

EQUITY TRUST NEWS

December 2022

A Letter to Our Community

This year, we've done something different with this annual newsletter. Most Decembers, we share program highlights from the previous twelve months, reporting on specific community-building projects we have supported with loans and other types of assistance. This year, as Equity Trust enters its fourth decade, we are taking a somewhat deeper look at our past and considering how it informs a renewed vision for our future. This process is ongoing, and we welcome feedback on it from you, our community.

Equity Trust was first envisioned as way to call attention to the “social mortgage” on all property—the many ways that public funds, the wider community, and collective actions add value to privately owned property—and as a tool to promote and facilitate the repayment of this social mortgage to society, particularly to those in society with the fewest resources. Equity Trust’s founding president, Chuck Matthei, argued that when we fail to measure the social contribution to property value, then we also fail to utilize the social increment in value—the ‘commonwealth’—for the common good.

Equity Trust has always valued flexibility, risk-taking, and nimbleness in pursuit of meaningful social change. Over thirty years Equity Trust has carried out its mission through support for all of the following:

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The recently launched Southeastern Connecticut Community Land Trust, whose first property acquisition (pictured here) Equity Trust financed, is one of a number of new community land trust efforts that reflect fresh excitement for the model and its potential for protecting affordable, community-controlled housing, farms and community gardens, and commercial spaces for co-ops and other community-based businesses. Having in the last decade mostly limited our engagement with community land trusts to our role as a supportive lender, we are excited to be collaborating with a number of these new initiatives, with technical assistance and participation in mutual learning circles.

Help us renew our mission

Donations from individuals are, in many ways, Equity Trust's most important source of funding. Although foundation grants and earned income often exceed donations in value, the unrestricted nature of private gifts provides value beyond their dollar amount. The participation of many individuals provides security against sudden year-to-year changes, and a base income we can rely on and build from. We are fortunate to have such a strong community that believes in the Equity Trust mission.

The year's end is when we typically look for this support. We rely on relationships and on our work to tell our story, without multiple mailings or email appeals. But your support is crucial to meeting our annual budget and ensuring we can offer the services and carry out the work we envision.

This year, as we look back over three decades, and plan ahead with the goal to do more, and better, in the future, we also want to ask you consider support beyond annual giving. Are you able to help us to build the resources to carry Equity Trust forward for another decade?

If you are already a donor, would you consider including Equity Trust as a beneficiary in your will? If you are a lender to the Equity Trust Fund, are you able to convert a portion of that loan to a gift, now or in the future? The change Equity Trust aspires to make requires long-term commitment. We've maintained that commitment for a generation, and we look now to ensure Equity Trust will continue to serve another generation.

We are inspired by your support for Equity Trust's mission and deeply grateful for the generous contributions that sustain us, and for all the other ways so many of you contribute—in your own parallel work, in your messages of support, and in the advice and guidance you give. Thank you.

permanently affordable housing; preservation of community farms, with secure tenure for farmers; community ownership of production facilities such as sawmills; stewardship and disposition of lands held by religious orders; secure land for homesteading, ecovillages, and urban agriculture; and hospitality houses, homeless shelters, and halfway houses. Equity Trust has also contributed to responses to African American land loss and to socially mindful institutional investment practices of religious groups, colleges, and universities. It has emphasized the creation of opportunities for economically disadvantaged groups to break cycles of poverty and displacement through property ownership, and for people with wealth to contribute meaningfully toward economic justice.

Equity Trust is committed to remaining responsive to changing needs, shifting focus over time to support new ideas and opportunities. For example, support for community land trusts (CLTs) was initially a core Equity Trust program. After we joined with partners to help launch the National Community Land Trust Network (now Grounded Solutions), peer-to-peer support for CLTs soon became much more widely available. This enabled us to scale back our work in that area and devote time to other initiatives.

In the early 2000s, Equity Trust was one of just a handful

of organizations pioneering approaches to keeping farms affordable and accessible to farmers. The success of those early projects, combined with a growing interest in local foods and the rapid loss of working farms in many regions, led more community groups, land trusts, and farmers to seek to protect working farms. Equity Trust's role evolved from carrying out independent projects to providing resources, such as model documents, technical assistance, and project facilitation to support that growing effort.

We are once again taking stock of our work and considering how to most effectively advance our mission. Over the past year, Equity Trust's board and staff have engaged in an intensive internal process aimed at articulating our land reform message more clearly, eliminating barriers that limit access to our programs and services, and explicitly addressing the central role of racism in the unequal access to land in this country.

Addressing the racial component of unequal access to property

The first purpose listed in Equity Trust's articles of organization is to "educate the public regarding the causes of poverty and, in particular, the effect of patterns of ownership on the distribution of wealth." As one of our

board members observed recently, these causes and effects have everything to do with how land and wealth have been annexed, accumulated, and hoarded generationally and racially particularly over the last 400 years.

The analysis that Equity Trust has historically provided about economic inequality generally—that it derives from unequal access to resources, among which land is central—is particularly true and egregious with regards to racial disparities in wealth. Control of property ownership is at the heart of white supremacy, both as a key sphere where exclusion and discrimination have operated, and as a central mechanism for maintaining and expanding the gaps in wealth and opportunity created through racial oppression. While that oppression has taken many different forms, some of the most damaging and



Among the most rewarding and challenging work Equity Trust has taken on over the years has been technical assistance and financing for grassroots organizations building homes and creating jobs in communities heavily impacted by extractive economies or working to recover historic lands. Examples include the Newtown Florist Club (GA, pictured above), White Earth Land Recovery Project (MN), Woodland Community Land Trust (TN), Sapelo Island Cultural and Revitalization Society (GA), and H.O.M.E., Inc. (ME). These relationships require a strong commitment to staying engaged and being flexible over the long term, which can be a challenge for us and for our local partners. We are committed to increasing our capacity to do more of this kind of work and be more effective allies to such organizations.

long-lasting economic harms have been imposed through property, including direct land theft; race-based deed restrictions, redlining, and other forms of exclusion; and discrimination in everything from access to mortgage financing to government investment in communities.

Equity Trust has not spoken this truth as clearly, explicitly, or loudly as it deserves. We are committed to changing that, and to changing our programs and organizational structure to make similar failures less likely to occur in the future.

Advancing our mission more effectively

A core part of Equity Trust's mission, stated in our articles of organization, is to "promote and provide access to land, housing, capital, and employment opportunities for low-income people and others who are disadvantaged in their efforts to meet their basic human needs." Yet as we carry out our work over time, Equity Trust staff and board members have become aware of structural obstacles that limit our ability to advance this aspect of our mission and create barriers for low-income and marginalized communities seeking our assistance.

Some of this has grown out of fiscal caution. Like most small nonprofits, Equity Trust has to balance ambitious mission goals with the reality of available funding. This intensified in our second decade when, for a number of years, Equity Trust's long-term viability was uncertain. In the process of seeking to build a sustainable business model, the organization embraced a number of practices that, although based on reasonable fiscal prudence, we have come to realize also impinge on our ability to advance our mission robustly.



Walt's Dairy, a 350-acre farm in Columbia County, NY was one of fourteen total farms in New York's Hudson Valley that between 2015 and 2020 Equity Trust helped to protect with permanent restrictions that will keep them affordable for farmers and in active agricultural use. The success of that program went beyond those individual farms, winning uptake of our strategies by half a dozen conservation land trusts and the State of New York. This outcome was possible in large part because of the strong preexisting farm conservation programs of the state and those many conservation land trusts, and thanks to generous multi-year funding from NoVo Foundation. We are now interested in building strategies—and funding—to bring similarly effective farm protection work to regions without such rich existing conservation resources.

For example, the Equity Trust Fund is designed to earn income by maintaining a sufficient "spread" between our cost of funds (what we pay lenders) and what the fund earns from borrowers. Although this reduces reliance on grant funding, and is standard for many nonprofit lenders, and although we have historically kept rates lower than many peer organizations, such an approach is still essentially extractive and arguably inappropriate for financing low income communities where the projects being financed will serve the local community and may

Should we advocate for public policies of redistribution?

Historically, Equity Trust has focused on promoting voluntary transfer of wealth, through the use of moral arguments inspired by the Bhoodan/Gramdan ("land gift/village gift") movement in India in the 1950s. The call for those with access to wealth to voluntarily give some of it away to those with less is a powerful one, and Equity Trust has had the opportunity to be the intermediary for many such transfers. However, with the inequality continuing to grow in our country and the world, we are asking to what extent this approach needs

to be complemented or even replaced with advocacy for public policies of redistribution. As many advocates for reparations argue, solely voluntary transfer of wealth by privileged members of society is not a sufficient response to historic policies of oppression and exclusion. This is relevant to all aspects of equitable land reform and economic justice, not just the urgent issue of reparations, so important for Equity Trust to consider. As we explore this question, we would appreciate opinions from our readers.

not generate significant income. Even relatively low interest rates can create an excessive economic burden for some borrowers and prevent others from seeking financing at all.

The loan fund's requirement that (most) borrowers provide collateral similarly exists for good fiscal reasons—to protect the assets of Equity Trust and our lenders—but it also creates barriers to access, with the poorest organizations and communities, including those historically excluded from property ownership, less able to obtain loans.

Fees for technical assistance services were another way to diversify income and build greater financial viability for Equity Trust, but they also limit access. We have endeavored to offset this by offering significant amounts of both pro-bono and reduced-fee services, but simply noting a price on our website may deter groups seeking help.

Beyond our business model, other choices over the years may have inadvertently led us away from key mission

goals. A desire to see more organizations join the effort to protect working farms, and keep them affordable for farmers, led to a focus on finding partners with capacity for this work, particularly conservation land trusts already protecting farmland. We are proud of the impact Equity Trust has had—the many affordable working farms protected, the many land trusts that are adopting and using our tools—but we also recognize that this directed much of our recent work to more affluent regions of the country where such organizations operate. This tendency has been exacerbated by limited resources. It is easier to provide technical assistance for successful farm protection projects in wealthier communities, where local fundraising capacity can push projects forward. We have frequently made meaningful change in such places. But in communities that need funding along with technical support, due to lack of wealthy donors, established nonprofit partners, or well-funded state conservation programs, we have sometimes struggled to find the resources to help projects advance.



Where do we go from here?

In recent years, we have taken steps to address all of these issues—modifying our lending terms for some borrowers, waiving fees, developing new organizational capacities—but we believe we need to go beyond ad hoc, piecemeal solutions to look more deeply at our entire program, business model, organizational structure, and organizational capacity to remove the barriers we have identified and align our work more closely with our mission. We don't know yet exactly what the coming changes will look like or where they will lead, but it feels important to share this report now. We look forward to announcing new program initiatives and openings for new staff and board members in the coming year. We want our allies and supporters, partner organizations, funders, lenders, and borrowers to understand these efforts and continue to provide the many forms of support that make our mission work possible. In the meantime, we welcome your thoughts and responses to this report.

African Americans have been involved in forestry for a long time, but as owners of forested land they were often victims of predatory undervaluing of timber sales by wood buyers due to a lack of forestry education and racism. Countering those historical patterns of exploitation, the Black Family Land Trust and other groups working on African American land retention efforts have been encouraging forestry as a strategy for making productive use of land. Equity Trust has made several loans to BFLT clients like the ones above as they invest in their land and their children's future. (photo credit: Anastasia Horton)