CHICAGO REHAB NETWORK

NEWSLETTER

APRIL,1981 ISSUE 12

WILL IT FINANCE THE LOW-INCOME HOUSING GAP?

BRINGING IHDA HOME

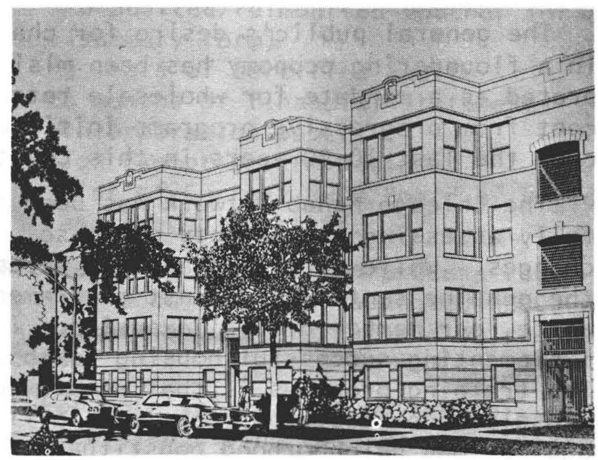
One of the major needs of Chicago Rehab Network (CRN) member groups today is an adequate supply of low-cost financing for the development of low-income housing. Without such a source of financing, the development of housing for and by low-income families and individuals in the neighborhood of their choice becomes impossible. One source of low-cost financing, as well as federal Section 8 rent subsidies, is the Illinois Housing Development Authority (IHDA).

CRN groups have attempted to use--but without success--financing made available to nonprofit and limited-profit entities by this agency. The Illinois Housing Development Authority is a quasi-public agency. The unresponsiveness of IHDA to accept proposals by CRN members, as well as the protests by community organizations concerned with the displacement engendered by IHDA financed rehab and new construction, have prompted this author to take a deeper look at this agency. What is the source of IHDA's serious lack of accountability to the low-and moderate-income residents of Illinois?

IHDA LEGISLATIVE HISTORY

To investigate the problem of IHDA's unresponsiveness to the housing needs of low-income families in Chicago, we must begin with an examination of IHDA's legislative mandate and the structure of its board, as compared to that of other state housing agencies. An important stimulus for the adoption in 1967 of the Illinois Housing Development Act which created IHDA was a report published in 1967 by the state Legislative Commission on Low-Income Housing (known as the Mann Commission).

The Commission reported the existence of "...a great scarcity of decent housing for the poor in the state..." It recommended



Pictured above is an artist's rendering of an IDHA financed project in South Shore.

that "...an expanded State Housing Board be given the power to make federally insured mortgage loans to finance the building and rehabilitation of housing on a cooperative or condominium basis or at low and moderate rentals for families of low and moderate income." The funds for the program would be raised through the sale of tax exempt bonds and notes. The bond proceeds would then be lent to nonprofit and limited-dividend entities at the cost of borrowing (plus insurance, servicing and initial financing fees). Non-interest bearing advances were to be made available to these entities at initial development costs. The Commission reported that "the lack of such 'seed money' advances at present is often the principal deterrent to the entry of otherwise eligible mortgages into the low and moderate incoming housing field."

The program recommendations of the Mann

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FROM THE NETWORK PRESIDENT

The true effects of Reaganomics on neighborhood development by community residents are becoming clearer as Spring comes into Chicago.

The loss of low income housing grants, CETA training programs, and financing guarantees to the growing neighborhood housing movement is seemingly contradictory to the new administration's rhetoric supporting local self-help initiatives.

The general public's desire for changes in a floundering economy has been misinterpreted as a mandate for wholesale retrenchment from progressive programs initiated over the last 10-20 years in this country.

The Chicago Rehab Network has been carefully assessing the impacts of these changes. While we understand and accept the genuine sentiment against governmental waste, our member groups' experience in implementing successful housing rehab and job training programs is that we are held closely accountable by both local officials and our own neighborhood constituents. We sadly believe that the administration's approach, if implemented, would throw the baby out with the wash water of waste.

The history of federal housing programs from the Depression years to the present has inherently recognized the need for public subsidy of homeownership. And while FHA loan guarantees have indeed afforded many more Americans with the chance to own their own homes, a continuing and widening gap still exists with respect to low income homeowners and tenants.

Bridging the low-income housing gap will become more and more difficult if Reaganomics is not effectively challenged for what it really is: we are not really facing budget cuts" as much as we are "budget reallocations" to the military.

A case in point would be the 312 loan allocation for multi-family homesteading which this past year helped Network groups begin on 42 units of cooperative housing. Threatened with extinction under Reaganomics, this program's entire national allocation in FY'81 is the equivalent of one new modern Chrysler tank ($2.6 million each!). Delivery of these tanks, originally priced at only $905,000 each (accounting for inflation), is behind schedule and not even up to original design specifications.

Who is really responsible for government waste?

Readers of this Newsletter will be receiving shortly the Network's latest "Development Without Displacement" policy statement reflecting our new concerns in closing the low-income housing gap. In addition, we have been working with other groups, particularly the Illinois Coalition Against Reagan Economics (I-CARE), in an effort to educate the public and elected officals as to the real effects of Reaganomics. We urge you to join us in these activities.

Wyman Winston

THE CHICAGO REHAB NETWORK NEWSLETTER IS PUBLISHED MONTHLY AND IS AVAILABLE TO INDIVIDUALS AND ORGANIZATIONS CONCERNED WITH THE CONTINUING SUPPLY OF DECENT HOUSING OPPORTUNITIES FOR LOW AND MODERATE INCOME RESIDENTS OF CHICAGO. SUGGESTED ANNUAL DONATION IS $10. INQUIRIES SHOULD BE ADDRESSED TO THE CHICAGO REHAB NETWORK, 53 WEST JACKSON BLVD., SUITE 603, CHICAGO, ILLINOIS 60604 (312) 663-3936.

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ASSOCIATE MEMBERS: Center for Neighborhood Technology · Jewish Council on Urban Affairs · Metropolitan Housing Development Corp.

NETWORK TO BEGIN CASH FLOW LOANS

LOANS AVAILABLE

The Chicago Rehab Network (CRN) is pleased to announce that it is now accepting applications for participation in its Revolving Loan Program (RLP). The RLP is a joint endeavor of the CRN, South Shore Bank, and the Local Initiatives Support Corporation (LISC). It is hoped that specific loan requests can be acted upon by May 15, 1981.

Qualifying organizations for the RLP are those Chicago-based 501(c)3 not-for-profit neighborhood housing development organizations (NHDO) that presently have contracts with the City of Chicago's Department of Housing. The intent of the RLP is to make 1-3 month loans of up to $10,000 on vouchers submitted to the City of Chicago for reimbursement. Loans will be for 80% of the requested voucher amount up to the above level.

CRN requires a $50.00 application fee to be submitted with organizational and financial information (enumerated below) in order for NHDOs to be evaluated for program participation. If approved, NHDOs can request specific loans for the duration of their Department of Housing contract, if loan repayments are satisfactory. On a $10,000 loan for three months, participants will pay from $275 (11%) to $350 (14%), depending upon overall use of RLP and current interest rates. NHDOs will request that the Department of Housing transmit voucher reimbursement checks and documentation to an RLP account that participating NHDOs have individually established at South Shore Bank. After interest has been deducted, the bank will forward the balance of the voucher reimbursement to the NHDO or to its regular bank depository.

Interested NHDOs should request participation in RLP by writing to the Chicago Rehab Network. NHDO's should also compile the following material for submission:

- Current DOH contracts
- 10 audited/reimbursed voucher forms (summary form)
- 3 years of Certified audits
- 6 months of financial statements
- Incorporation papers
- Tax Exempt Determination
- List of Current NHDO Board of Directors and Executive staff.

Although the application process requires extensive documentation, approved NHDOs will experience a quick turnaround on requested loans.

For more information on the Chicago Rehab Network's Revolving Loan Program, please call Olga Gomez or Bob Giloth at 663-3936.

NEW FOUNDATION BEGINS FUNDING

A new foundation has begun accepting applications for funding for non-profit groups in the Chicago area.

The goal of the Crossroads Fund is to provide financial support to organizations designed to bring about social and political change. Examples include minority and women's rights, tenant unions, neighborhood development, consumer action, and employment/occupational safety.

The Crossroads Fund anticipates grant awards ranging from $1,000 to $5,000. For more information, contact:

The Crossroads Fund
343 South Dearborn, Suite 1813
Chicago, Illinois 60604
(312) 987-0941

CITY-WIDE TENANT CONFERENCE

WHEN: SATURDAY, MAY 2, 1981
9:00 TO 4:30

WHERE: IIT/CHICAGO-KENT COLLEGE
77 S. WACKER DR. (AT MONROE)

WITH: REP. CAROL MOSLEY BRAUN

INFO: THE HOUSING AGENDA
109 N. DEARBORN, SUITE 1300
CHICAGO, ILLINOIS 60602
(312) 346-7871/641-5570

HOUSING GROUPS ASSESS REAGANOMICS

NEIGHBORHOOD HOUSING GROUPS ASSESS THE PRESIDENT'S BUDGET

By Prentice Bowsher

Neighborhood housing groups face sharp losses from President Reagan's budget cutbacks just at a time when soaring homeownership costs and a shrinking rental market stress the groups' importance and strain their budgets.

Seven programs commonly used by the groups, including CETA, Section 312 rehabilitation loans, community block grants, and Section 8 rental assistance, are scheduled by the President for cuts ranging up to 91 percent in the year ending September 30, 1981, and averaging 42 percent in the following year. Three of the programs are to be eliminated altogether.

The cuts affect construction, acquisition, financing, and staffing--virtually every activity engaged in by the groups. The cuts have halted weatherization and repair programs, jeopardized funding for buildings already under construction, blocked rehabilitation work on previously acquired buildings, and forced out of work scores of low-income construction trainees.

Neighborhood housing groups have grown over the past decade, predominately in low-income neighborhoods, where residents have fought against housing abandonment and reinvestment, and sought to gain control of their housing.

Nobody seems to know exactly how many community-based housing groups are at work in poor neighborhoods. The groups usually are small, isolated from one another, and consumed by the complexity of their tasks. They lack a national association to collect information and describe their accomplishments. But more and more they are claiming small victories. Examples abound:

In the Adams-Morgan neighborhood of Washington, D.C., where incomes average 40 percent below the area's median, poor black and Hispanic residents are working to save apartments renting for an average of $250 a month from conversion to condominiums selling for $75,000 and up.

On New York's Lower East Side, where median family income averages $5,000, the area's poor Hispanic residents are racing arsonists and housing speculators for con-

This Woodlawn building was scheduled for rehab into 22 cooperative units for low and moderate income families until the Reagan freeze on 312 loan funds stopped processing.

trol of the neighborhood's land and housing, located 10 minutes from Wall Street.

In the racially and ethnically mixed Uptown community, only minutes from the Loop on Chicago's north side, poor residents, many of them refugees from displacement in other neighborhoods, are fighting off speculators who threaten to move inland from a toehold along Lake Michigan.

In Denver, a community-based, nonprofit construction company is helping poor homeowners repair their homes and fight off speculators, in a real estate market so intense that agents routinely ignore owners' Not-For-Sale signs in pressing offers.

Starting virtually from scratch in the late 1960's groups in various cities have developed and survived; they have preserved affordable housing for the poor; and they have stimulated significant change in the lives of at least some of the people among whom they have worked.

The size of the groups varies enormously. At one extreme is a group in Southeast Baltimore, Concerned Citizens for Butchers Hill, which has renovated 12 units, has three in process, and 35 under management -- all on an annual budget of $67,000 excluding rehabilitation expenses. At the other extreme is a Brooklyn group, Los Sures, which has renovated 331 units, has another 47 units in process,

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and has 570 units under management. Its 100 member staff operates on a $4.5 million annual budget.

Most groups operate on very small budgets, assembled from an assortment of public and private sources, and are involved with only a limited number of housing units. But their size belies their importance because of their key role in developing the hope and spirit of a community.

"These groups are working to serve the needs of their neighbors," says Esther Peterson, former Director of the U.S. Office of Consumer Affairs. "They share a spirit of commitment and cooperation. And they've succeeded because the organizers have won community support and have found and used available resources."

Says Geno Baroni, former Assistant Secretary of Housing and Urban Development; "These groups are deeply rooted in their neighbor - hoods, and they are uniquely capable of developing projects to meet the needs of their own areas."

Neighborhood housing groups have converted thousands of low-income renters to owners, and preserved affordable housing for elderly homeowners and low-income renters. The groups' importance has increased as condominium conversions, shrinking rental profits, and rising energy costs and taxes have all but dried up affordable housing for the poor in many major cities.

Thus budget cuts of the severity proposed by the President aggravate an already serious situation by crippling one of the few demonstrably effective efforts in providing decent affordable housing for the poor and in rejuvenating the spirit of poor communities.

Community housing groups have commonly assembled a package of support from among seven key programs, most of them in the Department of Housing and Urban Development. These include Section 312 rehabilitation loans, Section 8 rental assistance, community development block grants, housing counseling assistance, and neighborhood self-help development grants. In addition, many groups have drawn upon the Labor Department's CETA program and, more recently, on the National Consumer Cooperative Bank.

The President's budget proposes to eliminate funding for rehabilitation loans, for neighborhood self-help grants, and for the Co-op Bank; to reduce substantially the CETA, rental assistance, and housing counseling programs; and to combine block grants and urban development action grants in a single program with reduced funding.

Taken together, the President is proposing cutbacks in these programs of more than $629 million in fiscal 1981 and of more than $6 billion in fiscal 1982. These represent cuts of 5 percent and 42 percent, respectively, from amounts proposed by President Carter for the same programs. Some individual cuts range far higher.

The impact for neighborhood housing groups is twofold: They know some programs, such as CETA public service employees and rehabilitation loans, will no longer be available. They know less about most other programs -- only that there will be reduced funding and stiffer competition for the remainder. The result is a surplus of uncertainty.

"The worst thing is the uncertainty," says Alice Vetter of MUSCLE Inc., in Washington, D.C. Her group, which operates citywide, supports tenant efforts to buy their buildings under a local law giving residents the right of first refusal when the owner sells. In addition to threatened cutbacks in a $25,000 counseling contract with HUD and a $36,000 technical assistance contract with the Co-op Bank, MUSCLE has six tenant groups in line for financing with no clear source in sight. More than 500 units are at stake.

In Philadelphia, efforts by the Southwest Germantown Community Development Corporation to interest a private developer in a 64-unit project with the neighborhood group are jeopardized by planned reductions in the Section 8 program. "Without Section 8, we have no negotiating leverage with the developer," says the community's Bill Harrington. His group has sold more than 80 abandoned houses for repair by local residents.

The Philadelphia group also has received two weeks' notice by CETA officials to end a $460,000 construction training project involving 27 jobs. Originally, the group planned to spin off the training project into a free standing construction business for the area; now it envisions a smaller, home repair program reduced from a planned 50 to perhaps 20 units or less.

In New York, the CETA and rehab loan cuts have stripped Brooklyn's Los Sures of construction financing and laborers, and their absence may force the group to lose more

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than 300 Section 8 units already set aside for the neighborhood. "This may cost us six years' of growth," says Los Sures' Doug Moritz. "We'll wind up with nothing but maintenance and management crews," he says. Los Sures employed 60 persons under CETA contracts, working on 35 units under a $1.1 million rehab loan.

From around the country, other neighborhood housing groups report similar assessments.

Even groups with substantial private or other nonfederal support see hardship in the President's cuts.

In Chicago's Uptown neighborhood, Voice of the People, a group that buys, rehabs, and manages small multi-family buildings for community occupancy, stands to lose $45,000 worth of CETA constracts affecting an 18 member CDBG supported rehab program and had a $150,000 312 loan deferred due to the Reagan freeze.

On Chicago's south side, the Kenwood/Oakland Community Organization stands to lose a $200,000 CETA contract which covers 21 persons in the group's rehab and weatherization efforts. KOCO, which supports tenant management of abandoned buildings, has rehabbed 68 units, manages 157 units, and has completed 107 other repair projects.

In Baltimore, St. Ambrose Housing Aid Center has five vacant houses for which it can get no affordable rehab financing. It had been working on 25 units a $600,000 rehab loan. In addition, it faces reductions in support from the Section 8 and block grant programs and for its housing counseling efforts.

In Minneapolis, Common Space meets nearly all its expenses from community development block grant funds. In 1980, block grants accounted for 78 percent of the group's $353,000 income. The group supports development of low-yield apartment co-ops in inner city neighborhoods, and assists tenant management.

Another Minneapolis group, Project for Pride in Living had applied to the Co-op Bank for long-term financing of a $1.2 million project involving 32 units. Construction is under way and 30 of the units already have been sold, even as the permanent financing remains in doubt. Further, PPL faces cuts in its $200,000 block grant support, most of which is used to write down project costs to levels affordable by neighborhood residents.

Allegheny West, for example, which has turned around a distressed North Philadelphia neighborhood with the aid of major area employers, including the Tasty Baking Company, still covers part of its administrative costs with block grant funds. The group could lose up to $150,000 in block grant support.

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Impact of the President's Budget Cuts on Neighborhood Housing Groups

Following is a comparison of federal programs frequently used by neighborhood housing groups (among others), showing the Programs' actual budget in fiscal 1980 and the amounts proposed by Presidents Carter and Reagan in fiscal 1981 and 1982.

(Amounts are Budget Authority unless otherwise indicated; figures are in thousands.)

Program	1980	1981 Carter	1981 Reagan	1981 Reduction		1982 Carter	1982 Reagan	1982 Reduction	
CETA-- Employment & training	$6,493,293	$7,245,763	$7,245,763	--		$7,374,110	$3,567,153	$3,806,957	52%
Temporary employment assistance	1,627,000	729,000	494,525	$234,475	32%	1,141,884	--	1,141,884	100%
Sec. 312 rehab loans	109,679	129,980	19,123	110,857	85%	134,000	--	134,000	100%
Community block grants (Urban development action grants)	3,752,356 675,000	3,694,600) 675,000)	4,369,600	--		(3,960,000) (675,000)	4,166,000	469,000	10%
Sec. 8 rental assistance(a)	933,552	1,105,611	925,658	179,953	16%	1,133,588	785,216	348,372	31%
Housing counseling	9,000	10,000	4,000	6,000	60%	10,000	4,000	6,000	60%
Neighborhood self-help development	10,000	9,000	781	8,219	91%	9,000	--	9,000	100%
Co-op Bank	66,945	122,110	32,270	89,840	74%	135,700	--	135,700	100%
Totals	$13,676,825	$13,721,064	$13,091,720	$629,344	5%	$14,573,282	$8,522,369	$6,050,913	42%

(a) Contract authority

DROP IN ON POLZ

THE SHADOW PLANNER

by Henry Polz

Mayor Byrne relies more upon invisible commissions and planning swat-teams than upon regular city departments. There is a real estate/planning commission executive for the North Loop, Harry Weese and his traveling bus of architect-kings, housing finance specialists, and the patron saint of feasibility studies--Melaniphy and Associates.

Why do we need these closet braintrusts?

Melaniphy was hired, you might remember, to perform exotic neighbrhood studies so that the city could set priorties. How well Byrne Democats anticipated the polite austerity lingo of Reagan. With a South Loop Development and a North Loop project, Presidential Towers, River City, and the ....--downtown exists as an enterprise zone for the haves.

Melaniphy is being paid at least $550, 000. Some ask why Commissioner Murphy (or is he still Acting Comish) and the planning department can't do this work. Are they biased? The answer is simple: Planning department personnel are stupid and consultants are smart.

Well, I got it wrong. By accident I have come upon correspondence between Melaniphy and the planning department which is absolutely startling. Consultants are dumb!

It goes like this. The planning department requested information from Melaniphy on the 18th and Blue Island Ave. commercial area. Top secret information, indeed. The memo I unearthed is Melaniphy's reply.

It's laughable. First, they (he) say that they have completed a reconnaissance of Pilsen. Now what does this mean? Is it reconnaissance when you are afraid to get out of your car, or when you drive down the main drag for half an hour? Maybe they are narcs, immigration agents or WW11 resistance fighters who moonlight as planners.

An image comesto mind. Young Melaniphyites lurk under the Morgan St. viaduct by the Water Market, struggling into Rat disguises and berets, so that they, incognito, can accomplish reconnaissance in the alleyways and garbage cans of Pilsen. Could this nightmare really be funded with CD dollars?

Okay, so they looked around. Then what? Well, they laid out their observations, 1 to 10.

This is when the veil of consultancy disinegrated.

"Pilsen is an industrial area. Pilsen is Hispanic. Pilsen is....It has the oldest housing stock...." Where had I read these penetrating insights before?

I racked my brain; and then it came to me: the Chicago Community Fact Book of the census, or the Neighborhood Strategy Area descriptions prepared by the city's planning department.

And I believed being a consultant demanded incisive and innovative thinking. Not so.

Melaniphy is a copycat as well as a Democat.

HOUSING GROUPS ASSESS REAGANOMICS

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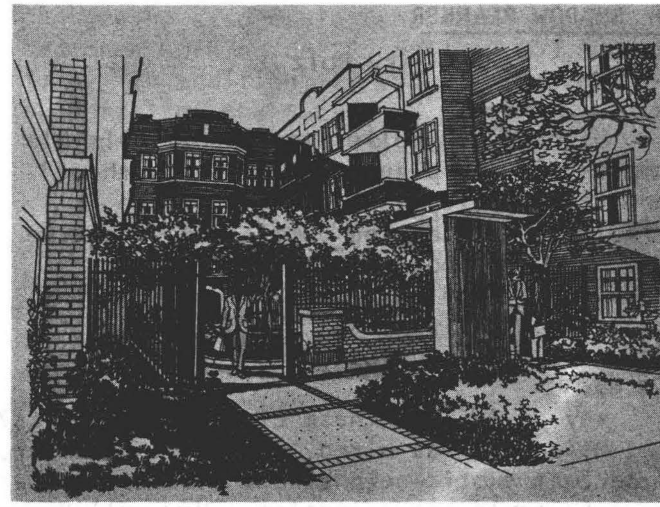
Across the country in Denver, Brothers Redevelopment Inc., could lose its $12,000 housing counseling contract with HUD. The group, which operates as a nonprofit construction company, obtains much of its financing from state housing finance agency programs. The group's counseling effort supports new homebuyers moving into their first ownership situation. BRI has completed rehab of 108 units, completed construction on 30 new units, and carried out nearly 700 other repair projects for elderly homeowners.

Bowsher is a Washington, D.C., based consultant who has assisted community housing development groups.

IHDA *from page 1*

Commission laid the foundation for the state legislature to create a state housing agency which could sell tax exempt bonds. The funds generated by the bond sales would be used to make loans to nonprofit and limited-profit entities for housing low and moderate income persons "...in locations where there is a need for housing" (Ill. Rev. Stat. Chapt. 67½, 307.2, 7.2). In addition, IHDA was empowered to make loans to and purchase mortgages from lending institutions to increase the supply of mortgage funds for low and moderate income persons; to make grants to nonprofit corporations for expenses associated with planning, constructing, and operating housing developments; and to provide technical assistance to nonprofit corporations in the areas of development and management.



CRITICISMS OF IHDA

IHDA's performance in carrying out its legislative mandate has been questioned by both community groups and state policy analysts. A 1977 study, "Housing Policies and Programs for Illinois," produced by The Housing Research and Development Program of the University of Illinois at Champaign-Urbana reported that while IHDA has been successful in producing more than 17,000 units of racially-integrated housing, "...the degree to which IHDA has met its other legislatively established purposes is less obvious. Specific information, beyond that supplied in IHDA's annual reports, has been unavailable, and project selection criteria in relation to incidence of unmet housing need are not spelled out."

Beverly Ann Fleming, author of a 1980 article in Illinois Issues entitled "Private Sector Assisted Housing Programs" reviewed IHDA's performance and concluded that while there are forces beyond the control of IHDA which determine, in part, the location of IHDA projects, IHDA is mandated to provide housing statewide and "...its resources are neither distributed statewide or inaccordance with greatest need." Fleming also observed that "a coordinated state-assisted housing policy has not been a priority of Illinois government...IHDA is free to establish policy priorities for its subsidized financing program as it sees fit." The points raised by the Illinois Issues' article and the University of Illinois study suggest the need for an articulated state housing policy and greater public control over IHDA operations to insure that IHDA carries out all of its legislative mandates.

IHDA's enormous autonomy in interpreting its legislative mandate is primarily the product of its narrow board composition. IHDA's lack of reliance on state appropriations and the fact that its bonds are not legal debts of the state also contribute to IHDA's independence from state government.

IHDA AND OTHER STATE AGENCIES: A COMPARISON

IHDA is highly atypical of state housing agencies in regard to its board composition and its accountability to the state of Illinois. The IHDA enabling legislation specifies a board of seven, all appointed by the Governor with the consent of the Senate. No more than three members can be from any one county with no more than four from one party. There are no qualifications for board members and no provisions for representation of the housing professions or community groups. The Chairman of the Board and the Chief Executive Officer are to be the same.

No ex-officio members, voting or non-voting, are on the board and no state agency has authority over IHDA. In contrast to IHDA, as reported in a 1980 survey of state housing finance agencies (HFA's) in the Housing and Development Reporter, 32 state HFA's out of a total of 42 with independent governing boards are mandated to have ex-officio members on their boards (The total surveyed include two HFA's each from three states: Massachusetts, New Jersey and New

Continued on next page

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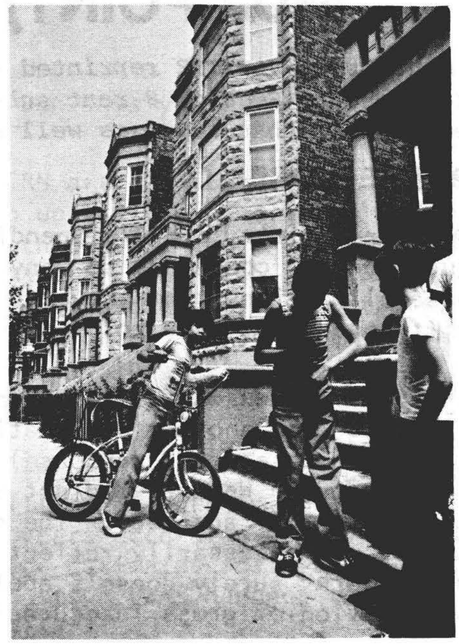
York). These ex-officio members are usually directors of various state departments such as community affairs, economic development, social services, budget, or are Secretaries or members of the General Assembly. Seventeen of 42 state HFA's actually locate the HFA within a department of the state, usually a department of economic and community development. One half of the state HFA mandate qualifications for board members other than geographic and political restrictions.

It is required in these states that board members be selected from such areas as mortgage banking, community planning, labor, public housing, real estate, tenant organizations, housing management, and architecture. Only six state HFA's have neither ex-officio members or specific representation mandated. Three of these HFA's are located within another state department (Oregon, Montana, Delaware).

IHDA is not unusual, however, in its responsibility for debts incurred through the sale of bonds. The Housing and Development Reporter notes that in most states the bonds sold by state HFA's are not secured by the full faith and credit of the state. As in Illinois, most state HFA bonds are secured by the moral obligation of the state with several state HDA's securing bonds through HUD-FHA mortgage insurance. Like IHDA, most state HFA's do not receive state appropriations. Yet, the majority of state HFA's have a more representative board and control over their activities by state government than does IHDA.

IMPLICATIONS

It appears that there is need for changes in both IHDA's board composition and in the defacto way state housing policy is currently being made by IHDA. Recommednations were advanced in the 1977 University of Illinois study that the state (1) expand representation on the IHDA board by the addition of ex-officio voting members; and (2) require broad geographic representation and various kinds of expertise among board members. These recommendations have possible merit if low income persons and community-based nonprofit developers become voting members on IHDA's board of directors. The study proposed a state Citizens Housing and Community Development Committee, improved periodic reporting by IHDA and a greater role for Department of Local Government Affairs (now Department of Commerce and Community Affairs) in setting housing policy. These proposals should be seriously considered by community organizations and nonprofit development corporations. They have potential as means of exerting greater control over the location, unit-mix, size of project, tenant-selection policies, choice of developers and the type of housing financed by IHDA. They would also open up a supply of financing for nonprofit groups that sponsor low and moderate income housing.



by Patricia Barnes

REAGAN AIDE TAX DELINQUENT

Baltimore (AP)——President Reagan's political advisor, Lyn Nofziger, is among more than 5,000 property owners mentioned on the city's spring list of those who have not paid their taxes.

According to city records, Nofziger and his wife, Bonnie, owe $209 in unpaid property taxes from last year on a row house on the city's northeast side. It is one of three row houses owned by the Nofzigers which gained attention earlier this year when tenants complained about the quality of the housing and lack of heating.

Nofziger has said he has never seen his properties here. The houses are managed by Joel Hirschman, who heads Inner City Management.

(Reprinted from the April 10, 1981 edition of Chicago Tribune, Section 3)

IHDA POINT/COUNTER POINT

Last month's NEWSLETTER reprinted a story on the Illinois Housing Development Authority's use of Section 8 rent subsidy program. Below we offer an IDHA spokesman's response to that story as well as a follow-up response from the Network.

IHDA RESPONSE: ROSE

The Newsletter article, "IHDA's Spending Practices Questioned," contained so many patently false allegations that they tend to contaminate its one legitimate point of debate.

Although it was condensed from an even more inaccurate article from another publication (which will receive a separate response), it is distressing that the Network did not see fit to check for factual accuracy. The disclaimer "It does not necessarily reflect the views of the Network" surely doesn't apologize for the dissemination of gross inaccuracies.

Begin with the subheadline, "Public Housing Authority: Spends Section 8 Subsidies to Exclude Low-Income Tenants."

First, IHDA isn't a "public housing autority," and the issue is not "spending" or "misspending" any Section 8 funds.

The basic falsehood in this anonymous article is "as many as 800 Section 8 subsidy unit reservations" are not going to the poor who qualify for subsidies.

FACT: in Chicago you would be hard-pressed to find 55 IHDA-financed units eligible for the subsidy that are occupied by market-rate tenants. Statewide the total does not reach 550 and the number or diminishing continually. (This is out of nearly 7300 Section 8 units IHDA has financed statewide).

But regardless of the number of units involved, there is no "spending" going on in these instances. The Section 8 subsidies are, in fact, going unused by anyone--though the thrust of the article is that they are being misspent on ineligible middle or upper income tenants.

Next, the article says the funds "may be tied up as bond collateral." Total bunk.

There is no such thing as IHDA "bond collateral" --and certainly there would be no earthly way that Section 8 allocations could be used as "collateral" by IHDA or anyone else.

That is one figment of the imagination of a writer ignorant of the most elementary understanding of bonding, finance or the Section 8 program itself.

Then, for figments, it is hard to top the statement that "Housing activists note that if a development package cannot be completed without misdirecting federal subsidies in violation of the law, then such grand schemes as New Vistas should not go through at all."

There is absolutely no "misdirecting federal subsidies," because they are not directed anywhere if not spent. There is no "violation of the law," because there is no law against renting a Section 8 eligible apartment to someone who pays market rate.

There is, midst this miasma of misinformation (and I have identified only the most glaring of many misstatements), a legitimate area of debate that is unfortunately lost.

It relates to the issue of mixed-income housing development--and I will try to simplify a very complex matter.

IHDA has succeeded in creating numerous developments that will house low-income people (Section 8 eligible) as well as attract some middle-income, nonsubsidized tenants for social diversity. In financing a large-scale, scattered-site rehab program such as New Vistas or Pines of Edgewater, it is extremely difficult to estimate whether 5 or 10 or 20 percent of the units can be rented to market-rate tenants, so a reservation of 100 percent is made in order to assure that there will be sufficient funds for a fall-back if sufficient market-rate tenants can't be found.

Thus, if a development such as the 279 unit Edgewater rehab were to go 10 percent market rate, there would be 28 unused Section 8 subsidies. On the other hand, if IHDA reserved only 251 subsidized units and was not able to get market-rate tenants to fill the balance, the entire development could go into default and the default would hamper IHDA's future ability to finance other developments.

There is no perfect solution to the problem raised.

Yes, one might question whether there should be a focus on economic integration in new and rehabbed developments, but progressive-minded people can be on either side of that issue without being considered crooks or charlatans. It is an extreme disservice to

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NETWORK RESPONSE: GILOTH

THE MISSING UNITS

Pacchiano! Don

You're right, though. We should have checked the facts (if we could find them). We were wrong. Sorry!

But Don, such invective. Such dyspepsia.

Okay, IHDA is not a "public housing authority." We were wrong. Rather, IHDA is a "public housing agency," as defined in the U.S. Housing Act of 1937, 42 USC Sec. 1437 a(6), and 24 C.F.R. 883.202 (1979).

The term "public housing agency" is defined as "Any state, county, municipality or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development or operation of housing for low income families."

What do you call IHDA, Don?

Okay, Section 8 subsidies are not collateral for bonds, nor do they secure bonds; but, as reported in the "Informal Inquiry, IHDA," prepared by the State of Illinois Auditor General, August, 1980:

> IHDA is able to market these bonds and notes, in turn, because HUD subsidies over the term of the debt provide a high probability of a sufficient income flow with which IHDA can pay interest charges and redeem the bonds at maturity. Thus, while Section 8 funds are not used for actual project development, they play an important part in raising the financial capital.

Hmmm, sounds like..... But that's not all.

A reservation of Section 8 funds for specific projects enables IHDA to sell tax-exempt bonds to finance these housing projects at a lower interest rate.

The correct term, perhaps, is risk reduction. And less risk is more dollars.

That's business.

Now to the missing units. Do IHDA projects with Section 8 reservations (whether 100% or less) actually use less than the allocated number of Section 8 units--renting those non-subsidized units to market rate tenants?

Even Don says yes. The question is how many.

The CRN article suggested that there were 800 such units. Don estimated 550 (upper amount) throughout the state--about 8% of IHDA's 7300 Section 8 units. Don says that there are probably only 55 of these units in Chicago. A brief survey of three IHDA Section 8 projects (using IHDA and HUD information) indicates that Don may be right.

Yet, 550 represents potential housing for several thousand needy individuals, and close to 80 million dollars in housing subsidies over 30 years according to Government Accounting Office estimates for average 1980 Section 8 unit costs. What happens to these units? These dollars?

Don's right. Indeed, IHDA does not spend, misspend, or misdirect these monies. The subsidies don't get used at all, we think.

Why doesn't IHDA take these Section 8 units and create more low and moderate income housing?

Well, it isn't possible according to Donald Hoagland, Chief Executive Office of IHDA, who in a letter to State Senator Dawn Clark Netsch writes:

> The Authority has not allowed a developer to reduce the number of Section 8 units under contract in an Authority financed development. Representations by the Authority are made in the note and bond official statements which list the maximum Section 8 dollars and units by development. Therefore, we feel this representation obligates the Authority to maintain the maximum amount of units under the term of the contract.

So, in fact, a modest number of unused, reserved Section 8 units contribute to reducing risk for the sale of tax exempt bonds which finance the construction or rehabilitation of low, moderate, and market rate housing. These funds then stand idle--prisoners of IHDA obligation--for 30-40 years.

Yes, a small, legal scam as they come. Not so in Don's mind.

This practice is prudent property management and housing development, and expresses IHDA's commitment to economic integration....aah! The real issue.

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IHDA RESPONSE: ROSE

Continued from page 10

everyone to immerse the legitimate debate in a sewer of false and damaging charges.

Don Rose, a writer and political activist has been a consultant to IHDA during three administrations.

NETWORK RESPONSE: GILOTH

Continued from page 11

Let's talk about the "legitimate area of debate" identified by Don--the merits of economic integration.

Take the Parkways development on the south side of Chicago: 446 units, 100% Section 8 Substantial Rehabilitation, sponsored by RESCORP. The developer asked HUD to "modify" the Section 8 income eligibility upper limit--80% of SMSA median income-on 25% of the Parkways housing units, so that Section 8 assistance would be available to those whose income does not exceed 95% of the SMSA median. For a family of four, the income level increased from $19,050 to $23,812. HUD approved this unique request. Who use to live in these properties? What were their incomes?

Sorry, Don. Intelligent discussion about economic integration will require more information:

- the income characteristics of subsidized and market rate tenants in IHDA financed projects;
- the dwelling unit distribution and estimated rent structure of IHDA financed developments; and
- the incomes of tenants or homeowners displaced by IHDA financed projects.

Glancing through the ads for IHDA-financed projects illuminates IHDA's concern for economic integration. We get a picture of who can afford IHDA. Scotland Yard, 4215 N. Broadway, has studios from $365, one bedrooms from $415, and two bedrooms from $590; the Pines of Edgewater has one bedrooms from $359 and two bedrooms from $439(Chicago Tribune, April 2, 1981). Scotland Yard is 20% Section 8 and the Pines 100%. The ads do not state that Section 8 units are available. Where's the integration, Don.

While we're on the subject, have you assessed the impact of these expensive IHDA-financed projects on the rents and purchase prices in the "lucky" neighborhoods that get them. "Neighborhoods of the future," as the ads oodle. What about displacement, gentrification?

How do poor people find out about these "elegant buildings" Don.

We should also mention that IDHA is required by law to develop criteria against which tenant selection plans for each project can be compared. While IDHA is now reviewing such plans by developers before it approves funding, it has yet to develop criteria for such plans as required by law. These criteria would specify the nitty gritty of economic integration for IHDA projects. IHDA's noncompliance on this matter flaunts its own lofty social goals. This technicality has caught the attention of the Illinois Auditor General who recently (and tactfully) said: "(We) identified a few internal operating questions... the absence of formal Authority rules and regulations."

IHDA doesn't like to think that it's a state agency that has to publish rules and regulations, or even comply with the State Records Act, or its own Annual Report requirements. In fact, the words "rules and regulations" and "publish" made IHDA so queasy, that in 1980 Senator Rock introduced a bill into the Illinois Legislature (S.1977) that would have replaced the words "rules and regulations" with "standards and procedures", in IHDA legislation of course, the nasty word "publish" was to be deleted altogether. The bill also sought to replace the phrase "low <u>and</u> moderate" with "low <u>or</u> moderate. Just words! Luckily, the bill failed to pass.

We'd sure like to discuss the "real issues," but we don't want to say anything about IHDA until we have the facts. Yes, we have done wrong, Don, but your circumlocutions have inspired us. IHDA will be researched well in the next months. No more false claims.

Bob Giloth, former director of the 18th St. Development Corp., is a staff consultant to the Chicago Rehab Network.

CHICAGO
REHAB
NETWORK

Housing Development Without Displacement

A HISTORY OF UNFULFILLED EXPECTATIONS

THE POORHOUSE *(a book review)*

The Poorhouse, Subsidized Housing in Chicago 1895-1976, by Devereux Bowly, Jr., copyright 1978 by Southern Illinois University Press.

--Gloria J. Bolden

The Poorhouse, written by Devereux Bowly, Jr. is a realistic, provocative, concise but substantial study of subsidized housing in Chicago. It covers practically every "poorhouse", as Bowly calls them, in Chicago. It is conceivably 75% journalism and 25% analysis and includes over 100 photographs and drawings which makes The Poorhouse an excellent, well written source for researchers, people in the subsidized housing field, and nonprofessionals who are interested in this historical phenomenon.

Bowly begins his book by outlining the early years of subsidized housing and the historical development of subsidized housing which started with philanthropists who constructed well designed, comfortable places to live but who gave up after realizing that it was unfeasible to build sufficient housing for low-and moderate-income people without governmental subsidies. Unfortunately, there was always more need than apparent revenues.

Bowly writes of the racial tensions between Blacks and Whites in the process of trying to integrate predominantly White public housing projects. He focuses on the Chicago Housing Authority beginning in the late 1930's, during the five periods that he calls the war years, middle years, high rise years, years of turmoil, and the fourth decade. These periods marked significant changes in the nature and character of public housing in Chicago.

Bowly also talks about the contributions made by the Illinois Housing Development Authority (IHDA) whose major function is to make construction loans and long-term mortgages to non-profit and limited-profit organizations for construction or rehabilitation of rentals, cooperatives, or condominium housing for low-and moderate-income people, (to many, IHDA has yet to live up to its promise).

Bowly contends that the major problem affecting poor people is the lack of sufficient funds to afford adequate housing. Bowly raises to solutions to this problem: (1) "The Experimental Housing Allowance", which is a guaranteed annual income that would permit poor families to afford sound housing in the private market by spending very little on housing, therefore, enabling them to afford other things. (2) "The Housing Assistance Supply Experiment", in which low-income tenants would receive monthly cash payments to bring them up to a level where they can afford safe and sanitary housing using only a fourth of their adjusted gross income. These experiments are being studied as model projects in New England states with mixed success.

In light of the current crisis, the Reagan cutbacks will only make the situation worse for low-and moderate-income people. CHA screams that they need more money to keep the business going, but so little is said for the low-and moderate-income people who need a decent place to live. Obviously, there is more need than allocated revenues. Maybe we should start questioning the existing social arrangements.

Suffice it to say, there will always be those who are less fortunate than others. Given the pre-existing social and economic arrangements this means that there may always be a need for "poorhouses in some form or fashion. However, through studies like Bowly has conducted, experiments, new ideas and methods, maybe one day CHA can upgrade their "poorhouses" and achieve the goals that they, the philanthropists, and other subsidized housing entities set out to fulfill many years ago: that is, ridding the city of slums by providing adequate, sound, safe and sanitary housing for low-and moderate-income people.

Disposable People

HOUSING COOP SEMINAR GENERATES INTEREST

COOP CONFERENCE PRODUCTIVE

On February 14, 1981 the Chicago Rehab Network cosponsored its second conference on cooperative housing--at the Neighborhood Institute's Training Center in South Shore. Other sponsors included the Conference on Alternative State and Local Policies, the Community Renewal Society, and the South Shore Housing Center. The conference was successful, and highlighted both the value of networking and the ability of neighborhood organizations to serve their communities. South Shore Housing Center should be credited for hosting the workshops and for playing the major role in planning and implementing the conference. Congratulations are also in order for the Network's president and his staff.

The conference focused on low and moderate income cooperative housing as means to close the widening housing gap. The Network's president, Wyman Winston, reasserted the Network's position that the cooperative mode of housing development must not only provide a means for homeownership for low and moderate income people, but also housing that is truly affordable. He reaffirmed the Network's commitment to educate and inform neighborhood organizations about housing cooperatives--their potential to prevent displacement, and as a method to counter the inflation of housing costs.

The workshops disseminated information to participants in three specific areas: 1) The Coop development process; 2) Financing alternatives for Coops; and 3) The Management of Coops. The Network convened a general workshop on the Fundamentals of Housing Cooperatives. Speakers made a clear distinction between the role of the sponsor of a cooperative (e.g. neighborhood organizations) and the developer of cooperatives. While neighborhood organizations may play both roles, they suggested that first projects should be joint ventures with experienced developers. Experts agreed that although cooperatives lower operating costs, it would be difficult to make a low income cooperative project work without some type of subsidy.

James Mayes, of the Conference on Alternative State and Local Policy, raised the question of how effective the Co-op Bank has been in providing loans for low and moderate income cooperatives under its Title II charge. He further indicated that the Reagan Administration not only rescinded the appropriations for the Co-op Bank, but also wants to dismantle the Bank and stop all FY 81 loans. In closing, he objected to those who address poor people within the context of a "culture of poverty," which implies that low income people cannot manage cooperatives. He asserted that there is nothing mystical about coops: all that is required is commitment and a little hard work.

Robert Schur, former Deputy Commissioner of Housing in New York City, raised several important issues, and addressed the entire scope of cooperatives for low income families. He centered his discussion on the shift of roles from renter with no control to coop owner in a position of decision-making--where one has to grapple with authority and responsibility. He stressed the importance of coop conversions as a means by which tenants can take control of buildings that landlords are allowing to deteriorate. Neighborhood organizations can restore vacant properties in their communities. Finally, he suggested that neighborhood organizations involved in low income housing must understand that they are competing against new developments more attractive to lenders than the small rehabilitated properties their constituencies occupy. This should not be a deterrent to packaging neighborhood-oriented projects, but they may require some selling.

Feedback and review of conference evaluation forms indicated a majority of participants felt the conference was very helpful.

--Henry Johnson

CoOp Bank representative William Morris (l) listens to George Stone from Chicago's Dept. of Housing during question and answer session chaired by South Shore Bank's Ron Gryswinski (standing).

SPOTLIGHT

HOWARD AREA COMMUNITY CENTER

Nestled into the far northeast corner of Chicago's border with Evanston is the multi-ethnic North of Howard neighborhood. The following SPOTLIGHT feature on residents' struggle to preserve their housing stock in this area was prepared by Patricia Barnes, Doug Gills, and Thom Clark with photography by Joe Gatlin.

Historically a port of entry for new immigrants, the North of Howard Area is bounded by the CTA yards on the west, Calvary Cemetery on the north, Lake Michigan on the east, and Howard Street on the south.

Today, its largest racial group amongst 20 different identifiable nationalities is Black with one-third of its school population Spanish-speaking. Though many of its residents are unemployed, a recent Peoples Community Organization (PCO) survey indicates that over 60% of its population is not receiving any form of public assistance, despite popular asssumptions to the contrary.

HOUSING CONDITIONS CHIEF CONCERN

The area's housing stock has been deteriorating for some time and while it's designated a Neighborhood Strategy Area by the city (making it eligible for community development funds), large tracts of land now lay cleared and vacant due to urban renewal activities. One such parcel, bounded by Haskins, Hermitage, and Juneway Terrace and commonly known as the Haskins-Hermitage Triangle, has been the focus of land use/housing development struggles between opposing groups in the broader Rogers Park community. One group is opposed to increases in subsidized housing while another would like to see the land developed to better house its low-income families and relieve the serious overcrowding that already exists in parts of Rogers Park.

LOCAL ORGANIZED LEADERSHIP

A second issue of public concern centers around a large-scale rehab project sponsored by RESCORP with IDHA financing. The Rogers Park Partnership (whose priciple investors include RESCORP and AMOCO) has been established with the goal of renovating 13 buildings containing 380 dwelling units into a 320 unit project with a 40% mix of 2-4 bedroom units utlizing Section 8 rent subsidies. Currently, most of the units are single bedroom overcrowded by large families.

The Housing Service Center of the Howard Area Community Center (HACC) has been an important actor in these issues. HACC also deals with the problems of the displacement of low income families and the gentrification of housing, as well as with day to day housing services.

HACC has worked with other organizations in the North of Howard area engaged in housing related concerns. HACC has attempted to promote local resident initiative and grassroots leadership among low income tenants. At the same time HACC has attempted to promote stable landlord-tenant relations between small landlords and tenants. HACC has worked with groups such as the Good News Church, Peoples Housing and People Community Organization. An area which had virtually no community organizations several years ago now has several active neighborhood-based groups. Progress has been made to the point that the various groups have come to see the advantages of more coordinated efforts among them. One of the organizations in the area has been PCO, an organization of individuals and tenant interests formed about a year and a half ago. HACC has been very supportive of PCO as it struggles to establish its identity and focus.

HACC ORGANIZATION AND ACTIVITIES

The Howard Area Community Center (HACC) is located at 7648 North Paulina. It is directed by a 20 member resident board who set policy and participate in HACC projects. The HACC offers a broad range of services including:

- information and referral
- casework counseling
- food pantry and emergency housing
- a weekly legal clinic and credit union
- English and GED classes,

as well as a full complement of direct housing activities through its Housing Services Center.

The staff of HACC is headed by Sister Patricia Crowley, O.S.B., formerely affiliated with St. Scholastica High School on Chicago's far northside. She heads a 10-person staff divided administratively into social services and housing services.

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HOWARD AREA COMMUNITY CENTER

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The Housing Services Center (HSC) is headed by its program director Patricia Barnes. She is assisted by Roberta Warshaw, a financial specialist, who works primarily with small owners of rehab properties. Dave Chamberlain is a rehab resource facilitator who spends much time working with owners and tenants who want to make renovating on existing structures. Janet Tobacman is a community worker with chief responsiblity for housing counseling. Pamela Martinez the secretary, keeps internal communications functioning while Ken O'Dell is a Vista Volunteer with Peoples Housing who is currently provided office space within the center.

The HSC implements a wide range of housing services. These include housing referrals, rehabilitation and finance counseling, resident management training, contractor referrals to owners, discount buying, and tenant/landlord workshops.

ANTI-DISPLACEMENT AND HOUSING DEVELOPMENT

In addition to providing housing services and technical assistance of various HACC/HSC has influenced the development of low income housing in the North of Howard Area in most significant ways. First, HACC/HSC has influenced housing development policy through its advocacy role.

According to Patricia Barnes "a lot of displacement has been taking place in this lake front area much like in the Uptown area." Barnes is intensely concerned about the socio-economic transformation of the area were investors allowed to have a free run to speculate in the area. She believes that strong locally-based organizations amongst tenants and small landlords are a prerequisite to any effective efforts to advert widespread gentrification.

Second, HACC/HSC has worked closely with Peoples Housing, a not-for-profit housing development agency composed of neighborhood residents. Peoples Housing stresses low-income housing rehabilitation or new construction which will permit new resident homeownership or the formation of housing cooperatives.

Currently, Peoples Housing proposes to construct 48 units of Section 8 subsidized multifamily housing (2-4 bedrooms). The proposal centers around a joint-venture with Elzie Higginbottom of Baird/Warner, if financing remains available, in the Hermitage-Haskins Triangle. Peoples Housing's other proposal consists of a Section 8 substantial rehab project for tenant converted co-ops. Both projects are being developed through joint-venture arrangements with private developers and are heavily contingent on continued federal subsidy.

View of two buildings scheduled for rehab by RESCORP/AMOCO partnership in North of Howard area.

GAUTREAUX CASE IMPLICATIONS IN HOWARD AREA

Throughout this past winter, HACC worked closely with neighborhood residents concerning the implications of the proposed consent decree of the eleven-year old *Gautreaux* court case governing development of public housing throughout Chicago. *(See NEWSLETTER dated Feb/Mar, 1981 for more details.)*

HACC staff member Roberta Warshaw articulated the Center's position argued during public hearings associated with the consent decree:

"We asked the Court to exempt the Haskins-Hermitage Triangle from two sections of the decree relating to how much new subsidized housing could be built North of Howard and how many people any development could house."

This position by HACC in court was hotly opposed by other area groups like the Rogers Park Community Council which resists any more subsidized housing coming into the area. The RPCC also took exception to HACC's argument that the North of Howard area should be considered a "revitalizing area" at all.

The key issue, of course, is whether or not the people currently living in the area will be able to get affordable housing and avert being displaced from their community.

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HOWARD AREA COMMUNITY CENTER

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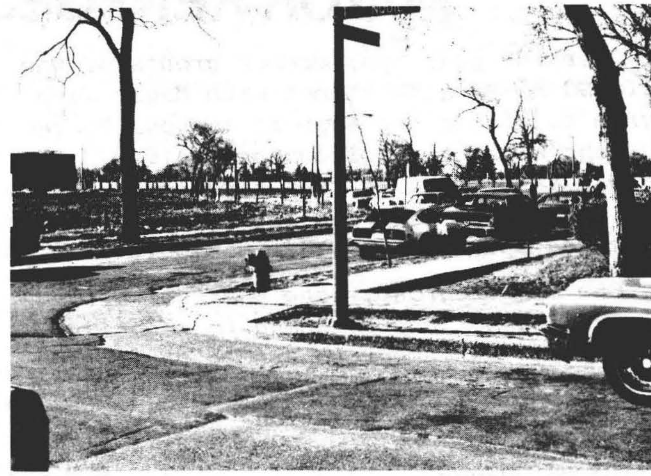
DEVELOPER ACCOUNTABILITY TO RESIDENTS

Many low income advocates in the area view the style of development espoused by the RESCORP/AMOCO-Rogers Park Partnership as contributing to increasing resident displacement. Strong sentiments have been expressed to the partnership that neighborhood-based groups should have a greater voice in determining the character of redevelopment of their community.

Consequently, a series of meetings between the community and the Partnership have been held over the past few months. A community advisory committee has been established and the Partnership has invited select members of the North of Howard Area to sit on the committee. While this effort is interpreted as an improvement in the democratic process, many residents do not feel the "advisory committee" process necessarily guarantees substantative input by low income residents into the decision-making process. It is not a trivial point that the people most affected should have the right to determine who they wish to represent them on the "community's" advisory committee rather than have such representatives appointed for them by the developers in question.



View of Hermitage-Haskins Triangle site looking to the Northwest.

HACC and its Housing Services Center have consistently supported a position of low income housing development without displacement based on neighborhood resident participation in the process by which decisions are made affecting the North of Howard area. They are to be commended for their stand!

Employment Opportunities:

The Fair Housing Center of the Leadership Council for Metropolitan Open Communities is seeking the immediate placement of a Community Representative vacancy on its staff. Community Representatives are responsible for identifying and coordinating information at the neighborhood level which will be used to open those areas which are now, in effect, closed to minorities.

Persons interested should send a resume with references to:

James Shannon
Fair Housing Center
407 South Dearborn, Suite 1315
Chicago, Illinois 60605

The Howard Area Community Center is seeking qualified applicants for two positions:

a) Tenant Placement Coordinator
--responsible for interviewing and screening tenants for housing placement in the north of Howard area;
--locate building owners to participate in local placement program;
--problem solving between tenants and landlords as problems arise.
Salary Range: $10,000-11,200.

b) Community Worker
--provide information and counseling services to area tenants;
--coordinate educational workshops and research projects;
--be bilingual in English and Spanish or Cambodian.
Salary Range: $11,200-13,000.

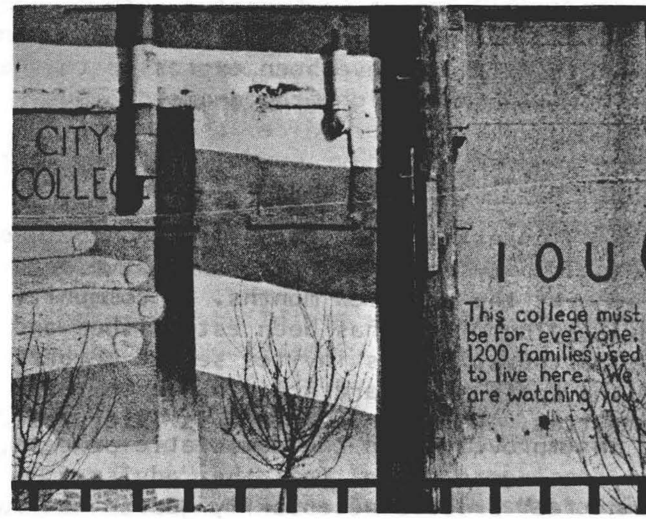
For persons interested in either position, please send resumes to:

Patricia Barnes
Rogers Park Housing Services Center
7646 North Paulina Street
Chicago, Illinois 60626

MAYOR RENEGES ON COURT CASE

Over one year ago, member groups of the CHICAGO REHAB NETWORK met with Mayor Jane Byrne to obtain her support for our "Development Without Displacement" policy. Her verbal assurances at that time led to several individual meetings with groups over concerns specific to their communities.

One member group, the Heart of Uptown Coalition, got the go ahead to negotiate a four-party agreement to settle their five year old displacement suit. Having succeeded in these negotiations with HUD, CHA, and a private developer, the Coalition had hoped the Mayor would follow suit. As we go to press, we have learned that the Mayor has apparently backed down. As the case now goes to trial, we felt readers would be interested in its background.



Uptown—According to spokespersons for the Heart of Uptown Coalition, Byrne's response to their "Landbank Cooperative" should serve as a litmus test by which communities throughout Chicago can judge the mayor's commitment to the neighborhoods, the commitment, they say, on which she ran and was elected.

The Landbank Cooperative proposal was first presented to the city as an agreeable settlement in a five-year lawsuit against the city, CHA and HUD during federal mediating sessions. A second version was developed jointly by the Coalition, the city's Department of Housing and HUD. It awaits the mayor's signature.

The proposal calls for establishing a cooperative in which every resident, or former resident in the last 10 years, in the Heart of Uptown, could become a voting shareholder. Shares would be sold for six dollars a share and voting would be conducted on a one shareholder, one vote basis.

The cooperative would then purchase land and buildings on scattered sites throughout every block in the Heart of Uptown area, with city and federal dollars. The cooperative would sponsor new construction and substantial rehabilitation of housing through "joint ventures" with private developers and existing resident small building owners. In addition CHA would provide 100 units in scattered site, six-flat styled buildings, to be partially managed by the cooperative.

The original lawsuit alleged that the city, with the consent of the federal government, had misspent housing money aimed at, and did, attract developers of middle and upper-income housing. According to attorney James Chapman, "No one denied the allegations in our many negotiations. The facts are overwhelming."

Heart of Uptown Coalition President Slim Coleman told *All Chicago City News* that the landbank proposal was arrived at after 12 years of fighting the displacement of low-income families by "slumlords, arsonists, speculators, developers — and the city. No amount of lawsuits, citizen participation, community council discussions or even protests can stop the destruction of Uptown for its current residents. The community must be allowed to actually own enough of the land and the housing, scattered throughout the Heart of Uptown, to be able to influence the market. The city," Coleman continued, "using federal speculators to develop upper-income housing and push us out. Now the city must give the residents of the community the ability to counteract the effects of speculation and provide for itself decent and affordable housing."

Critics of the proposal from the wealthier sections of the 46th Ward, in which the Heart of Uptown is located, claim it would "ghettoize" the community. But the Coalition responds, "That is clearly out of line with

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MAYOR RENEGES ON COURT CASE

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the facts. Property values," they say, "on almost all blocks have doubled in the last year, many have tripled. Rents have doubled. Over 3,000 units have been destroyed in the last seven years, hundreds have been converted to condominiums and rising rents have forced out thousand of people. Real estate analysts predict that in five years there will not be one single low-income family able to live in Uptown without subsidy. Does that sound like a ghetto?"

On the other hand, the Coalition points out the failure to develop a constructive housing rehab and development program will mean that current tenants will live in sub-standard housing, prey to death by fire and life with rats and roaches, until the developers of middle-income housing get around to moving them out.

Small building owners, part of the Heart of Uptown Small Landlords Association, readily support the Landbank Cooperative proposal. Without it, they say, they will be forced to sell out to speculators because of the high cost of operating the older buildings.

Coalition members feel that Byrne's response to the landbank proposal will be a clear test of her commitment to the people of the neighborhoods. "The same process of using people, then removing people, is going on all over Chicago. Fancy development schemes the mayor announces from time to time often end up in subsidies for the wealthy. This proposal is locked into benefiting the people who live in the community. It will not be a pay-off to any group or individuals. It will put decent housing and control of the community into the hands of the majority of the residents. If she won't do it in Uptown, where all she has to do is sign her name, then she will be showing her true attitude towards the communities of Chicago for all to see."

CHICAGO PLAN THREATENED

The following article (reprinted from 3/26/81 Chicago Tribune) is a type we may unfortunately be seeing more of the next few months under Reaganomics. It concerns Network member Coalition for United Community Action and its minority training program.

FEDERAL FUNDS for the Chicago Plan to train and place minority youth in construction trades will cut off next week, labor sources disclosed Wednesday.

Officials of the U.S. Department of Labor's Office of National Programs have rejected appeals from the Coalition for United Community Action (CUCA) to renew the $525,000-a-year contract for the program which has boasted the placement of "thousands" of minority men and women in the Chicago area building trades.

"The program will cease to be funded as of March 31," a department official disclosed. He said an explanation as to why would be made within the next several weeks.

THE PROGRAM was one of two so-called Chicago Plans stemming from protest marches in 1969 by jobless black youths backed by street gangs. The demonstration forced the closing of millions of dollars in construction projects.

Mayor Daley quelled the disruption by implementing the original Chicago Plan which outlined specific placement goals for minorities in the city's nearly all-white construction unions.

Meanwhile, the federal government imposed its own quotas of minority employment on federally funded projects and the Chicago Plan became a voluntary program administered by CUCA with advisory assistance from the Chicago Building and Construction Trades Council and the Building Construction Employers Association.

Federal funds were made in direct grants to CUCA to pay union journeymen hired to train youths on the job primarily on rehabilitation of housing in poorer areas and to fund equipment and administration cost.

"I don't know how long we can keep our doors open. Our next move will be to go to the city and see if it will maintain the program through September," Carl W. Latimer, coalition president, said.

"THE FEDERAL government has got to have programs to train minority youth and programs to rehabilitate buildings. We're going to have some tough sledding, but we've made it for 11 years. We will just have to see what the new (Reagan) budget provides and what funds are available."

Latimer said the coalition may seek private foundation funds.

THE MYTH OF REAGANOMICS

THE ADVOCATE

The Real Side of the Budget Cuts

President Reagan's rapid offensive takes on the appearance of an insurmountable force that no opposition can overcome. Doom, gloom, and resignation are the most general responses, especially when we look at the inability of Democratic leadership to mount an effective counteroffensive to the proposed social service budget cuts, and to Reagan's economic, fiscal, and appropriations program in general. In Congress Democrats argue about minor procedural points and lobby for their own sacred cow projects, offering no real challenge to the Reagan wagon train nor attacking the basic assumptions underlying "Reaganomics".

A deeper analysis of the Democratic response to Reagan's program now before Congress makes it quite clear why they have resigned themselves to a full and unconditional surrender rather than to a tooth-and-nail, tit-for-tat fight to the finish. Ideologically, both sides of Congress find themselves in relative harmony and where they differ is not on end and strategy as much as on tactics and procedures. They are allies on the same side and the vast majority of American people, especially the poor, are their prisoners of war.

Reagan, like the Democratic and Republican presidents before him, offers big favors to the rich and wealthy "The Corporate sector" while restricting benefits to the poor and working people. For all its grand rhetoric, Reaganomics, or "supply-side" economics as the academic jargon terms it, means the poor and disadvantaged sectors will continue to take it on the chin. Under Reagan however, they will take it faster, harder, and longer than they did under Carter.

Supply-side economics is predicated on a set of assumptions about the role of government in relation to the economy: mainly that business and rich investors must have greater public incentives and less public constraints in order to stimulate economic growth, hire workers, and that the consumer, the worker, and those dependent upon the public trust must tighten their belts, grin, and bear it. The proper role of government is to leave business alone while the non-business sector must share the risk to encourage large investors to make more money. They want it both ways. The demand (consumer) side of the economy must share an increasing burden for business to invest capital.

The reality is that we've had supply-side economics before. It has not lowered inflation, produced lower prices, generated employment, or reduced federal expenditures.

Let's review some Reaganomic assumptions. There is a widespread mythology promoted by the media that the U.S. economy suffers from a lack of investment capital? Not so. If anything, huge oil profits have glutted the markets. Within recent years, corporate profits "after taxes" have increased by 12% per year. On the other hand, the consumer price index (11.7%) over the past 12 months has been lower than profits. Yet, despite this margin, profits have not been applied to the purchase of new plants and equipment, according to Mark Green in his "Reagan's Cowboy Capitalism" (The Nation, March 7, 1981). Total U.S. corporate investments have risen 9.5% of Gross National Product (GNP) in 1950 to 11.3% in 1980. The Reagan Administration suggests that we need to cut corporate and upper-income personal taxes in order to generate higher levels of investment to stimulate equipment purchase, new jobs, and to expand productivity. However, the Government Accounting Office reported that the $19 billion of investment tax credits in 1978 affected investment decisions very little.."Big investment tax credits buy little, or no additional credit" according to Green.

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THE MYTH OF REAGANOMICS

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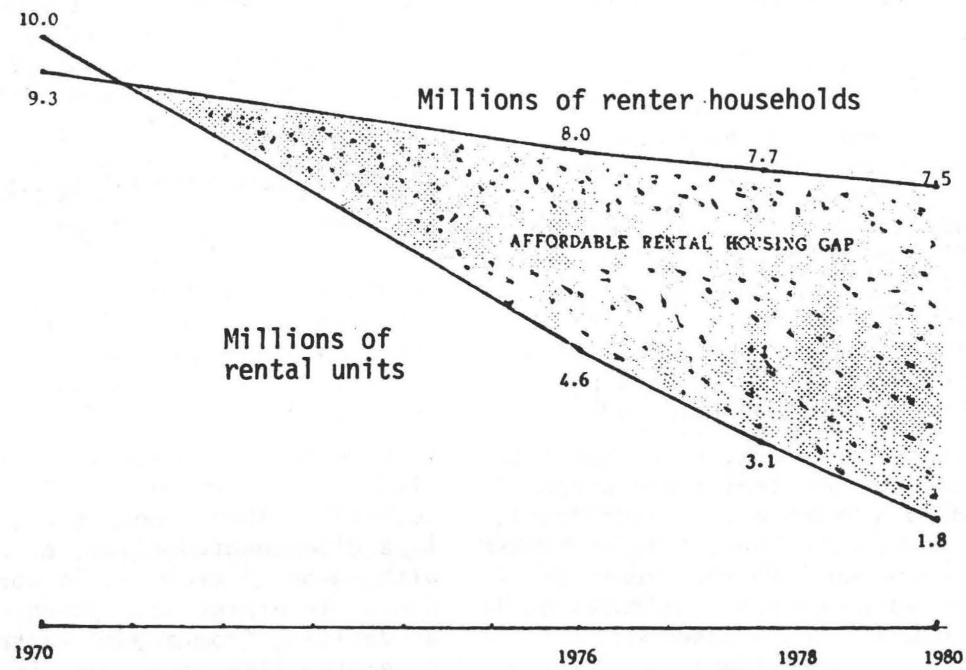
A second hoax being promoted by Reagan's administration is that the U.S. government spending is too high. This is a relative question. Let's put this in perspective. Green notes that federal spending amounts to merely 1/3 of U.S. GNP (34%) compared to 44% in Britain and West Germany leads all major industrial nations (51%). Only Japan and Australia's government spending to GNP ratio are lower than the U.S. Moreover, the idea that government spending is the major cause of inflation should be challenged. Since WWII ended, the amount of government spending as a percentage of GNP has declined from 108.5% to 27.1%, in 1979. Of the seven lending industrial countries, the U.S. ránks lowest in ratio of government deficit as percentage of GNP (-1%) in 1977-1979, compared with 3% in West Germany and 6% in Japan. The point is that the proportion of U.S. government expenditures to GNP has declined while inflation rates have increased over the comparable period.

Finally, the Reaganomic program for economic recovery holds the view that the Social Service budget cuts will reduce U.S. expenditures rather than merely displacing federal welfare spending onto state and local levels. On March 15, the Government Accounting Office reported that Reagan underestimated the amount of expenditures projected for 1981 by some 10 to 15 billion dollars. Thus deeper cuts will be required, or increasing taxation levels, or abandoning the idea of a balanced budget. However, there is a more significant question here than the notion of reducing government spending or a balanced budget at the federal level. Reagan's proposed social program cuts do not amount to a budget reduction at all. Virtually every dollar that has been proposed to be eliminated for the social program of the budget is being recommitted to the military (supply-side) of the budget. Therefore, instead of food, shelter, clothing, health, and legal needs of poor and low-income people being met, the real beneficiaries will continue to be the military suppliers. Instead of more money being allocated to close the housing gap, we will have to be content with attempts to close an irrelevant gap to rehabilitate mothballed warships, and to increase subsidies for housing military weapons.

The problems of the economy are more fundamental than the Reagan's rabbit-out-the-hat approach to economic recovery (i.e., full employment, new jobs, houses, etc.)--something that poor people have realized all along. This is perhaps the reason they rejected giving either Carter or Reagan a "mandate", by withholding their vote for a program that offered them so little. Perhaps they are still looking for the program.

RENTER HOUSEHOLDS WITH INCOMES BELOW $5,000 AND AFFORDABLE UNITS RENTAL UNITS AT 25% RENT/INCOME RATIO,1970,76,78(actual),&80 est.



Source: Annual Housing Survey, 1976 and 1978

CHICAGO REHAB NETWORK

NEWSLITTER

APRIL 1, 1981

MAJOR REHAB PACT ANNOUNCED

CRN RECEIVES BIG REHAB PACT

Wishington D.C.—The 23 member consortium, the Chicago Rehab Network (CRN), received a four year, multi-billion dollar contract to rehabilitate recommissioned World War II warships, it was announced by Defense Secretary Castoff Winebeggar on April 1, 1981.

The CRN outbid U.S. Steel, RESCORP, and the quasi-government enterprise Chrysler Corporation to receive exclusive rights to participate in the $32 billion national restoration project. Winebeggar identified three battleships and one aircraft carrier as part of the rehabilitation program, Pentagon sources stated. The U.S.S. Lincoln Park, the U.S.S. Dearborn Park, U.S.S. Presidential Towers, and the super-carrier U.S.S. North Loop are to receive the bulk of the funds for, among other improvements, ballast systems to facilitate displacement.

In addition, each vessel is designed to insure that seamen first class are displaced to make room for midshipmen who will attend the new quarter decks now being built on the U.S.S. North Loop. On the other hand, Pentagon sources revealed that CRN only got the North Loop job because they guaranteed to hold inefficiency and waste down so that some rehabilitation of the sub-class cruisers, the U.S.S. South Shore, Uptown, South Austin, North of Howard, and other ships in need could be undertaken. In this manner a few seamen's bunks could be retained.

CRN official, Tom Shark, said that the consortium had no idea that their proposal would be funded at such a lucrative level, and thanked his finance-man, Elliott "Nuke" Powers for coming up with the creatively designed "wasted resources" estimates built into the proposal. Shark also mentioned that the return on investment in military rehabilitation is much more attractive than that available in housing rehabilitation.

CRN led the thrust of government subsidized agencies to shift production from social services to military rehab: It was easier than fighting against Reaganomics.

CRN built its reputation by developing small-scale housing projects with limited capital, overhead, and administrative costs-endearing it to OMB and HUD monitors in the private sector. This limited government support guaranteed, however, that housing reconstruction would be held to a minimum level. So the CRN turned to battleships.

Locally, Mayor Jane Burn was encouraged by the CRN contract award announcement. Noting that Chicago needs work, she felt that this revitalization project would boost Chicago's newly refurnished Port. But, Burn suggested greater precautions to insure that City Hall was insulated from the potential conflict arising from sub-class neighborhoods that were being mothballed or gentrified.

DROP IN ON POLZ

DEEP VOUCHER COUGHS IT UP

Who spilled the beans? City Commissioners down the hall to their deputies and assistants, technicians, inspectors, secretaries, and clerks--all growled and roared: "Wheres da leak?"

Some say that Deep Voucher is a composite of numerous "young turkey" patronage workers. Others suggest that the "mouth" is a disenchanted civil servant, possibly with advanced training in social ethics. Cynics interpret Deep Voucher's betrayal as deriving from a more instrumental purpose--the 11th Ward. Or, is it the 1st Ward?

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MINESTEADING DEMO KICKED OFF

MINESTEADING

After only four days in office as Director of Strip Mining in the Federal Department of Natural Resources, James Q. Harass, former state senator from a coal rich midwestern state (and ex-head of the state's non-intrusive mine reclamation bureau), announced an innovative new program that promises to bring strip mines and low-income housing together.

"Let's follow the lead of South American dictators and do nothing", Harass harangued. "If peasants down there can build their own shantytowns, why should we spend billons on Section 8?"

"My proposal is this," he continued. "We will give all inner-city people on welfare, CETA, food stamps, or who are unemployed or underemployed the once in a lifetime opportunity, that is directive, to build their own single family homes amidst the scenic cliffs and valleys of old strip mines. If after two years their homes meet FHA minimum property standards, we will give them a handsome tax credits for their contribution to the American economy."

Pictured above is the first Midwest site for low-income "minesteading" at an abandoned stripmine near Starved Rock, Illinois.

Reporters barraged Harass with questions about his bold initiative. "What about the coal dust?" Isn't it dangerous?

"I don't prescribe to all that make-believe about Black Lung and the evils of dust for one minute," Harass slung back.

"What about stores and services for the minesteaders? Most strip mines are in the middle of nowhere!"

"I believe in the free enterprise system," Harass pointed out, "and its ability to respond to market signals--people needs I like to say."

"Just remember," Harass concluded, "minesteaders will be given picks and shovels for use during construction. And the National Guard will truck in water."

"This is a truely public and private partnership to take advantage of the natural resources created by strip mining so as to provide what newcomers have always hungered for when they arrived at our shores--rich and fertile land that they could call their own."

DROP IN ON POLZ

Continued from page 22

What matters in the end is the incredible document Deep Voucher smuggled out. It is so diabolical in meaning, so sleazy in intent; it can only be compared with the heinous "pacts with the devil" found in german literature and in organized crime. Penned in blood and ash its title reads: The Ladder of Reimbursement.

There are, as the document proscribes, twenty-two rungs to completed voucher reimbursement. It is stipulated in this decree that vouchers remain in the "in" bin one day before any action is contemplated, and remain in the "out" bin one day before being sent on. At each rung! Count it up. It's stupefying!

"Want more?" Deep Voucher cackled at our last meeting--lost in the shadows of Lower Wacker Drive.

I reeled. "More? You Mean......?"

"The City delays voucher remibursement so that it can invest in......"

Another in a series of posthumously published paper from the buried estate of one Henry Polz. The ever clairvoyant Polz was a German immigrant carpenter who was a victim of the Battle of the Viaduct during a railroad strike at Halsted and 16th Street in 1877.

REHAB REAGAN'S BUDGET

WE HAVE FALLEN VICTIM TO OUR OWN CYNICISM: THAT ALL SOCIAL SERVICE PROGRAMS ARE RIP-OFFS, THAT CETA JOBS ARE ALWAYS MAKE-WORK JOBS, THAT MODERATE AND MIDDLE-INCOME FAMILIES WORK AND STRUGGLE WHILE THE POOR LIVE ON A PUBLICALLY-FUNDED EASY STREET. REAGANOMICS PLAYS ON OUR FRUSTRATION WITH GOVERNMENT, OUR ANGER WITH TAXES.

The Reagan/Stockman budget cuts mean that housing rehabilitation, construction training of youth, weatherization, senior/handicapped home repairs, and homeowner/tenant counselling will be serverely curtailed in Chicago's neighborhoods. Organizational stability and competance of neighborhood development corporations, built-up over ten years of struggle, will be discarded, wasted, and shifted to the back burner in the name of the unproven theory of supply-side economics. Housing deterioration and displacement will increase.

LET'S RETHINK THE ISSUES:

-Reagan's "budget cuts" do not really exist; he has merely shifted funds from social and economic development programs to military expenditures;

-tax cuts for most of us will be minimal; we have swallowed a myth when only those fortunate to have incomes over $100,000 a year will see any appreciable decrease in taxes;

-it is likely that Reaganomics will produce inflation in the cost of basic goods and services rather than resurgent economic growth.

THE BOTTOM LINE IS THAT WE ALL WILL SUFFER...ALL NEIGHBORHOODS...MOST INCOME GROUPS!

WE ASK YOU TO SHED YOUR CYNICISM AND HELP US REBUILD CHICAGO'S NEIGHBORHOODS: REHAB REAGAN'S BUDGET!

HERE'S HOW:

Write your representatives in Congress:
Rep. (your congressman's name)
House of Representatives, Washington, D.C. 20515

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