring criteria used by agencies to make housing tax credit allocations or grant allocations usually make no mention of this important dimension of life in a house, condominium, or apartment. With the possible exception of home-based child care, there are few public incentives created for developers to build housing units designed for productive economic functions.

However, whereas housing subsidy programs remain inattentive to this phenomenon, a complex and growing micro-credit industry finds creative means to underwrite home-based business endeavors. Low-income families seeking to create home-based enterprises draw on these sources of financing, as well as on their own funds, their extended families’ resources, and the resources of friends.

Thus, small business development programs, micro-credit programs, and entrepreneurship education programs fuel a trend that housing programs would seem to barely recognize. However, housing programs are more geared toward creating decent family habitats. An integration of economic development and housing programs is

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needed in order to reflect the mutual dependence among housing, community, and home-based enterprise.

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### ***Preliminary Observations about Home-Based Businesses***

Few assets hold as much importance to the productive capacities of families as housing. As this and other studies relate, housing can bolster a family's productive economic capacities. For instance, many men and women work from home, producing goods and services that sell in the marketplace. Many families produce goods and services as well for their own consumption, helping to lower their costs of living.

Yet, in addition to economic production, there are other faculties that housing can bolster in a family. Housing can strengthen a family's productive educational capacities. Rooms can be designed as libraries, working classrooms, or as computer stations, enabling children and adults to study, either in home schooling or in support of conventional, formal schooling. Families teach children many things that further their education: carpentry and home repair skills, cooking and meal preparation, financial management, and reading. Each of these tasks requires a suitable home that provides appropriate space, equipment, and furnishings.

Families produce many social "goods" as well, and in this social realm, housing constitutes an equally important productive asset. Families ready children to get along with others, to work in groups, and to make decisions collaboratively. They can better do so when their homes provide spaces and furnishings in which they can share meals, hold discussions, and negotiate the use of amenities like televisions, computers, and DVD players.

Moreover, housing and the land on which housing sits make it possible to produce good health in the family, itself a necessity for the economic, educational, and social activities mentioned above to take place. Consider how important housing and land can

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be to creating healthy diets: families can grow at least some of their vegetables and fruit, helping to create a comparatively affordable, balanced menu. With the proper storage space and refrigeration, they can prevent their produce from spoiling. With the right equipment, they can preserve, can, and of course, cook what they grow.

Many families suffer with poor health outcomes in part because they do not control their time or space enough to grow at least some of the food that their bodies need. Low-income families in particular pay very high costs for food, especially if it is freshly grown. Many families, again especially those with marginal incomes, live in neighborhoods where the most available food for purchase is fast food or highly processed, usually fatty, food in expensive marts. Good supermarkets are of course needed in such places, but much benefit can also be derived from eating homegrown produce. In fact, vegetables put on the dinner table immediately after a harvest from the backyard or neighborhood garden are the ultimate in freshness.

Home-based businesses represent a distinctive group of micro enterprises because they can physically integrate family roles and strengthen productive family functions across various domains of activity – economic, educational, social, and health. Physically linking work and family spaces affords unique opportunities to strengthen bonds between members, reinforcing parent capacities to help bring about good educational, health, and social outcomes in the lives of their children.

In this analysis, we are focusing on home-based businesses that can improve family incomes, as well as home-based food production that can help lower the cost of living. Let us consider what national data on home-businesses in the United States reveal.

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In a study conducted for the US Small Business Administration in 1999, Joanne H. Pratt analyzed a sample of 125,000 home-based businesses.<sup>1</sup> Pratt's study revealed a great deal, at least about the enterprises that file federal tax returns. Among her many findings were<sup>2</sup>:

- Between 1992 and 1999, the numbers of home-based businesses (henceforth HBBs) grew from 9 million to 10-12 million, a growth rate of between 11 and 33 percent.
- In 1992, HBBs generated well over \$313 billion in receipts. Women-owned HBBs brought in \$73 billion, nonminority male-owned HBBs \$219 billion, black-owned HBBs \$5 billion, Hispanic-owned HBBs \$13 billion, and other minority-owned HBBs, \$10 billion.
- More HBBs are set up to earn a secondary income, rather than primary income. However, this seems as much a matter of choice as necessity. HBB owners who earn their primary incomes are much more likely to hire employees.
- Five percent of businesses with over \$1million in receipts are home-based. This figure holds across white, black, Hispanic, and other minority groups.
- Across all HBBs, 57 percent earn profits of less than \$10,000. Twenty-seven percent of HBBs versus 25 percent of business based outside of the home (non-HBBs) suffer a loss.
- HBBs that are as profitable as non-HBBs tend to cluster in industries like construction and transportation, communications, and utilities. These are industries in which the main work tasks (carpentry, equipment repair, installations at customer sites) are performed outside of the home, but in which the HBB's own clerical and management tasks take place at home.
- Whether home-based or not, businesses owners are more likely than average to be married.

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<sup>1</sup> Joanne H. Pratt, 1999. *Homebased Business: the Hidden Economy. A report from 125,000 women, men, black, Hispanic and other minority entrepreneurs.* A study carried out for the Office of Advocacy, US Small Business Administration, Washington, DC.

<sup>2</sup> Ibid. pp. ES-iii – ES-vii

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- However, with the exception of Hispanics, blacks and other minorities who are separated, divorced, or widowed, also own businesses.
- Forty percent of all HBBs required less than \$5,000 for startup. About 8 to 11 percent needed \$5K to under \$10K; 7 to 12 percent acquired \$10K to \$25K.
- Blacks have the highest proportion of female business owners. They are the group most likely to emphasize secondary, rather than primary, income. Few black HBBs obtain capital. They draw on personal resources.
- Comparatively few Hispanic women own businesses.
- Only a minority (37%) of Asian HBBs are owned by individuals born in the US, indicating how important they are as pathways into the US economy.

Whereas the study by Pratt tracked home-based businesses operated among all income groups who reported their earnings to the IRS, a study by the Aspen Institute examined micro-businesses (many, if not a majority of which, are home-based), a substantial number of which, during the study's first year, had incomes of less than 150% of poverty. The Aspen Institute study tracked these businesses over a five-year period. Their analysis found that<sup>3</sup>:

- A very large majority of poor micro entrepreneurs experienced gains in household income over five years. Income rose on an average of \$8,484 – from \$13,889 to \$22,374 over five years.
- More than half of poor entrepreneurs had household gains large enough to move out of poverty. In most households, family income doubled during this period.
- The micro-business was a major generator of the earnings that lifted most of the individuals out of poverty.
- Individuals whose businesses stayed open experienced much higher success rates in leaving poverty than those whose business closed or who chose wage employment only.
- Only 50% of the poor entrepreneurs had health insurance.

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<sup>3</sup> Peggy Clark and Amy Kays, 1998. *Microenterprise and the Poor: Findings from the Self-Employment Learning Project*. Washington, DC: Aspen Institute.

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- Many micro-entrepreneurs patch together income from employment wages and income from a business.

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## ***Housing as a Productive Asset: Community Development Perspective***

The figures compiled by Pratt demonstrate that HBBs are indeed prime vehicles used by families at least to bolster their incomes, and in some cases, to generate their primary incomes. Whereas the above data present a number of important characteristics of home-based business owners – at least those who report their incomes to the IRS – they do not interpret their experiences from a community development standpoint. Our study adopts such a perspective, as is described later, because it helps to identify strategies for assisting home enterprises and food production activities in low-income neighborhoods.

What is meant by a “community development” standpoint? It is a perspective that recognizes that productive family institutions, such as home businesses, are sustained by communities, as well as by the individuals who run them. Each of the following stories depict how the design, culture, social networks, organization, and faiths that comprised the communities in which these enterprises formed shaped them profoundly and helped to determine their degrees of success. Moreover, the community development perspective recognizes that the enterprises helped to shape and sustain the communities. That they were in one way or another home-based enabled them to affect their communities in distinctive ways.

Many people in economically struggling communities utilize the assets they have at hand – their homes and their land – to generate income, cut living costs, and empower themselves to shape their immediate surroundings for the betterment of their families. Some communities are better designed and better organized to help them do so than others do. New forms of community are emerging in the United States that are designed

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explicitly to exploit the advantages of good design and internal community organization. Such co-housing communities suggest important implications for community design in general as it can enable families to use housing as a productive asset.

Two inner-city neighborhoods in Chicago – Pilsen and North Lawndale – depict patterns found in many US urban areas. How do the energies in play nationally that produce so many HBBs manifest themselves in struggling Latino and African-American neighborhoods?

### **PILSEN**

Like many urban, Latino neighborhoods Pilsen is a vibrant, bustling, poor, and densely populated community. Small business activity is evident everywhere one turns: street-corner shops attached to apartments, narrow commercial streets whose business properties are almost wholly occupied, street vendors of many types, and trucks labeled with the names of landscaping, flower shop, construction, and other businesses are plentiful.

Consider the experiences of two female vendors against the backdrop of national data reviewed briefly above. Housing for them is indeed a productive asset, but one can see how deficiencies in housing (and ultimately housing policy) create impediments to fuller realization of their productive economic potential.

As Berenice Alejo, Research Assistant, reports (using fictitious names for the respondents):<sup>4</sup>

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1) Mrs. Garcia is originally from Mexico City and arrived in Chicago three months ago. She has been renting the pushcart she works out of for

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<sup>4</sup> Ms. Alejo, a resident of Pilsen, conducted field interviews with respondents described in this section at their work sites in Pilsen.

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the past month. The actual owner and license holder of the cart is named Hector Gonzalez –a Pilsen resident. Mrs. Garcia came into contact with him through another street vendor named Maria Ruiz, who along with her husband Juan, operate a similar cart in Harrison Park.

Their average workday is 5 hours/7 days a week, during June-September. She sells corn on the cob, snow cones, prepared fruit (mango, cucumber, cantaloupe, watermelon, *jícama*), and pork rinds (*chicharrón*)

Mrs. Garcia is in charge of buying the products she plans to sell and acquires them from a wholesale vendor in the neighborhood. On the day I spoke with her she had spent 18 dollars on her groceries. She makes between 30-60 dollars a day and at the end of each week splits the profit with Mr. Gonzalez. Her customers consist mainly of passers-by who become regulars.

Mrs. Garcia, along with her husband, resides as a houseguest with her husband's boss –who owns a home on the city's north side. Mr. Garcia is an electrician by trade. It was through his boss that they got their first loan for the business. The loan amount was 300 dollars and to date has not been repaid. There is no deadline for final payment and all interest has been waived.

Since she has no proper home of her own, Mrs. Garcia fries the pork rinds in her sister's kitchen. Her sister lives in Pilsen and has been in Chicago for more than 14 years. Mrs. Garcia purchases her product on a daily basis and only buys what she thinks will sell during a day of work.

The pushcart consists of two coolers and a storage bin. Any leftover fruit is placed in the bin along with condiments and plastic ware. The cart is chained to a tree on a neighborhood street-corner. Mrs. Garcia asked the homeowners permission to do so.

Mrs. Garcia plans to sell *atole* and *tamales* during winter and hopes to purchase her own cart in the near future. The price range for one is between 500-600 dollars.

It is interesting to note that at the time of the interview, Mrs. Garcia was not alone; her husband, sister, niece and her niece's small children accompanied her. The children played in the park while her sister knitted. Prior to moving to Chicago, Mrs. Garcia cooked food in her home in Mexico and sold it to lawyers at the Benito Juárez Court House.

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2) Mrs. Gonzalez is originally from Acámbaro, Guanajuato Mexico and has lived in Chicago for 16 years. She and her husband begin their day at 6 a.m. when they travel to Indiana to pick the crops they are going to sell. Mrs. Gonzalez has been selling fruits and vegetables off her blue pick-up for 14 years. The couple also has a line of credit at a warehouse where they buy mango and other fruits. Their average workday is 12 hours/7 days per week, June-September. They sell fresh corn, peppers, tomatoes, limes, tamarind, cantaloupe, squash, onion, and *tomatillos*.

The Gonzalez family does not own a home; they rent a house on the city's north side and store left over product in the garage. In order to start their business, the couple borrowed 600 dollars from relatives and repaid the interest-free loan in three months. The major challenge the Gonzalez face is the lack of storage space. On average, Mrs. Gonzalez earns 200 dollars a week and has made up to 300 dollars selling to passers-by and regulars. Her truck is parked facing north on a major, local commercial street. At the time of the interview, her clientele consisted of foot traffic (parents on their way home from picking up their children from school) and cars that would honk, double-park and place an order.

Prior to moving to Chicago, Mr. and Mrs. Gonzalez worked the fields in Mexico.

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As these two examples reveal, housing matters directly in determining the income potential of these two families. Mrs. Garcia, a new immigrant, does not yet have a domicile of her own, makes some of the goods she sells in her sister's kitchen, does not have a place to store her cart, and is barely making a profit. Mrs. Gonzalez operates a more established enterprise, works more in a partnership with her husband, and earns more money. She requires more storage space.

Mrs. Garcia and Gonzalez have in common that they both sell fresh produce in a neighborhood served by few nearby supermarkets. They sell some fruits and prepared snacks that reflect the Mexican tastes prevalent in their communities. They work hard, and with family members present.

Housing counts for them as a productive asset, although they probably would not phrase it that way. Mrs. Garcia, a new immigrant, does not even at this point have her

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own home, rental or owned. Were she counted by the Census, she might in fact be classified officially as homeless. “Doubling up,” as she and her husband do with her husband’s boss, is counted by many advocates as a disguised form of homelessness.

Yet, housing, even in this “loaned” form, provides her and her husband a foothold in Chicago. She makes prepared foods in her sister’s kitchen that she then sells from her cart. She chains her cart to the tree in front of a neighbor’s house. The uses of others’ homes constitute in effect start-up “loans” that they need in order to begin their lives in Chicago.

Mrs. Garcia, despite her tough conditions, was apparently more optimistic about her situation than was Mrs. Gonzalez. For example, whereas Mrs. Garcia planned to purchase her own cart, Mrs. Gonzalez, did not express a similar optimism about acquiring financing for expanding the storage space in the garage she and her husband rented. It was not in her plans to seek financing, despite the expressed need. Perhaps many years of this rigorous regimen – the daily trip to pick crops in Indiana, the daily stretch outdoors selling from her truck, the continuing status as a renter rather than homeowner – had dampened her expectations. Ms. Alejo’s impression was that she seemed more discouraged about any prospects for improving her situation.

The next several examples of families in Pilsen who use their housing productively depict a kind of housing structure more common before suburbanization. In Pilsen, many families still live in structures where shops, cafes, and studios are attached to their living spaces. Some have succeeded more than others in building viable businesses.

As Ms. Alejo relates:

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3) The Neighborhood Beauty Studio is located on the first floor of a three-story brick building. It is a full-service salon providing color, cuts, manicure, pedicure, facials, massage, and body wax. It has been open for twelve years and began as an idea. Raul’s (the owner)

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mom was a hair stylist in Guanajuato, Mexico and operated her own salon. When she immigrated to the States, she wanted to do the same. She went to beauty school with her eldest daughter, Liz, and worked in different salons after that.



Having saved enough money, the Mendez family bought the building and raised their children in what is now Neighborhood Beauty Studio – renting out the two apartments above and the two units in the back. They

were planning on opening a salon in the first half of their living quarters and had just put in two bay windows when a short-circuit caused a fire in the back room.<sup>5</sup>

Ironically, that building, situated on a corner, was originally a bank, which happened to still be the Mendez' bank and insurance carrier. Their representative filed a claim and they received a good sum of money to begin construction on their new salon. The old vault doors still exist in the basement and are now used for storage. The basement has been converted into a spa.

Every family member is involved in the business. Raul is the manager of the Pilsen site, his sister manages her own salon in Bridgeport, which is part of the same company. Their mom is the President and the dad is the maintenance engineer. Raul says his dad built the entire place. He is a retired construction worker and so they never had to hire anyone. All expenses have been made out of pocket and they have never borrowed money.

Currently, Raul's parents live in the second floor apartment while his sister and her family reside on the third floor. They rent out the two apartments in the back. All business is conducted in the salon. All bookkeeping is done by hand and records are not computerized. There is no plan to do so. He said they make about twenty thousand in tips alone and would not expand further. His business employs eight people.

During the twelve years of Neighborhood Beauty, there have been three stages of remodeling. With each stage, the living quarters diminished

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<sup>5</sup> Pilsen photos by Berenice Alejo.

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until the point where they no longer existed. Raul says that living and working the same space worked out well for his parents because there was no commute. The entire salon is hooked up to a surveillance system and the parents are able to monitor activity from their home (upstairs). His mother still cuts hair.

Their clientele comes mainly from word of mouth and connections they have forged over the years. Raul is very much into training and development. He is always attending conferences and shows and used to work as a DJ. Some Friday nights, they have a local DJ spin tracks in the salon.

Raul's newest idea is to further extend the salon out into the alleyway and convert the top two floors into a beauty academy. He says he plans to do this within the next ten years. The financing will come from savings and mostly likely a bank.

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4) The Salgado family is originally from San Luis Potosí, Mexico. Their average workday is 10 hours/7 days, year-round. In this store they sell canned food, milk, bread, meat, candy, chips, pencils, crayons, beauty products

They immigrated to Chicago in 1961 and opened their first grocery in 1975. The idea to open a grocery store came from Mrs. Salgado's brother-in-law, who operated his own store in Pilsen. Although the stores share a name, both are independently owned. The Salgados I interviewed have had two different sites. They closed their first store because they moved back to Mexico for four years. When they returned they opened their current business and have been operating it for nineteen years.

The business is a small, mom-and-pop shop located on a corner and occupying close to three city lots. The butcher shop is located at the back of the store and provides access to the home. The storefront is somewhat cramped; the aisles are narrow and the checkout is a small counter next to the fridge. The store looks full even when no one is in it. There are usually two people at the checkout; one is a cashier and the other bags groceries. Two people also staff the butcher shop.

On the day I conducted the interview, Mrs. Salgado was bagging items while her daughter worked as a cashier. Mrs. Salgado answered my questions while Mr. Salgado paid close attention from the back of the store.

The Salgados have seven children and they all work at the store. One

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daughter lives in the back with her own family. Everyone is involved in cleaning, stocking, dealing with vendors and general upkeep. Mrs. Salgado says they have never borrowed money for their business and used their savings to get started. She says they only use the home in the back to cook and eat their lunch.

The choice for the store's location was a result of the building's layout. It had already been set up as a grocery store and little remodeling work needed to be done. She added that her husband has done most of the handiwork including reinforcing the brick wall on the side of the building. Mrs. Salgado said the family built the business over time and began carrying items customers asked for. The store caters to the Mexican residents in the neighborhood carrying typical household items.

Mrs. Salgado added that without her children the store would not have survived. She said that owning a store requires a lot of work and in the beginning, no one ever got paid although now that has changed. She was hesitant to discuss money matters.

Customers consist mainly of neighbors and passers by. A busy church and youth center are close to the store. The daughter added that customers are regulars and even come from the suburbs to shop there.

Although the Salgados have a license to sell prepared foods, they have no interest in doing so. Customers have asked for *menudo*, *carnitas*, and *chorizo* on weekends but she immediately says no. They prefer to avoid "trouble," what if someone gets sick, Mrs. Salgado asks. She also says they have no interest in expanding their business: "más espacio, más trabajo" – more space means more work.

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5) Flowers for all occasions & Bridal Gowns: Walk into the bridal dress and flower shop, and you are surrounded in white: white gowns, dresses, books, Styrofoam decorations, lace and ribbons. Not everything is white of course; there is also a lot of pastel.

Mrs. Perez is originally from Michoacán and has owned her business for nearly thirty years. She is a seamstress by trade and that is how she got started. When she arrived in Chicago, she was hired to make dresses in the shop that would later become her own business. When the previous owner decided to sell, Mrs. Perez moved into the apartment above the store and made the place her own. She rented for two years before she was able to buy the two-story building.

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Mrs. Perez borrowed eight thousand dollars from relatives, and repaid them in full within five years. She has three children and says that working from home allowed her to raise a family. She says she never put the business first. Her daughter now works alongside her and is primarily responsible for filling orders and dealing with vendors. Mrs. Perez no longer works as a seamstress. She cuts cloth when needed but mainly supervises and attends merchant shows.

The biggest challenge Mrs. Perez faced was the language barrier. She recalls having lost money and time because she misunderstood delivery dates. Someone placed an order, she spoke with the vendor, the wedding day approached and there was still no dress. She called the vendor, they told her the date, she said it had to be earlier so they would rush delivery it and charge more. As if that were not enough, she had to work overtime to tailor the dress for the bride. Nowadays, her daughter is the one who speaks to outside merchants.

Mrs. Perez' clients come from all over and mostly through word of mouth. In the beginning, after she repaid her debt she did run a six-month ad through the radio but no real clientele came of it so she never did again. She has two other employees, besides her daughter who work in the shop and sometimes hires a third during the summer months.

Mrs. Perez mentioned having received help from a now defunct merchants association that was housed in the Rudy Lozano library although she did not recall their name. She said they were very helpful to her in the beginning stages of her company because they offered lawyer services and workshops on running a successful business. As her children grew, she detached herself from the association and when she was ready to return, they had closed down. She tells a story of seeking help and not being able to find it.

Mrs. Perez home-and-business is located near the El tracks. Some time ago, the CTA was fixing the railway and damaged Mrs. Perez' garage and her neighbor's property. When they complained, the CTA did nothing. She went looking for the merchants association, but it was no longer there so she organized the block herself. It was a yearlong battle but they won and the CTA paid for damages.

Mrs. Perez has never applied for a business loan and says the process is a bit too complicated since it involves collateral and risking her home. She prefers to deal directly with merchants who extend a credit line to the company. They offer up to six dresses and as she sells, she repays. She earns up to thirty thousand dollars a year.

Her daughter is now thinking of expanding the business by opening a store

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near Indiana, where the family has relatives. The main shop would remain in Pilsen and the Indiana store would only sell dresses not make them.

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6) Café/Cafeteria –Mexican style sandwiches, smoothies, coffee, Internet access, desserts

Located in the basement of a three-story building in the heart of Pilsen, the cafe is a warm and inviting place. Mrs. Ramirez makes every single guest feel at home. She is maternal and greets every person who walks in as a long-lost friend.



Originally from León, Guanajuato Mexico, she and her husband immigrated to Chicago and worked in a factory making signs for more than twenty years. He spent 28 years there while she put in 24. They lost their jobs when the company

asked its hourly employees to take a pay-cut to ensure the financial future of the corporation. Mrs. Ramirez, a supervisor, negotiated talks and said the employees would agree to a pay-cut if everyone; including executives took one as well. When they didn't, she walked and her co-workers followed. She was 55 years old at the time and her husband was 60.

The couple looked for work for eight months, was unsuccessful, and decided to start their own business. They opened their cafe in June 2003. Mrs. Ramirez says she always wanted to create something that would be “very Mexican”.

The café's location was a no-brainer. They have owned the building for more than thirty-five years and used the basement principally for storage. In the early 70's, the Ramirez family had two daughters and no one in Pilsen wanted to rent them an apartment. Their current neighbors knew the owner, vouched for the family and were able to move in. After the building switched owners, rent increased and the quality of the building declined. Mr. Ramirez wanted to look for a home but she was hesitant. She was afraid of the process and feared being discriminated against.

While filing their taxes, Mrs. Ramirez noticed their building was listed for

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sale. Their accountant happened to be a real estate agent as well. She told her husband they should buy the building because she enjoyed living there and were guided through the process by their accountant. They had no credit history at the time and got a mortgage through letters of good faith, utility bills and income statements. The mortgage was for fifteen years and they paid it in eleven. They rented out four apartments and lived in one. They began making home improvements with the money they earned through rents and their own salary.

Mrs. Ramirez says she originally saw the purchase of the building as an investment, but as time has gone by, she realizes how attached she is to the property and has no intention of selling, despite the constant offers. She says she would like the building to be passed on from generation to generation. She has four children.

It took Mrs. Ramirez eight months to open the cafe. She began by asking her neighbors (business owners themselves) for direction. One of her friends told her to visit the Alderman. His office referred her to a local development corporation (LDC).

An LDC staff member –Cuban not Mexican, Mrs. Ramirez points out – told her about a \$30,000 small business development grant available to her and others in the area. She says he told her to bring in paperwork and he would process the application for her. She was very optimistic and hopeful until her mother fell ill. She went to LDC to tell him that she had to leave for Mexico and said her son-in-law would handle any requests for additional information, if needed. LDC told her not to worry.

She spent a month and a half in Mexico and upon her return there was no news about the grant. She visited LDC and they said she should hear something within a couple of weeks. Her neighbors had already received approval and so she began to worry. Then a letter arrived. It said that her application was incomplete and therefore the grant had been declined.

Being the firecracker that she is, Mrs. Ramirez complained to LDC to no avail and then took her complaint to the Alderman's office. She says she knows of three other business owners who were denied the grant due to the organization's negligence, or rather that of one particular staff member. She added that she later saw him working as a waiter at a local restaurant. She says she told him that despite his efforts she opened her business.

The initial investment was \$65,000. On her accountant's advice, she took out a loan against her home for \$20,000 and the rest came from savings – the profit share she receives from her previous employer. Mrs. Ramirez thinks it will take two years to repay and adds that taking out the loan was

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easy because of her credit history.

One would think that after such an experience, Mrs. Ramirez would be bitter and not seek help from LDC again but she did. When asked why, she said that is the only place to go because they are the ones in charge of the area –in terms of sorting through business matters. It was LDC who referred her to a consultant who trained her on operating a café. He spent two weeks teaching how to make cappuccinos, prepare sandwiches and order supplies. She says his help was worth the \$2,000 investment. She also went to LDC for help in obtaining permits and putting up a neon sign. The biggest challenge she has faced has been marketing.

Most of the café's business comes from repeat customers and word of mouth. Mrs. Ramirez says that another staff member who worked for ESDC for a year really helped her out. After hearing her story, this person –who by the way is Mexican Mrs. Ramirez says- felt badly over what had happened with the grant and went out of her way to make up for it. It was through her work that the Ramirez café was named Best New Small Business in 2003. They received coverage in Crain's and the local news channels.

Mrs. Ramirez says that she has never paid for any direct marketing but that it has been tough getting new customers. She says people know of her but because the place is sort of hidden have a tough time finding it. Once they do though, they have a tough time not coming back.

Mrs. Ramirez says that while she was on vacation, the person in charge told her that she had many fans. People would walk in and ask for her. When they were told that she was out of town they would leave. Mrs. Ramirez says it is all about being kind and offering a place that feels like home. This is evident in the way she says goodbye to her customers –with a hug.

On the day I was there, one of her repeat customers remembered the first day he visited and asked for a cup of chamomile tea. She was out of chamomile and served him lemon tea, thinking he would not be able to tell the difference. When he drank it, he said, "I ordered chamomile not lemon". She replied with a chuckle, "Just drink it, lemon is good for you" and he did. Another customer, looking through his pockets, said he might be shy some change and Mrs. Ramirez told him not to worry because he knows he has credit with her. He found his money and paid her in full.

It is evident that Mrs. Ramirez is the café. She works every day from 7:30am until 10:30 pm and gets most of her business in the afternoon. She says she will not open later because she wants people to get used to coming in the morning. She has live music on Friday nights and closes at

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2am. When asked where she gets so much energy she becomes overwhelmed with emotion. She tells the story of her mother blessing her on her deathbed and says she feels her presence. When things get tough, she asks for strength.

Her plans for the future include expanding her business by installing a kitchen and adding more computers to cater to students. She currently has three and hopes to double that. Internet access is five dollars an hour and wireless service is a courtesy to customers. She says she would like to be able to provide cooked meals but says she cannot use her home kitchen for the business because of health inspectors. The financing would come from her savings and she does not plan to borrow against the house again or ask for a loan. Mrs. Ramirez says her business is doing well and has only once had to take out of her own pocket to pay for supplies.

Mr. Ramirez' husband is the only family member who helps her out. He is diabetic and suffers from complications. Mercedes says that working from home allows them to live comfortably.

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7. Senora Maria reads cards and performs *limpías* (cleansings) in her home. If you do not know where you are going, you will walk right past it. Located on a residential street in Pilsen, Maria's office is the basement of her white aluminum-sided house. An open wrought-iron gate welcomes you down a flight of stairs and to your left you find a grey door that reads "Maria."

Walk inside and you are standing in a waiting room that resembles a doctor's office, except, that is, for the statue of Buddha in the corner, the one-sided mirror, and the mini-altar of Christ under the small television set. Incense and candles fill the air. Posted on the inside of the door, a sign reads: "*Si no tiene Fe en la lectura que hago di Mis Cartas. Por favor no se tome la molestia en volver. Muchas Gracias, Maria.*"

(If you have not faith in the reading I give you with my cards, please do not bother to return. Thank you very much, Maria).

The actual room in which Maria does the reading is full of small and medium-sized statues of saints, a phone and what looked like a surveillance monitor.

Maria has been "reading" for twenty-seven years, although she only started doing it full-time when she became disabled four years ago. Prior to that, she worked in a hospital as a radiology technician. She was injured on the job and lives with intense back pain for which she takes

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medication. She is considering surgery, but is hesitating because of her grown children.

Although her office hours are posted in the waiting area and read: Monday-Friday (9am – 7pm), Saturday (8am-4pm). Maria says that she works when she wants and mostly by appointment. Clients must phone first. All come to her through word of mouth and all area different: young, old, male, female, educated and not, rich and poor, lawyers and cops.

Maria says that she averages one hundred dollars a month, but others who know her and her business say she really makes much more than that. One cleansing alone usually costs \$25, and her waiting room seems to be quite often full. While her office looks very professional, it took three years to complete. She used to work in what was a closet in her living room. Her children often complained about people being in their home and not being able to really live and so her husband decided to build her a space. He works in construction. They have never asked for a loan, which is the reason it takes so long to complete a project. Maria says they have been remodeling upstairs for a year now.

She does not think they would ever qualify for a loan because they are too much in debt and would not qualify. She is also apprehensive about trusting a bank. She says that her success lies in the fact that she is a good listener and people just need someone to listen.

Maria is able to “read” because her grandmother and great-grandmother read. She said she never used to do it, but realized one day that she should. She went to a fortuneteller to ask for help with her husband and thought the woman’s prices were too high. She realized that she did not need to go anywhere to get her answers and began reading on her own. She says all her children are capable of doing it, but do not like to.

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In places like Pilsen, where people bring with them from Mexico their traditions of home-based work, people find ways to work with the materials and assets available to them. They patch together their enterprises with the resources available, and many gradually build viable enterprises that provide decent primary, or at least secondary, incomes for their families.

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### **NORTH LAWDALE**

In North Lawndale, a neighboring community of Pilsen, one finds a different set of challenges to home-based and neighborhood production. This predominately African-American community has long contended with the divestment and abandonment that have plagued many inner-city areas. Some businesses remain. One emerging effort in urban agriculture aims to exploit the neighborhood's vacated lands as a productive asset. Working the asset and creating new family income streams will also require the productive use of family housing.

Led by a long-term resident, a woman now retired from the US Postal Service, North Lawndale Greening (NLG) manages a network of ten community gardens. NLG works with the City of Chicago to maintain the gardens. Flowers and vegetables are grown in the different sites. Together, the ten gardens are comprised of about 15 lots sized 50 feet by 125 feet each. Several gardens contain more than one lot.

In total, these gardens amount to approximately 2.5 acres of tillable land in the middle of Chicago. Each garden is overseen by a resident of the block on whose lot it is located. Tools and other supplies are kept in their homes. The City carried out the original landscaping, putting up secure fencing, installing sprinklers, paths, benches, trellises, and other amenities.

The gardens were secured through a partnership with Neighborspace, a nonprofit corporation created in 1996 by the City of Chicago, Chicago Park District, and the Forest Preserve District of Cook County. These three government units still provide leadership and financial support to Neighborspace. Neighborspace acquires properties that community organizations are interested in preserving as gardens. It owns almost fifty garden lots in Chicago.

The gardeners work the land, producing attractive flower arrangements and growing vegetables. They sell some produce at a local farmers' market. But, they want

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to harness the energy of residents and the potential in the land to create more income generating opportunities. With 2.5 acres of decent ground available, a partnership with the City, plus an emerging partnership with the North Lawndale Employment Network (NLEN), they will hopefully realize that ambition. They will need to turn community



gardens in part into “market gardens” that will produce vegetables and flowers attractive to precisely researched segments of local consumer markets.

With help from Neighborspace, the City, and volunteers, different residents serve

as volunteer garden coordinators. One such garden, located just adjacent to the Chicago “El” tracks, was originally three separate, 50’ by 125’ lots. “Mr. Carl” is the garden’s coordinator. Mr. Carl and his wife live next to the garden, and own an empty parcel between their three-story home and the garden. During the reconstruction of the Blue Line, the tracks that run through North Lawndale, gardening had to be temporarily curtailed, but during this past summer, Mr. Carl started growing food and flowers again.



Mr. Carl, a senior citizen, long-time resident of North Lawndale, and manager of several residential buildings in the neighborhood, also grows food in his own backyard.<sup>6</sup>

In addition to providing food, the garden creates a buffer between the noisy trains and the nearby residential buildings. It beautifies

the space beneath the tracks, a kind of zone in a city that often become unsightly and

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<sup>6</sup> North Lawndale photos by Richard Kordesh.

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dangerous. Community gardens in North Lawndale are embraced by residents and suffer from little to no vandalism. This particular garden is bordered by murals that depict its importance to the rebuilding of the community.

Another multi-lot garden combines one large space dedicated to senior citizens, and an L-shaped garden that wraps around the senior space and is devoted to vegetable gardening. The L-shaped lot was partly tended this past summer and produced a variety of vegetables, including cucumbers, tomatoes, peppers, collard greens, and eggplants. Much of the produce was sold at a local farmers' market. The garden received a sizeable donation of compost, plus seeds and seedlings. Ex-offenders working at the nearby Fillmore Apiary (see below) recently visited and provided help in clearing the space in preparation for the winter.



North Lawndale Greening's President tends a community garden on her own

block. She lives one lot removed from the garden space, a 50' by 125' parcel located on a busy thoroughfare. She keeps the keys to all of the places, in addition to keys to the secure boxes around the water hookups. She also plans to remodel her basement to create more space for tool storage, refrigeration, and growing seedlings.

North Lawndale Greening will not have to accomplish all of its goals alone. A new, urban agriculture enterprise is being created by the North Lawndale Employment Network that will create an outreach and support program for local urban agricultural enterprises. NLEN has created the Fillmore Apiary in the neighborhood, manufacturing honey and other bee products. NLEN sees the apiary and community garden enterprises as strategic partners. The apiary's first harvest during this summer produced 2,000

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pounds of high quality honey.

Value-added honey products can be manufactured with complementary herbs, vegetables, and fruit. A neighborhood retail operation with locally grown vegetables can create a new, complementary market for selling the honey products as well. Costs for landscaping of apiary and garden sites can be shared. Transitional jobs for ex-offenders now engage them in horticulture, food processing, and food retailing.

Although the focus is on the gardens, the productive use of housing helps make this system of community gardening possible. The proximity of the coordinators' homes to the garden spaces is an assumed, essential feature of this approach. The maintenance of the gardens will continue to depend on residents of the blocks on which they are situated. Tools are stored in homes. Supplies are stored in homes. Residents are more invested in the upkeep of the gardens because they live next to them. Keeping the gardens safe from intruders requires the constant monitoring of neighbors from their homes. Their eyes on the streets that curtail crime also protect the gardens.



Housing will matter more as the market gardening gathers steam. Kitchens and basements will be needed to store crops, to package produce and flowers, and to sow indoors the next season's plants. Offices in homes will be needed to keep records, to produce marketing material, and to hold meetings.

Moreover, it will be quite possible to increase the supply of food for market as well as for family consumption by complementing the community gardens with family

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gardens. North Lawndale Greening plans to encourage more home-based market gardening. These goals are now in the community's "quality of life plan" whose formulation is supported by the Local Initiatives Support Corporation.

Urban gardening technologies exist that can help residents grow significant amounts of produce in relatively small spaces. Many vegetables and fruits can be grown vertically on poles, towers, trellises, and netting. Others can be grown in planters on decks, porches, ledges, and in yards.

For example, the supply of produce for a community market in North Lawndale could be enhanced by adding vegetables and fruits from a network of home gardens to those grown in the community gardens. It would also be quite possible to operate small apiaries in back yards.

None of the above activities is on its own difficult to accomplish, but orchestrating them into a network of small enterprises constitutes the next important challenge. How housing is used as a productive asset will help determine its continued success.

## **SOUTHERNMOST ILLINOIS**

The Southernmost Illinois Delta Empowerment Zone (SIDEZ), one of a handful of rural empowerment zones nationally, operates a comprehensive community development initiative in three of the state's most impoverished counties. These counties, Alexander, Pulaski, and Johnson, are located in the furthest southern reaches of Illinois, with the former bounded by both the Mississippi and Ohio Rivers. SIDEZ has been operating a successful entrepreneurship-training program for several years, with a number of business owners operating their enterprises on their own farms or in their own homes. SIDEZ helps participants formulate business plans and provides startup funding for some of the most promising endeavors. With funding from the US Department of Agriculture, SIDEZ is building a new business incubator that will open during spring,

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2005.

The stories of some of these entrepreneurs depict how “natural” it is for rural citizens to think of their homes and land as productive assets. It is a normal aspect of life to involve family members in overlapping roles in a number of mutually supportive business enterprises. To a certain extent, running three or four business operations at one time is a matter of necessity in an impoverished region where farms are too small to compete with the dominant agribusinesses that grow corn and soybeans. People of the region understand that they are in an economic struggle together, and they tend to go out of their way to support one another’s businesses. Necessity breeds inventiveness, and in Southernmost Illinois, the inventiveness flourishes in homes and on farms, with a variety of family members helping one another out.<sup>7</sup>

Consider the following enterprises that were either launched or strengthened through participation in SIDEZ’ entrepreneurship training program:

- ✓ One woman developed a business plan for an enterprise in which she provides **dove releases** for weddings, graduations, and other celebratory events. She operates her business in her home on a 700-acre farm owned by her father-in-law. Her husband runs a trucking business from the same farm. The father-in-law, husband, and a brother-in-law work the farm together, and operate a hunting preserve on it as well. She keeps her birds in a building separate from the house. The husband helps with the care of the birds and the upkeep of the building where they perch. The presence of the land and the mutually supportive family roles keep overhead costs of all the enterprises comparatively low. In order to market her business more broadly through the internet, she plans to take a macro-media flash course at the local community college.

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<sup>7</sup> Richard Kordesh visited all of these businesses. He would like to thank Donna Raynalds, Zack Hannan, and Jody Johnson for their gracious hospitality in arranging these visits and providing tours of the region.

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- ✓ One SIDEZ participant had been working as a truck driver for a national **waste management company**. As his wife tells it, he was fired by the company after it found out that he had been planning his own waste hauling runs on off days on routes not covered by his employer. With the help of his fiancée, he bought his own truck and put out bids to local municipalities served by the large company. He was successful enough that he now fills all of his working days with routes contracted with local towns and counties. He now keeps two trucks in his driveway and two dumpsters (which he can supply to new clients) in a friend's nearby lot. He received technical assistance and a small business loan from the local Small Business Development Center. His wife keeps the books for the business on their home computer.
- ✓ An owner of a 15-acre farm used the SIDEZ entrepreneurship class to launch a new **aquaculture enterprise**. With help from a \$30,000 SIDEZ



loan, he is planning to raise and sell hybrid striped bass from two new ponds being dug on his property.<sup>8</sup> He will join approximately 25 other regional growers of striped bass in a cooperative and sell them fresh to a buyer in Toronto. Many of the other producers raise their fish in former strip mine pits. The fish will be scooped from the ponds and pits and driven live to Toronto and then New York, where they will be sold fresh to restaurants who apparently serve Asian clientele who favor striped bass.

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<sup>8</sup> Southernmost Illinois photos by Richard Kordesh.

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He receives continuing technical assistance from a biologist associated with the cooperative.

- ✓ Another SIDEZ-trained entrepreneur runs a **horse training stable**. He lives in a very small home attached to the stable building. He trains horses that are brought to him untamed. He does all of the work in the stables himself, except for some assistance he receives from a local teen whom he trains as an apprentice. The horse trainer recounted with considerable conviction how important he saw the mentoring he was providing to the young apprentice. He has plans to expand, but does not like the paperwork involved in applying for loans. He also plans to sell bits and harnesses from the same business site. A retired Chicago police officer who used to ride horses on his downtown beat has offered to help him market his horse training skills in the Chicago area to small riding stables and to his former employer.
- ✓ The operator of a beauty salon just off one of the region's main roads received entrepreneurship training and a loan from SIDEZ. She expanded a beauty salon that she had been running by herself in a garage built by her husband into a new **salon and manicure/pedicure business** in a new building, built again by her husband, and also on their own property. Her husband is a master carpenter, and runs his own business from their home. The home, the garage, and the new salon, plus parking for the salon, now comprise a thriving, one-family, "mixed-use" residential-commercial complex. The salon operator employs several other women from local communities. The husband-carpenter continues to carry out all of the maintenance of the salon building. She also has a stepson who helped construct the salon.
- ✓ One of the first tenants in SIDEZ' new incubator will be a **bakery**. The bakery owner was a graduate of SIDEZ' first entrepreneurship class. The incubator space will provide her a commercial kitchen and storefront space into which she will expand. The incubator is located only several

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blocks from her modest home in a very small town in Pulaski County. She started her baking business in her home kitchen, and will continue to operate there until the incubator is ready to open. Her cakes and other



pastries are apparently quite popular. She sells to local bakeries. She also sells from a table set up at the town's only grocery store. The SIDEZ training was particularly useful, she says, in understanding the legal and accounting dimensions of running the business. After her stint in the incubator is over, she might very well build an addition onto her home and run the bakery for the long term from that home-linked facility.

- ✓ A remarkable graduate of the SIDEZ program two years ago built a **hair salon** onto a small building she owned adjacent to her home in a small town near Interstate 57. Raised in Chicago's south side, she moved to far southern Illinois, following a path traveled by her mother and several aunts. Next to a small house and lot owned by the grandfather, the mother, five aunts, and now this entrepreneur own a cluster of adjoining properties. Her business faces the main road through town. In addition to running the salon, she sells a vintage menu of steamed Chicago staples, including Polish sausage sandwiches and Vienna Beef hotdogs. She runs a candy counter as well. She sells a variety of hair care products. She just completed a business plan for a small, carryout soul food restaurant that she will build into the one space in her business building that is not

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now occupied by some venture. She originally built the add-on for the salon, with assistance from a SIDEZ loan and a bank loan. Her mother lives next door, and helps with the various businesses, as do her aunts. Her brother lives in another nearby property in this extended family neighborhood. He fixes her car and does carpentry work on the business building. She also owns land across the road, and is considering expanding her parking spaces onto that property. When the carryout business opens, it will be at least the fourth different moneymaking enterprise that she herself will have created in this modest, one-story structure next to her home. She learned her hair styling skills from her aunt. She learned to cook from her mother. Her mother will do some of the soul food cooking. Her daughter has worked for her as a pedicurist. Her niece sells the candy and the “Polish.”

- ✓ With his father and brother, another SIDEZ graduate runs an internationally known **duck hunting enterprise**. This enterprise is actually a group of business activities, all run from his lodge and farm, with his favorite being the manufacture and sale of a unique, wooden reed, duck call. He actually began his business with a focus on goose calls, but has switched to ducks because of a decline in the goose population. One man won an international competition using his goose call. He and his father jointly manage the farm and lodge; the structures were severely damaged in 1993 by the flooding from the Mississippi River. He has received requests from places as far away as Mexico and Canada to help set up new deer and duck hunting preserves. He is training a local teenaged male, a friend of the family, in the business. This apprentice now manages food plots on the farms that are intended to attract deer. His focus in the SIDEZ classes was on the goose call business, but he has applied the entrepreneurship training now to his focus on ducks. He hopes to grow that to where he can also make furniture in a product line reflecting the lines and wood grains of the attractive, wooden duck calls.

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He is passionate about the history and landscape of Southernmost Illinois, and sees his business as a natural outgrowth of it. He also wants his business to attract more hunters who will then stay in local hotels, eat in local restaurants, shop in local stores, and generally better the local economy.

- ✓ One can see the comparative struggles faced by immigrants who do not have the land, the historical roots in a community, and the deep family ties on which to build their own new enterprises. Another recent graduate of the SIDEZ entrepreneurship program emigrated to the United States with his wife and parents from Zambia. For six years, this extended family, which now includes a 6-year-old and 8-year-old girl, has lived in and managed a **motel** owned by the wife's brother. (The wife's brother does not live in Illinois). Whereas before September 11, 2001, business had been good, occupancy rates then fell. Recently, business has improved, and they are hoping to arrange a deal with a franchising chain, like Motel 6. They would need to expand the number of rooms and obtain financing to do so. A contract as a franchisee would stabilize the business through the expanded marketing potential that would result. Right now, there is not a serious deal on the table. In the meantime, the family has added a related enterprise: selling at an apparently brisk pace, on commission, hotel products (towels, washcloths, plastic cups) to other regional hotels for a distributor based on the East Coast. The family lives in four rooms just off the lobby. They have no employees, other than themselves. At least one of them must be working, or at least on call, during every hour of every day of the year. The husband will soon take the oath as a citizen, and will then become eligible for business loans, such as those offered through SIDEZ.

SIDEZ has in a short time built an impressive track record through its support of small business development. The above examples depict some of the

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results of their efforts. A few additional stories reveal the value of the USDA in the rural setting, as well as a few home-based enterprises that grew without outside financing.

- ✓ One young mother left her job with a local Head Start program after she and her sister decided that they could not pay the full fees for their own children. She opened her own home-based **childcare center** with a capacity of 7 children. She obtained her state license in 2004. She did not have difficulty obtaining it, partly because she already possessed an associate's degree in early childhood education. Children under her care were referred through family and local friends. She emphasizes that one of the benefits of working from home is that she no longer has the 40 mile-round trip to drive to and from work. Her husband works outside the home at an auto body shop close to 20 miles away. They obtained their home in 2002 with a USDA backed mortgage. She plans to apply for another USDA loan in order to build out a side of her house to expand the space for her childcare business. Her mother had started to work with her in the home, but had to stop because she would not submit to the fingerprinting required for licensing background checks. Her sister did receive the state clearance, and assists her in caring for the children. Her sister's child is one of the regular enrollees in their center.
- ✓ A mother and daughter in the same small town run two interdependent businesses in separate homes; the daughter makes **custom dolls**, and the mother is the town's seamstress. The doll business occupies an entire house, one of two located on the family's 24-acre farm. She makes the dolls from scratch, beginning with pouring the molds, heating and drying them, cleaning them, assembling the body parts, painting, and the clothing. The mother-seamstress makes many of the dolls' clothes. Formerly an insurance agent, the doll maker now works in this enterprise full-time. Her clientele is mostly regional, but she has shipped dolls as far

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as Texas and Alabama. The house is the workshop as well as display center. The home's living room is adorned with different sets and dolls. One room is set aside for storing the molds. Another is what she calls the "birthing room." Dolls are assembled there. A kiln is in the kitchen, along with sinks arranged to catch the excess clay that comes off during cleaning. Her husband handles the building's maintenance.

- ✓ Whereas the doll maker uses her business to supplement her income, her mother-**seamstress** supports herself with Social Security plus earnings from the sewing that she does full-time. She works every day from 7:30 am until 4:00 pm. Her sewing machine is her only piece of equipment. She bought it used this past spring for \$150.00. She has it placed in front of a window in her bedroom, enabling her to watch the front of her house and to see who is coming to the door. Her bedroom is filled with clothes in boxes waiting to be altered or repaired. She apparently is everyone's seamstress in this small town. She gets alterations work from a cleaners in Cairo and from another in nearby Chester. She estimates that her income from sewing covers the costs of her food. She has lived in this same house for 50 years.
- ✓ Another family business that uses a house on its farm property completely for business activities has for forty years built **custom furniture**. This has been a full-time, very successful business that at times has employed six non-family members, plus three daughters. The family thrived enough from the business that it has purchased three different farms, including one comprising 130 acres across the road. The quality of the furniture is highly respected. The husband and wife who together built the business manage every aspect, beginning with trips to purchase local lumber. The entire house, in which the family used to live, is now a display center. The daughters are grown and have moved away, so the owners now live in a smaller cabin on the same property as the business. A very large building next to the houses contains the various workstations – drying, sawing,

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woodworking, finishing, and assembling. A large barn holds supplies. The couple is now elderly, and is making plans to sell the business. The county economic development agency hopes to assist them in selling it to a family, or partnership, who can keep this successful, unique enterprise operating in Johnson County.

In depressed rural areas where there are not great prospects for bringing in new, large industrial or commercial employers, families must make their lives work using the assets that they have in hand: land and their own social capital. Effective community development organizations, such as SIDEZ, must creatively find ways to build up the infrastructure around them as it also invests directly in them. To speak of housing as a productive family asset in an area like Southernmost Illinois is to speak of a way of life that still seems quite contemporary.

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## ***Success Stories in Urban Agriculture***

The productive use of land is also important in economically struggling urban neighborhoods: home-based gardening and community gardening are growing in American cities. Although the database to document this growth is not as formal and complete as the IRS' records on home-based businesses, one can see how in the kinds of productive enterprises now working, new levels of production and efficiency are being reached.

One very impressive example is Growing Power, created by former professional basketball player, Will Allen, in Milwaukee. Mr. Allen, who grew up on a family farm in Maryland, purchased the last remaining working farm in Milwaukee in 1982. He estimates that he has invested over \$1 million in the farm since then. His children grew up working the farm with him.

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Today, the farm produces over 100,000 pounds of chemical-free vegetables. It distributes close to two million more pounds of produce at a stand by the road. He extends his skills and knowledge to low income neighborhoods in Milwaukee and other cities in the United States. He created Growing Power as a nonprofit corporation dedicated to teaching urban farming and food processing.

A remarkable story of a home-based garden is related by an urban homestead in Pasadena, California. On a 66' by 132' lot (1/5 acre), with a 1500 square foot house, a family has placed 3900 square feet of land and containers into cultivation. The southern California location affords a comparatively long growing season (March through November), but also a comparatively sparse amount of annual rainfall (21" per year).

Consider these impressive annual production figures for January 1 through August 31, 2004:

- Peas, 105 pounds
- Beans, 102 pounds
- Lima Beans, 14 pounds
- Mushrooms, 5 pounds
- Garlic, 4 pounds
- Apples, 51 pounds
- Cabbage, 19 pounds
- Broccoli, 16 pounds
- Garnish – Flowers/Herbs, 192 pounds
- Carrots, 36 pounds

Other vegetables and fruit included tree tomatoes, artichokes, peppers, pumpkins, radishes, grapes, onions, mixed berries, beats, and apricots. The total yield for the above period came to 3,568 pounds, 4 ounces of vegetables and 485 pounds of fruits and berries.

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This homestead also manages an extremely informative, interactive website titled “Path to Freedom.”<sup>9</sup> The site is updated daily, and addresses not only this homestead’s gardening techniques, principles, and yields, but the stories of other farms and gardens as well. Moreover, it hosts a diverse array of conversational networks among home gardeners and advocates of sustainable living.

The Growing Power and the Path to Freedom websites are excellent entry points into the vast array of resources on the internet for those interested in community gardening, urban gardening, and home gardening.<sup>10</sup> Clearly, many resources are available to aid home and community gardeners. However, organizing resources at the community level, the national network level, and the policy level are needed to move from what are now eclectic, impressive success stories to a situation where successful home gardens, market gardens, and community gardens have reached a critical mass sufficient to make a fundamental difference in the conditions faced by people with marginal incomes.

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### ***Community Design for Productive Uses of Family Land and Housing***

How a community is designed can make a great deal of difference in the success rates or failures of both home-based businesses and gardens. Land must be assembled, and sites must be within close enough proximity of one another to effect positive economies of scale. Storage must be within relatively easy reach of the production sites. Equipment must be accessible to production, processing, storage, and distribution points. Customers must enjoy ease of access to the points where sales take place. And given the interest of home enterprises and community gardens in strengthening, as well as drawing on, bonds among family members and neighbors, business and garden sites must be within, attached to, or adjacent to family housing. Family housing can exert its value-

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<sup>9</sup> Go to [www.pathtofreedom.com/](http://www.pathtofreedom.com/)

<sup>10</sup> [www.growingpower.com](http://www.growingpower.com)

## **Housing as a Productive Family Asset**

added impacts on businesses and gardens when the community design enables the necessary linkages.

As described above, the home-based business operators in Pilsen and the community gardeners in North Lawndale carry on their work in places that bring their pluses and minuses as far as community design is concerned. Some design features of Pilsen make it easier for the home-based businesses to achieve their goals. Others make it harder to do so. The same goes for North Lawndale as a setting for community and family gardens.

Pilsen enjoys the advantage of an existing residential-commercial building mix that was built when city neighborhoods were indeed teeming with family businesses, including the “mom-and-pop” shops. Thus, one does not have to find an architect with new urbanist sensibilities to design a structure for combining work and family activities. Such buildings are common on all of the major commercial arteries, plus on corner lots in residential areas.

Moreover, Pilsen is served well by public transit, including buses and trains. Pilsen is a walkable neighborhood, and people do indeed take advantage of that feature. A robust street life creates dense streams of foot traffic that help ensure that small shops will be noticed. Pilsen’s large, Catholic churches serve as religious and cultural anchor institutions, helping to maintain the fervor of Mexican Catholicism that animates neighborhood social, commercial, and even political life. Pilsen is compact and its boundaries are distinctive, which helps to maintain a very coherent identity as a Mexican place. Its border with Little Village to the west is really a continuous passage into more Mexican-American neighborhoods, with a thriving business district along 26<sup>th</sup> Street. The identity of the place with Mexican heritage is powerful, and is embraced very consciously by the home-based businesses described above.

North Lawndale’s commercial streets, especially Roosevelt Road and 16<sup>th</sup> Street,

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were similarly replete with live-and-work residences, but with not quite the density as Pilsen. More significant, cross-city commercial routes, such as Ogden Avenue, cut through it. It has larger industrial properties, although unfortunately, many are abandoned. It has a much larger public park than does Pilsen, plus a larger hospital.

The economic devastation experienced by North Lawndale over the past five decades has created physical features, which while not so much the products of design, do make it more difficult to create a robust, community effort behind the gardening. The gardens, while inspiring to behold, are scattered about the community randomly, with no particular physical connection. Some are better maintained than others. The scattering reflects the checkered way in which properties in the neighborhood were abandoned by owners, fell into disrepair, and became available for acquisition.

The advantage of a decentralized garden network is that it can encourage unique innovations reflective of the various blocks and small groups of neighbors. The disadvantage of not having a central, large garden space, with perhaps scattered satellite gardens, is that individual gardens become isolated from one another, and so potentially do the individual coordinators. It might be easier to mobilize a larger development plan and achieve some economies of scale for the gardens were there one, central, substantial space that provided a core identity, plus larger facilities for storing bigger pieces of equipment, supplies of manure and compost. It could anchor the dispersed gardens and give the overall network a center without giving up the satellites.

Community design, therefore, does matter in determining how embedded in, or isolated from, the neighborhood will be the home-based businesses and food producing enterprises. Designers of some new communities, especially new co-housing developments, recognize this fact.<sup>11</sup>

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<sup>11</sup> Richard Kordesh visited Pioneer Valley Cohousing and East Lake Commons during November, 2004. He would like to thank in particular Mary Kraus of Pioneer Valley and Ginny Moreland of East Lake Commons for helping him learn about their communities and for introducing him to other members.

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### PIONEER VALLEY COHOUSING

Under very different circumstances than those faced by the home businesses and gardeners in Chicago, a group of men and women in 1989 began meeting to plan a new cohousing community near Amherst, Massachusetts. Granted that these individuals and families did not face the difficult circumstances with which North Lawndale and Pilsen leaders and residents must contend, but the creation of Pioneer Valley Cohousing is still a story worth considering. It shows what a community can look like when families are able to design it from the beginning with a strong commitment to fostering the productive uses of housing and land.

The community is comprised of thirty-two member households. It was built in 1994. It was the first cohousing community in the eastern United States. The site takes up twenty-five acres, with the homes clustered into six. The homes are arrayed around a pedestrian walkway. Eight homes are detached buildings, nine are in duplexes, and two are part of triplexes.



From the start, planners – residents and architects together – envisioned this as a community friendly to the productive uses of housing and family land. As is typical of cohousing communities, all members jointly own a common house. It includes a kitchen, dining room, small meeting room, library, children’s room, and two guest rooms. It also contains a large, unfinished basement with a laundry room, a food pantry, exercise room, root cellar, fresh milk refrigerator, sauna, and storage space.

Four of the original member households, two of whom are architects who were part of the overall community design team, created a home office building across from

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the common house. Several members make their daily, short trek to work from their homes to this office building. The office building includes a room open to all community members, where a copy machine, fax, and personal computer are available for general use.

Another structure, the “annex,” was also built by the community, in this case for crafts, woodworking, an art studio, and equipment storage. Noisier and smellier small



manufacturing can take place here, such as furniture building and refinishing. Heavy woodshop and carpentry machinery can be found here, making it unnecessary for individual households to have to purchase their own. This amenity is touted by the architects as one of the features that enables the size of homes to be smaller than that

found in typical urban or suburban developments. The common spaces make it less necessary to create individual storage and workshop spaces in the homes.<sup>12</sup>

Some families do operate businesses from their homes. The development’s website opens to a page displaying the logos of several businesses located at Pioneer Valley.<sup>13</sup>

The community also has a common garden tended by a committee of members. The garden produces mainly organic vegetables. The vegetables are available for harvesting by any member. Many community meals at the common house feature organic produce from the garden.

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<sup>12</sup> Pioneer Valley photos by Richard Kordesh.

<sup>13</sup> [www.cohousing.com](http://www.cohousing.com) Click on the professional links to see business logos.

## **Housing as a Productive Family Asset**

In addition, ten households have purchased their own chickens in order to generate fresh eggs. They built a pen and shed for the chickens near the garden. The chickens free range for part of each day.

Teams of members manage all buildings and major community activities, including finance and policymaking. Teams meet at the common house. Full membership meetings take place at the common house, as do twice-weekly common meals. The community conducts a retreat once a year, and all households attend it.

Laura Fitch, who with Mary Kraus operates an architectural firm (Kraus-Fitch Architects, Inc.) that is located in the office building, relates how consciously the design of the community structures was meant to strengthen family and community relationships.<sup>14</sup>

Our office building has proven to be one of the greatest assets to our community. It is owned by a partnership comprising six members of the community, including Mary and myself .... Its value is much greater than the shared copier that could have been located in our common house. For me, it means having a home office without being isolated in my home, too close to the refrigerator and the dishes waiting in the kitchen sink! It means that there is a significant chance of running into my neighbors and fellow office owners at the copy machine, and thereby finding time for a chat, or dealing with community business ... Since the office building happens to be within spitting distance of the school bus stop, it means that children come and go within our work environment. It means that my work is not a mystery to my children or my neighbors' children. It means that my neighbors will call me when they are tied up somewhere to ask if I can meet their children at the bus. Likewise, I can pop my head downstairs and ask my fellow office mates if they can meet the bus and let my child into my office to hang out until I return.

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<sup>14</sup> Laura Fitch, 2003, personal essay.

## **Housing as a Productive Family Asset**

Mary Kraus related in an interview how she and other adults get to know and mentor children living in other community households, in addition to their own.<sup>15</sup> She referred to several as her “kid friends.” She tutored a young neighbor in math during one school year. She occasionally takes him to breakfast, just to chat. Common meals reinforce these cross-family relationships, and reinforce the values of the community. Several children have remarked to her after they grew up and moved to college how fortunate they felt to have lived in such a close, well-managed neighborhood.

Ms. Kraus’ architectural practice works with groups planning new cohousing communities.<sup>16</sup> She and Laura Fitch have worked out a detailed planning process that includes workshops on the site programming and design, the common house, and the housing units. Kraus-Fitch Architects also offers educational seminars on Green Design. She is active with the national cohousing network, knows many of the national leaders, and is familiar with a number of other developments. Kraus-Fitch Architects was named by *Natural Home and Garden* as one of the Top 10 Green Architects for 2005.<sup>17</sup>

### **EAST LAKE COMMONS**

Winner of a World Habitat Award in 2000 and an AIA HUD Housing and Community Design Award in 2001, East Lake Commons was developed on a tract that prior to development was a high-crime brownfield site in a distressed area east of Atlanta.<sup>18</sup>

Located less than five miles from Atlanta’s downtown, East Lake Commons is a twenty-acre cohousing development containing sixty-seven The homes are confined to ten of the acres, four acres are devoted to organic gardening, and the rest is forested land.

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<sup>15</sup> Telephone interview with Mary Kraus, September 28, 2004

<sup>16</sup> For more information, go to [www.krausfitch.com](http://www.krausfitch.com).

<sup>17</sup> Go to [www.naturalhomemag.com/currentissue/default.asp](http://www.naturalhomemag.com/currentissue/default.asp)

<sup>18</sup> The design awards went to Village Habitat, LLC, the design firm for East Lake Commons, located in Atlanta, Georgia.

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Like all cohousing communities, East Lake Commons has a common house where members share some meals.<sup>19</sup>



The community contracts with a farmer who tends the four-acre farm. Following the community supported agriculture model, members buy shares in the farm and receive a regular allotment of produce from it. During 2005, an orchard will be planted on land adjacent to the farm. The community received a \$25,000 grant from Jane Fonda that enabled it to purchase a greenhouse, tractor, and other farming equipment.

The farmer works with several families who are interested in creating a nonprofit organization that will offer education programs to children from the surrounding area. Fees and grants will help supplement the farm's income. The programs will expand the good relationships already built with area churches and schools.



The common house contains dining areas, kitchens, and guest rooms, a small library, play areas, laundry facilities, and a classroom area. Twice monthly meetings are held for all residents, where decision-making about community issues operates on a consensus basis. About twenty percent of the residents

participate in a nearby Friends Community, which helps ground their commitment to the consensus way of coming to decisions.

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<sup>19</sup> Eastlake Commons photos by Richard Kordesh.

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The project is notable for many reasons, but has been recognized especially for its commitment to providing a range of housing options affordable to a diversity of family and household types. All units, plus the grounds, are designed for maximum visitability for the disabled.

The design of East Lake Commons is based on a number of key components that engage families in home-based, as well as community-based, productive activities. Several of these ideals, as described on the community's statement of goals, include:<sup>20</sup>

- Intentional Community/Cohousing: optimize shared resources and community interdependency through smaller private houses with common houses and common land, cooperative child care and after school care, village wide bulk purchase and storage, mutual assistance in small businesses, recreational amenities, and optional shared meals; optimize social interaction potential through site design; develop decision making and community management skills; create outreach to the neighboring community.
- Urban Gardens: set up CSA (Community Supported Agriculture) as an urban educational model, including organic gardens, orchards, greenhouses and beekeeping, etc., produce seasonal foodstuffs for the immediate community. Seasonal neighborhood festivities and locally grown, fresh produce reinforce community participation and neighborhood sustainability. Kitchen canning and winter storage take place in the common house kitchens.
- Community Outreach: provide classroom for children's educational programs and meeting space for nonprofit and neighborhood groups.

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<sup>20</sup> [www.eastlakecommons.org](http://www.eastlakecommons.org)

## **Housing as a Productive Family Asset**

Some members see their community as a positive force in the revitalization of the historic East Lake District of Atlanta. Rather than isolating itself, as do many private homeowner associations, through a committed groups of members, East Lake builds into its activities outreach and engagement with surrounding neighborhoods. Those who founded the community intend that its presence will help stabilize a previously distressed, urban area, enabling revitalization to spread outward from its own restored grounds.

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### ***New, Affordable Designs for Family Live/Work Housing***

Whereas cohousing developments emphasize community design as a means to fostering community and a certain measure of productive, self-sufficiency, other housing designers have been working on the interior and nearby spaces of dwellings themselves, usually in urban areas.

Asian Neighborhood Design, a community design center, along with the Gellert Family Business Center of the University of San Francisco, sponsored in April, 2004 an “Enterprise Housing Design Charrette.” The purpose of the charrette, which was held at the American Institute of Architects offices, was to investigate and produce innovative living/working environments for San Francisco families.

As the sponsors described the situation:

The ability to combine living and working space can be essential to the success of emerging family business enterprises. Savings in commuting, rent, and childcare are gained when families are able to work and live in the same location. However, in San Francisco, “live/work” developments prove to be prohibitively expensive and are typically designed for only a small percentage of the housing market: upper income singles and couples without children.<sup>21</sup>

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<sup>21</sup> Go to [www.andnet.org/architecture/charrette](http://www.andnet.org/architecture/charrette)

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As Dan Adams of Asian Neighborhood Design explained, the charrette engaged architects and developers in the design of live/work habitats in four existing residential, industrial, and commercial settings. Creating “flex spaces” that bridged living and working spaces was a key to the design problem.<sup>22</sup>

Along Folsom Street, the team placed commercial uses along the street (consistent with the surrounding pattern) and then loft-like spaces above which could be used either for offices or for residential ... Along Rausch, an alley, production spaces (light industrial uses) are placed at street level and at the level of the courtyard. The generous height of the podium would allow the added headroom and additional ventilation space that might be needed by industrial uses. Residential units are placed above. Between the residential and production spaces are “flex” spaces which can either be claimed by the unit above as a living space adjacent to the courtyard, or claimed by the production space below as an extension of the work space.

Whereas the Folsom and Rausch exercise focused on properties in the loft-industrial area, other teams looked at small-shop commercial corridors, possible home office sites near San Francisco’s Civic Center, and an existing industrial building on Mission Street.

Design problems involving residential and workspace can easily raise challenging issues regarding ownership structure, especially when the setting is a multi-unit building. The group studying the viability of multiple home-offices wrestled with these concerns. As Adams relates:<sup>23</sup>

The central struggle of the group was to examine various ownership structures which would allow a residential unit (and family) to own or lease an office space, and how such an ownership structure might imply or

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<sup>22</sup> Dan Adams, letter to Richard Kordesh, October 12, 2004

<sup>23</sup> Adams letter, 2004

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require spatial proximity ... The design idea suggested was a “sandwiching” of office uses between residential uses. Various kinds of ownership structures could be applied to this spatial arrangement and where proximity was required, such proximity could be achieved by associating a residential unit with office space either adjacent above or below.

The group did discuss financing such unconventional units. In fact, developers were asked to participate in the discussions in order to inject a sense of business reality into the conversations. New Markets Tax Credits were considered a possibility, given their dual applicability to housing and business investments.

Because of the exorbitantly high cost of housing, plus the tremendous commuting distances, planners and architects in the San Francisco/Oakland area have worked intently on live-work solutions. Thomas Dolan Architects (TDA) in Oakland, California, has become well known for designing “Zero Commute Housing™.” TDA utilizes three different proximity types as it designs this form of housing:<sup>24</sup>

1. A *live-with*™ unit design that combines the working area and the living area within the same space or “common atmosphere.”
2. A *live-near*™ unit design that separates the work and living spaces, but creates a connection between them within the unit.
3. A *live-nearby*™ unit design that builds a studio or workspace that is separated from the living space by a courtyard, stairs, or corridor. One leaves one’s living space to get to the work space in a live-nearby™, but not the property on which both sit.

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<sup>24</sup> For more information, see the TDA website, [www.live-work.com/revised/lwi/basics](http://www.live-work.com/revised/lwi/basics). Website last visited July 8, 2005. The terms “live-with,” “live-near,” “live-nearby,” and “Zero Commute Housing” are trademarks of Thomas Dolan Architecture. I would like to thank Thomas Dolan for his insightful comments on an earlier version of this paper.

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Mindful of the costliness of the urban commute that many families now face, TDA seeks design solutions that create what it calls (following Peter Calthroe in *The Next American Metropolis*), the “land use housing subsidy.” The subsidy either allows a family to lower its living expenses or increase its home-buying range by as much as \$50,000.

TDA describes who can benefit from the “land use housing subsidy:”

Even without formal housing subsidies, the land use housing subsidy already comes into play. At this point in Bay Area history, this still may not be enough for the mailman, the schoolteacher, the janitor or the laborer – and their families. These are the folks who are doubled up in substandard housing, or perhaps worse – commuting two hours each way.<sup>25</sup>

TDA has been able to work with nonprofit developers on projects involving public funds; however, he has yet to build a project specifically aimed at family enterprise housing needs (that benefits from any subsidies or formal programs other than code provisions). Subsidies are needed to create the next generation of live/work units for families with marginal incomes. The question is, are existing finance and subsidy programs adaptable enough to loan routinely for flexible live/work spaces?

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## ***Observations about Productive Uses of Family Housing and Land***

The closer one looks at cities and rural areas, the more one sees that, despite the larger, modernizing trends in the economy, families continue to use their housing as productive assets. Modern housing design, despite its emphasis on leisure and consumption, has not squelched these energies. Nor has the “rationalization” of business,

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<sup>25</sup> Thomas Dolan Architects, “Addressing Affordable Housing at TDA.” Paper last accessed at TDA website, [www.live-work.com](http://www.live-work.com), December 31, 2004.

## **Housing as a Productive Family Asset**

which has created large corporations and workplaces entirely separate from residential life.

Families continue to seek productive ways to live because they must do so in order to remain, or become, relatively self-sufficient. It is in their economic and political interest to produce some goods and services themselves.

The research on home-based businesses shows that such enterprises are, on average, neither more nor less likely to fail or succeed than other businesses. Home-based enterprises remain one of the preferred tools of immigrant families seeking a foothold in the US economy. Yet, many citizens of long-standing also create them, often to acquire leverage against the uncertainties in the mainstream labor markets.

It is also the case that despite the real and severe decline of family farming, the quest of families to produce some of their own agricultural crops has never disappeared. Food is too fundamentally important a matter to leave up to corporate farms and food companies entirely. They do not serve many poor neighborhoods at all. Many middle-income families want better quality and control of their diets. Many home and community gardeners are discovering that some crops can be grown for market, as well as produced for the family table.

The quest to form home-based enterprises and the yearning to grow food are part of the family's fundamental interest in remaining a producing, as well as consuming, institution. Housing, as we have seen, constitutes one of the family's essential assets in its striving to be productive economically, socially, educationally, and in the realm of health.

The cases reviewed above reveal, among other things, how important a determinant is community design in the support of productive family activities. When housing options are limited, such as in Pilsen, we see people bravely and creatively

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making do with the spaces in which they are situated. When land is available, but not assembled efficiently, as in North Lawndale, we see people again courageously finding ways to turn empty lots into working gardens, and in addition building community networks to help manage them.

Housing policies, finance programs, and education programs can help ease the task for working families to use their homes as productive assets. Such programs must be considered in the context of the community development strategies needed to organize space and resources in ways that support the family's basic quest to be productive.

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## ***Building Strategic Community Assets***

A successful community development strategy for fostering productive uses of family housing would establish these components in a locality:

- ✓ **An inventory of appropriately designed housing and good quality land.** The typology of live-work housing followed by TDA above provides a useful framework for considering what constitutes, from the standpoint of productive housing, “appropriate design.” Space is either fitted for living and working within the same building, it provides for adjacent live and work spaces that are easily entered from one to the other, or it is designed to place live and work units in adjoining buildings linked by easily traversed courtyards or pathways. Beyond that, TDA has developed typologies for live/work communities, such as the Live/Work Courtyard Community.<sup>26</sup> In one way or another, one sees these typologies in play in the Pilsen card reader's domicile, as well as in many home offices (live-with™), the Pilsen grocery and beauty studio (live-near™), and the office building in Pioneer Valley (live-nearby™).

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<sup>26</sup> See description of same in Bringing Life and Work Back Together at [http://www.live-work.com/revised/about\\_tدابrochures/](http://www.live-work.com/revised/about_tدابrochures/)

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- ✓ **A diverse array of flexible micro-credit programs.** “Flexibility” is the key variable in determining how useful a particular micro-credit program will prove to be for productive enterprises operated in homes. ACCION, an internationally renowned micro-credit institution, has an office in Pilsen. Its marketing director estimates that over half of the loans made by ACCION in Chicago are issued to home-based enterprises. Whereas housing programs do not usually take home-based businesses into account when setting their lending and grant-making priorities, micro-credit programs usually do take the housing dimension into account: Loans can be made to support housing renovations that are necessary to support a new, home-based enterprise. What usually matters is the quality of the business plan, rather than the setting for the business. If the success of the business plan is not jeopardized by the fact that the enterprise will be based in a home, then most reputable micro lenders will not care whether it is there or outside the home. However, extensive home renovations might be too expensive for this category of lender to consider.
  
- ✓ **Training programs in home-based business creation and management.** There are unique aspects of operating an enterprise from a home. There are also good training approaches widely available. The SIDEZ training program for entrepreneurs demonstrates how successfully rural families can be helped to find new, economically viable uses for their homes and land. Making loans directly available after a good business plan has been completed helps maintain continuity from the training to the implementation. SIDEZ holds follow up events with graduates to publicize the successes, and is now considering a second wave of training on how to make new businesses sustainable over the long run.
  
- ✓ **Training programs in family asset creation and management that include good quality content on operating home-based enterprises.** If the home is a productive asset, then the program content of financial literacy and family asset management programs need to be expanded to take this into account. A home

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- designed for business and food production, as well as normal residential living, provides opportunities to improve family incomes and cut the costs of living.
- ✓ **Training programs in urban gardening, including market gardening.** A community that is well equipped to foster home and community gardens, including market gardens, must make training for such endeavors easily available. Cooperative extension programs probably provide the most comprehensive and accessible training resources addressing these topics. Cooperative extension operates in rural and urban settings. Park districts and conservatories also have expert gardeners who can be drawn on for advice. What would help, in addition to these resources, would be community development institutions that provided assistance, even incubators and purchasing cooperatives, for neighborhood gardens.
  - ✓ **Strategically sited community gardens, as well as commons houses to support food production and distribution.** As East Lake Commons demonstrates, it can be more efficient to operate one, central community garden and greenhouse, even when individual families also tend their own home gardens. The North Lawndale apiary will eventually evolve into a network of small apiaries, small community gardens, home-based hives, with a large apiary and garden center as the anchor site. Developers and city planners can build this kind of land use into the design of new housing developments.
  - ✓ **City and nonprofit organizations capable of acquiring land for community gardens.** As Neighborspace in Chicago demonstrates, it is in the interests of residents, as well as local municipal governments, to set aside properties permanently as quasi-public spaces for horticultural and agricultural purposes. The City can provide permits, water hookups, policing, and other supports. A nonprofit like Neighborspace can muster the real estate expertise needed for property acquisition. Residents can use their homes as value-added assets to tend

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the gardens, harvest crops, and organize markets.

- ✓ **Flexible housing subsidies that support housing designed to accommodate work and family functions.** Conventional housing development programs generally loan to projects offering safe, conventional housing models. Where new housing policy task forces at the state and federal level are calling for more affordable housing near work sites, they are not calling for more live-work housing. That is primarily because when they do pursue housing near potential work sites, states do so first to influence the location decisions of large employers. State fold in the housing subsidies as part of the business incentive package. In short, housing incentives are meant, first, to address the employer's interests. By its own logic, that precludes live-work spaces because they do not usually respond directly to the economic interests of major employers.
  
- ✓ **Flexible small business development policies that extended grants and loans to home-based businesses, as well as to nonprofit lenders such as ACCION.** The Small Business Administration has taken an interest in home-based businesses, but usually those that are well beyond the start-up phase (the SBA does manage a modest micro-loan program). The same can be said of state administered small business development centers (which are actually SBA programs operated by state agencies).
  
- ✓ **Business and housing loan products that could be packaged and marketed jointly to home-based businesses.** This would not be very different from the packaging of housing and business development subsidies that are increasingly offered to prospective businesses that states and cities seek to entice to their localities. A home-enterprise lending team could be established in a locality comprised of mortgage lenders, community development finance institutions, and government housing finance agencies to create such products and test market them. This would bring a new category of lending product into the market to

## **Housing as a Productive Family Asset**

catch up with the pervasive reality of home-based enterprises. Developers with a track record in live-work housing construction could be consulted to help make such products financially feasible.

✓ **Housing counseling programs that could help families plan to use their homes and lands for productive business and agricultural purposes.**

Neighborhood Housing Services, community development corporations, for-profit residential lenders, and real estate agencies could build into the content that they cover with families the strategies and potential benefits of home-based enterprises and food production. These are the groups who already converse with marginal income, working families about financing and managing their housing. As we see from the cases and research described above, many of those families will already be planning to run businesses from their homes. Given that doing so can help families lower their transportation and food costs, it would be in the interests of lenders who want their clients to be able to make their mortgage payments to succeed with their home-based enterprises. Using homes and land for productive purposes can lower the risk of lending to working families.

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## ***Housing Policy, Community Development, and Productive Families***

Housing policies tend to focus predominately on families as consumers and clients, despite the fact that many families seek to use their housing and lands as productive assets. At this point, the policy resources that families who do set up home businesses, productive gardens, and enterprises attached to their homes use come from economic development and agricultural programs, but not from housing programs.

Oddly, it is not very common to see small enterprise development funds combined with housing tax credits, grants, or loans when new, subsidized housing “deals” are put together. In contrast, it is somewhat more common to see human services

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and health funds blended to cover the “soft costs” of supportive housing developments. Why not blend CDBG funds, SBA moneys, or USDA small enterprise loans with HOME funds, low-income housing tax credits, or low interest housing construction loans when it is clear that many families would seek to use their homes and lands productively? Why not build small business development programs into new housing developments the way supportive services are sometimes included?

Few new housing developments meant to provide affordable habitats are designed to reflect the fact that many families who will live in them see business, work, and food production as intrinsically important to the functioning of their lives at home. Nor does one see very often the recognition that a supportive community in a multi-family development is important to the success of home-based enterprises. Rarely does one see a new housing development where significant garden spaces are built into the land use design, as was the case with East Lake Commons. Live-work spaces such as those emerging in Oakland are seldom seen in new, contemporary housing projects. Nor is it common to see office buildings or working buildings integrated into new neighborhood housing developments as was accomplished in Pioneer Valley.

Yet, as the examples of the family enterprises in Pilsen and the community gardens in North Lawndale demonstrate, it is not just “co-housers” who seek to use their homes and lands for business and agricultural activity. As the creative family enterprise owners in rural Southernmost Illinois demonstrate, using one’s home and land as productive assets in order to bolster one’s income and lower one’s costs of living are aspirations of people outside cities as well.

Policy level actions must take place by broadening the application of existing housing programs, by blending housing with business development programs as new developments are planned, and by capitalizing on the efforts underway in many states to reform housing policies and encourage cross-agency partnerships around community development initiatives.

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- ✓ **A new category of housing – “productive” or perhaps “enterprise” -- housing must be introduced into the lexicon of housing policies and recognized by substantive changes in the allocation of policy resources.** Broadening the application of existing housing programs can then take place, bringing them up to date with the real economic uses to which many families put their habitats. Recognition can entail inclusion of this category of housing in the scoring criteria used by housing finance programs (for the federal, low-income housing tax credit, for example) to make funding awards. It could entail a new bond-financed funding pool that a state housing finance agency could create in partnership with its counterpart bond financing authorities in the state or city governments. It could entail writing into the federal HOME program’s regulations language that makes capacity building, planning, housing counseling, and construction funds available for productive housing ownership. It could involve writing productive housing into the federal Community Development Block Grant program as an activity eligible for funding. Encouraging use of this eligibility could be furthered by HUD-sponsored workshops in localities about how to use CDBG funds for this new purpose.
- ✓ **Cohousing community design must be embraced as a more broadly applicable approach to affordable community building in urban and rural areas.** Enough successful cohousing communities now exist that it is clear that such a model for housing development can work and make family living more affordable. The common house is not as unusual an idea as developers and builders might think: many developments already have community centers. What is different from conventional developments is the commonly owned spaces, including workshops, exercise rooms, and kitchens. However, as the long waiting lists at Pioneer Valley and East Lake Commons show, many families would choose to give up some square footage in their own homes were they able to recoup it in a shared way through common houses, annexes, and office buildings

## **Housing as a Productive Family Asset**

(as demonstrated at Pioneer Valley). There is nothing to preclude the use of housing subsidies to make some cohousing units affordable to low-income families. East Lake Commons intentionally designed several units to be affordable to lower income families, although they have yet to arrange for subsidized units. At Pioneer Valley, ten of the thirty-two units were set aside to be affordable for families earning up to eighty percent of the median area income.

- ✓ **States, cities, and community development collaboratives must strive to blend intentionally housing and small business development resources, especially at the front end of neighborhood revitalization and community building projects.** Micro-credit programs provide most of the loans for new home-based enterprises, but they do not generally categorize their loans in such terms. Such lenders must be brought to the table at the beginning stages of housing development when financing pools for construction, landscaping, community centers, and services are being assembled. The blending of small business development loans from Small Business Development Centers, Community Development Finance Institutions, the USDA, and state economic development agencies with housing funds could help make home-based enterprises (including small, agricultural enterprises) easier to encourage on the front end of housing planning.

Let us remember that due to the influences of new urbanism on neighborhood design, it is not unusual to see that mixed-use, commercial and residential developments have been launched with a combination of housing predevelopment grants and economic development funds. It is, however, more unusual to see plans that have on the front end provided for businesses that can be located in residential units, attached to them, or linked intentionally through courtyards or walkways. “Mixed-use” today usually assumes that the individuals who will own the new shops in a newly developed area will be different from the families who will occupy the new residential units. With a refocusing of design, planning funds, housing counseling, and business development counseling, policies that

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already support mixed-used developments could further refine those efforts to underwrite home enterprises or enterprises located in spaces below or in front of the business owners domiciles.

- ✓ **State housing policy commissions and task forces must establish cross-agency partnerships that can support the construction, preservation, and maintenance of affordable, productive housing.** As has been pointed out, the small business development field is currently more involved with home enterprises than the housing field. Therefore, the onus should be placed more on the housing field to come up-to-speed with the surge of home-based enterprise. Thus, it is particularly important that the many multi-agency housing commissions and task forces now operating in the states recognize that many families see and use their homes, apartments, garages, sheds, and lands as productive economic assets. These commissions already focus on such categories of affordable housing as housing for the disabled, the elderly, and others in need of supportive services. Many also focus on encouraging employer assisted housing.

Yet, many housing advocates who pressed for the formation of these groups find it frustrating that it is still difficult to make the case with many legislators, at times governors, and too many business leaders that housing is more than a social service: it is an economic development asset. It is so not only because, as many argue correctly, improving the quality and availability of housing can stimulate economic development in a surrounding neighborhood or depressed rural area. It is also true because, as the data and cases depicted above show, considerable business development takes place within housing. State housing task forces, beginning with the enabling statutes and executive orders that create them, should make the support of live-work or productive housing one of their priorities.

Reorienting housing policies, blending housing and economic development

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funds, and putting productive housing on the “radar” of housing policy task forces would help create a more hospitable policy environment for productive families. The policy changes outlined briefly above would make it easier for the community institutions whose leadership would be most vital in making the creation and support of housing as a productive family asset a normal part of the community development process.

As was argued above, three community entities constitute the triangle of anchor institutions needed to expand the productive uses of family housing and land. They are community development corporations, comprehensive programs for family asset management and financial counseling (such as the new Centers for Working Families promoted by the Casey Foundation), and community development finance institutions. Let us consider each of these three types of organizations, the roles they could play, and the capacity building that in many cases would be necessary with organizations now working in neighborhoods and rural areas.

- ✓ **Community development corporations (CDC) that create productive family housing units, host incubators to foster home-based enterprises, and take the lead at the community level in organizing the needed resources.** Many of the best comprehensive CDCs already combine work on housing development and small business development. In urban areas, comprehensive CDCs are probably the best equipped institutions to oversee the multiple component development strategies needed to organize the various programs and resources outlined above. In North Lawndale’s case, the North Lawndale Employment Network will be taking on more of a community development role as it builds the network of home-based agricultural enterprises and strengthens the community gardens. Some CDCs already sponsor cooperative office spaces and purchasing cooperatives for small businesses. For rural areas, SIDEZ represents a good model of a multi-county collaborative that functions in many respects like a CDC. The point is not so much for CDCs to operate their own new programs for home enterprises, but to see that the communities that they serve have assembled the various programs,

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policy resources, and data needed to foster and sustain them.

- ✓ **One-stop centers, such as the Casey Foundation’s Centers for Working Families, that host programs for home-based enterprises in their target neighborhoods.** These centers would complement the organizing and institution building efforts of the CDCs. Whereas the CDC above would carry out the work of organizing the programs into a viable community system, the Centers for Working Families could create single entry points for families into services that could provide them assistance. That assistance would include access to government benefits, tax preparation, including help in utilizing the Earned Income Tax Credit, employment services, financial services, and training in the productive uses of one’s home. The community development and support service for individual families should be closely linked. Indeed, such centers might be based in organizations already engaged in some of the community development work. NLEN has opened a new Center for Working Families, and will be able to incorporate information about using homes productively into its financial counseling. Given the fact that it already provides a considerable amount of good quality credit counseling, as well as assistance with small business startups, SIDEZ has the capacity for opening a rural Center for Working Families and providing close links to the community development efforts in which it is already engaged.
  
- ✓ **Community development finance institutions (CDFIs) are needed to provide the flexible financing for home-based or home-linked enterprises, including enterprises involving agriculture.** ACCION was mentioned above as one of the most prominent CDFIs supporting home-based enterprises. Neighborhood Housing Services (NHS) functions as CDFIs who provide funding for affordable home mortgages. Both of the above also provide counseling in their respective domains; ACCION in enterprise development and NHS in housing finance and management. Together, they would cover both sides of the challenge with home-

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based and home-linked enterprises. In a community where both NHS and ACCION were active, they could develop an integrated counseling and education curriculum with the Center for Working Families, ensuring that families who were interested in the productive use of housing could avail themselves of financial literacy training, financial management and credit assistance, micro-enterprise planning, and housing finance. The CDC partner might be building a new affordable housing development where the families could acquire their homes and start their businesses. North Lawndale, in fact, now has all of these institutional components in place. As a comprehensive rural development entity, SIDEZ would be quite capable of assembling the same programs into an integrated strategy for fostering home-based and home-linked enterprises.

A community so organized would be capable of bringing complex, multiple program plans into the multi-agency bodies that more states are forming to bolster place-based community development. In a scenario where a CDC, a CDFI, and a CWF are working together, one could easily imagine presenting a community development plan that included all of the components necessary to bolster housing as a productive economic asset. Through their housing task forces and place-based community development initiatives, states are becoming more adept at conducting joint reviews of such plans, rather than forcing communities to parcel out their diverse initiatives into a myriad of disconnected review cycles attached to separate funding streams.

By its nature, productive housing calls for such cross-agency support. Supportive public policies would be needed to sustain the CDCs and the one-stop (or virtual, single portal) centers. They would also be needed to ensure that the components needed for viable community strategies were in place.

The CDC, the Center for Working Families, and the flexible, well-funded CDFI represent the triangle of anchor institutions that need to be present in order to bring the many promising home-based enterprises and gardens up to a sufficient scale to impact a

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community as a whole. Policies can help sustain them and ensure that they work together effectively. The enterprising families are already present, working with the resources that they have at hand.