

Receivership enters a new era

by Joel Birman

Receivership is starting to come into its own as a tool for affordable housing preservation.

A new breed of community-oriented receivers is developing in Chicago. Some are for-profit, others are non-profit, but all have in common the goals of responsible management, sensitivity to tenants and saving distressed buildings. Community groups have been meeting on a regular basis to consider various problems and questions

posed by the use of receivership. Their first initiative, a training course for receivers, has become a reality.

"Receivership" is a tool used by the courts to enforce housing codes and bring buildings up to minimum standards of health and safety. The court appoints a receiver to take control of a deteriorated building from its owner, correct the code violations, and then—theoretically—give the building back to the owner. In return, the receiver gets a fee, based on the collection of rents in the building.

While there have been examples in

Chicago's past of innovative receivership programs, for the most part this tool has not been used effectively. Many receivers were attorneys who were more concerned about rent collection than building repair. They often hired management companies to do the work, and, being out-of-touch with the neighborhood and not exerting full control, the results were bad for the building, the neighborhood, and, eventually, the receiver.

"Downtown attorneys were losing a lot of buildings because they were not

(continued on page 12)

Politicians sign on

Lakeview tenants urge HUD housing action

by Sherrie Hannan

Before toasting the second successful year of the Lakeview Tenants Organization at its annual convention last month, more than 200 Lakeview and Uptown tenants called on their elected representatives to take action to preserve subsidized housing in Chicago.

Lakeview and Uptown will be among the Chicago neighborhoods most severely affected by subsidized mortgage prepayment and Section 8 contract expiration or opt-out. Close to 4000 affordable units subsidized under the 221d3, 236 and Section 8 programs in Lakeview and Uptown could be lost by the year 2000, through huge rent increases or condominium conversion.

Lakeview senior Maye Calt, a tenant in a 221d3 building eligible to prepay in 1989, invited elected officials to join LTO in seeking solutions to a problem that could reach crisis proportions in the next thirteen years. "We realize that there are no easy answers," she told

them, "but we want you to work with us to examine all the options possible to resolve it. We feel that since this program was created by the government, it should be up to the government to play a major role in either continuing it or finding alternatives that are equally

viable."

While Lakeview tenants kept score of their responses, state senators Dawn Clark Netsch and William Marovitz, state representatives Ellis Levin and John Cullerton, Alderman Helen

(continued on page 13)



Photo by James Rasmussen

A MESSAGE FROM THE PRESIDENT

Network seeks to increase membership

by Juan Rivera

The Chicago Rehab Network is the largest multi-national and multi-ethnic coalition of community housing developers in the city of Chicago and possibly nationwide. Our board of directors has representation from almost every low income neighborhood in the city. The Network provides housing development technical assistance and advocates for resources and programs for the production and operation of low income housing.

The Network is a strong coalition of housing developers and advocates. Its mission is to empower community-based developers to revitalize their communities within a "community control" setting.

Since its founding in 1977, the Network has served as a tool to achieve a greater sense of control and future to its members. It has also facilitated the sharing of information, ideas and opportunities for community-controlled housing development. Our efforts have helped to produce more than 2000 units of community-controlled housing within Chicago's neighborhoods.

This year we decided to expand our membership. This will help us advocate for services and resources for a broader spectrum of community-based developers. Also it will provide an opportunity for more organizations to share their ideas and discuss their needs and plans for developing decent housing for their neighborhoods. Of more importance, it will increase the bargaining power of the Network to develop policies and resources to confront the low income housing crisis.

In the past few months, Network members and staff have outreached to community-based development organizations to increase the awareness of the need to work in coalition to meet the low income housing challenge in Chicago. They have conducted training sessions to share ideas with non-members on ways to develop housing for the poor.

Our experiences have been good in this outreach effort. New groups have

become members of the Network and other groups have expressed interest in joining.

Although the results are good, they do not satisfy us. Our objective is to reach every community-based developer to share ideas, offer our services, and increase the level of awareness of the need for unity among those who struggle for the right of poor people to live in decent and affordable housing. This outreach effort presents an opportunity to explain how the Network can help local groups develop housing, and to discuss our programs, services, and accomplishments in confronting the housing crisis.

As I have mentioned in previous articles, we need to fight national, state and local policies that hinder the production of low income housing. Also we need to

combat other policies and programs that waste needed resources in the name of "democracy."

The need for unity to fight such policies demonstrates the need for unity among community-based developers. By networking we can achieve that unity. To achieve unity is not easy. Nevertheless the purpose makes it worthwhile. With your help the Chicago Rehab Network can become a better tool to facilitate unity among those who struggle for housing as a right, not as a privilege.

If you are not a member of the Chicago Rehab Network, call us for information about membership and networking opportunities. If you are a member already, talk to other organizations, distribute our brochures and help us organize presentations in your area.



CRN staffer Ann Shapiro explains how to estimate rehab costs at the Network's 3-part seminar on Low Income Housing Finance and Construction. More than 25 groups attended the sessions, offered this past summer and fall.

Network director resigns

On October 30 Bill Foster stepped down as executive director of the Chicago Rehab Network.

Bill had been with the Network for four years. He left to take a position with the Fantus Corporation, a real estate consulting firm.

Under Bill's leadership, the Network grew from a staff of two to a staff of ten people who provide technical assistance in the areas of finance, construction, property management and tenant training. While becoming a respected "downtown agency," under Bill's direction the Network has kept its

community-based perspective, greatly expanding the number of local groups who receive assistance, and becoming a more forceful advocate for low income housing policies.

Network staff, board members and all who worked with Bill will miss his vision, technical expertise and terrible jokes. We wish him luck in his new job.

Network Builder Editor and Ace "Networker" Debbie Weiner is taking over as acting director, while the search is underway for a permanent executive director. Please call (312) 663-3936 for more information on this position.

City plans to destroy two SROs

The City of Chicago is now making plans to destroy two single room occupancy (SRO) hotels to make way for a plaza across from the new central library.

The library will be located on vacant land in the block bounded by Congress, State, Van Buren and Plymouth Court. However, plans are being drawn to convert part of the block just north of the site, bounded by Van Buren, State, Jackson and Plymouth, into an open air plaza. Buildings to be demolished include the Rialto Hotel and the Plymouth Hotel.

The Rialto currently houses more than 55 persons in 42 rooms at an average rent of \$140 per month. The Plymouth has been closed recently and needs extensive remodeling, but is structurally sound and could provide housing for up to 100 people, according to the Chicago Coalition for the Homeless.

The Coalition is fighting the demolition of the SROs. Their efforts kicked

off with a rally at the Rialto in October.

The continued destruction and conversion of SROs has contributed substantially to the numbers of homeless in the city. The city loses an average of 1,000 SRO units per year. The number of homeless people has been estimated at up to 20,000. The loss of the Rialto and Plymouth, the only two remaining SROs in the Loop, can only add to the problem, says the Coalition.

"The eviction of the Rialto residents will result in some residents being relocated into the diminishing supply of low cost hotels, thus displacing other people," says a Coalition spokesperson. In addition, some of the Rialto residents will become homeless immediately, "adding to South Loop social problems as well as those of the new central library."

The Coalition's position is that the buildings should instead be renovated for use as low income housing. "Both buildings could be upgraded for less than the cost of a fancy pidgeon plaza

with benches, statues, etc." says the spokesperson. "And they would certainly be more useful in providing a decent residence." Both buildings are "architecturally attractive and could be creatively integrated into some of the innovative planning which is being considered for the 'world class' library," he continued.

Members of the Coalition suspect that the SROs have been particularly singled out for destruction. Not all the buildings on that block will be demolished to make way for the plaza. "The intent is clear: to get rid of several 'unsightly buildings' while a few prestigious facilities would be saved in that block," says the group.

The trend toward SRO destruction in Chicago continues unabated, often with the compliance, or in this case, at the initiative of city government. The Coalition plans to make a stand with these last two Loop SROs. "This is just the beginning of a long campaign to save low income housing for the very poor," says the Coalition.

Scavenger sale: circus atmosphere prevails

by Barb Grau and Roberta Warshaw

The County of Cook has never seen anything like it!

More than 14,000 people registered in the first week to bid on 40,000 tax delinquent properties at the Scavenger Sale, which began on October 5. What, in past years, has been a hush-hush meeting of a closed society of real estate speculators has now turned into carnival crowds of people, each hoping to pick up a "free" building.

The crowds have swelled so much that the sale was moved for awhile from the Bismark Hotel, whose auditorium holds 800, to the Medinah Temple, known for housing circuses, complete with elephants. But there are no elephants here (maybe a few white elephants) and *no* free buildings.

The hordes of people are a response to the publicity generated by the Tax Reactivation Program (TRP) this past year. However, TRP is only one small part of the entire Scavenger Sale process. There are actually three ways to

acquire properties at the sale: by going through TRP, by going directly to the County for a non-cash bid, or, the most common, by going to the sale and trying to outbid others. When a property is acquired through any of these methods, all of the delinquent property taxes and almost all of the liens are wiped out.

Anyone can take the third method—anyone with the cash to pay for the bid by the end of the next business day after the bid is made. Hence witness the throngs of humanity sitting at the sale, hoping for the freebie or cheapo deal. The second method is open only to municipalities and quasi-governmental bodies such as the Illinois Medical Center Commission. The first method, TRP, has gone through some major changes since its pilot phase in 1983.

Originally, TRP was for nonprofit developers of low income housing. These development groups received the properties at no cost, directly from the County. In order to qualify for TRP, a group had to submit rehab plans, show the capacity to undertake a develop-

ment project, and place \$2000 into an escrow account toward future taxes. The County would then place a non-cash bid for the property equal to the amount of taxes, penalties and interest. As long as no one bid more than that amount (and no one ever did), the County acquired the property and turned it over to the developer. The program was administered by the Chicago Rehab Network, who screened applicants and provided TA.

This year, TRP's being administered by the city's departments of Housing and Economic Development (DOH and DED), who opened the program to for-profit developers, although still requiring low-income use. Each property now must be approved by City Council. As a result, some enterprising individuals have by-passed the city's application process and have gone directly to the aldermen. Their proposals do not necessarily meet the guidelines of DOH and DED, but still have the imprimatur of the alderman and subsequently have

(continued on page 10)

LeClaire signs CHA contract

by Debbie Weiner

Resident management at LeClaire Courts took a giant step forward on September 24 with the formal signing of a management contract with CHA.

The contract sets in motion a process that will lead within a year to full tenant control of the 615-unit low-rise public housing development. LeClaire will become the first tenant-managed public housing development in Chicago, joining a dozen or so other such developments nationwide.

While LeClaire residents are understandably happy about the signing, they

have quickly turned their attention to the next step. "It's a relief," says LeClaire Resident Management Corporation President Irene Johnson, "even though the work is just beginning."

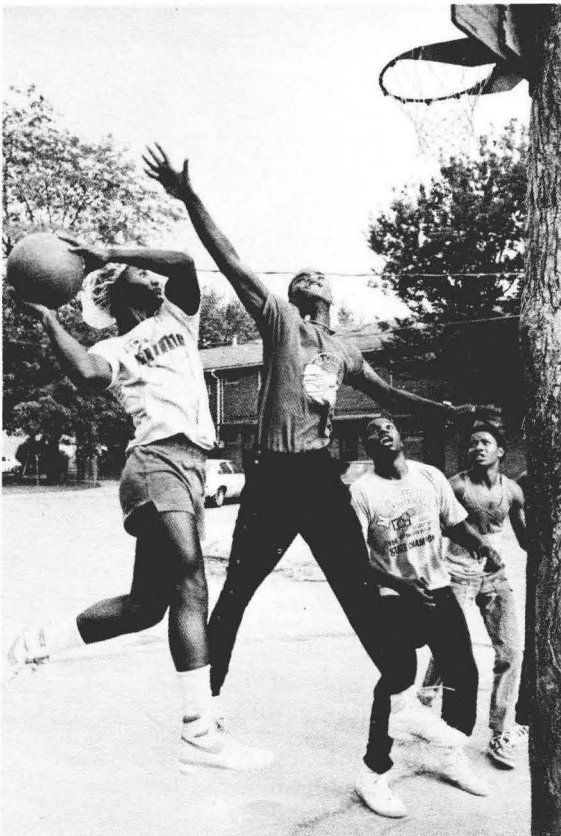
The months before the contract signing were fraught with uncertainty for the residents and their advisors. While they had steadily prepared and worked toward the contract, their efforts threatened to unravel because of the crisis going on at the CHA, and the Authority's war with HUD. "We tried to steer a course that kept us uninvolved in the crisis," says Voorhees Center Director Bill Peterman, an advisor to the LeClaire residents. "It was a very touchy situation."

The group managed to get the approval of both CHA and HUD, and finally the signing took place. "The

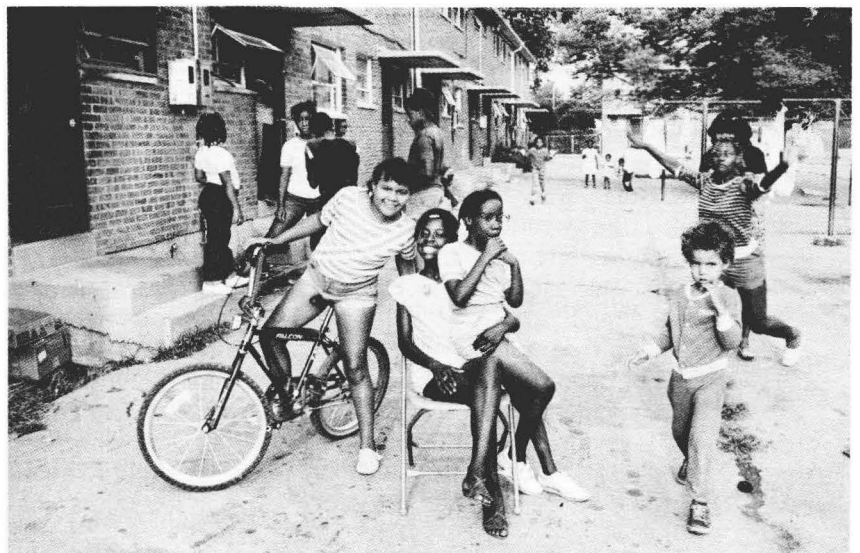
contract took away a lot of headaches," says Johnson.

The effort to get the contract did not interfere with the residents' ongoing training and organizing endeavors. In August the Resident Management Corporation (RMC) Board completed a year-long training course in board development and community organizing given by the National Center for Neighborhood Enterprise. The intensive classroom training ended with a 200-question final exam covering such topics as the roles and responsibilities of a board, how to work within a group and conflict resolution.

"You put in some long hours, but you learn an awful lot," observes Rosie Garrett, who, along with Sarah Robinson, is one of LeClaire's community organizers. Stanley Horn, director of



Photos by Nuccio DiNuzzo, U of I Chicagoan



the LeClaire-based Clarence Darrow Center, notes that during these sessions "they really pulled together as board." He adds, "I've never seen that type of dedication before. . . I don't think I've ever been more proud of a group of people in my life."

Garrett and Robinson are helping the residents form block clubs. More and more residents are becoming active in the upkeep of the neighborhood, in fixing up their yards and participating in the community garden.

Residents have taken a keen interest in the progress of the tenant management effort. The plight of CHA aroused a great deal of concern. "You get ninety questions thrown at you at once sometimes," remarks Garrett.

"The interest level is up," says Johnson. Skeptics still exist, but most of the residents have seen the positive changes which have taken place at

LeClaire as a sign of better things to come once the residents become involved in actual day-to-day management.

The next step now that the contract has been signed is "dual management training." The RMC Board is hiring people to fill seven management and maintenance positions. These people will work alongside local CHA staff for a period of on-the-job training that is expected to last nine to twelve months.

The RMC Board is being trained to be phased in as directors of policy and procedure. "We will be taking on responsibility as we go along," says Johnson. The process will be monitored by CHA, and dual management will give way to resident management once a series of standards has been met.

At the end of the dual management process, the RMC-hired staff will report solely to the RMC Board. The Board will oversee maintenance of the

housing. LeClaire received \$864,000 in rehab funds from HUD in August, and the RMC will be seeking additional funds for weatherization and rehab.

The RMC has formed committees on education, security, tenant screening, maintenance, modernization, tenant relations and economic development. The committees are made up of board members and other community residents, and will be chaired by non-board members as part of LeClaire's commitment to continued leadership development, according to Horn.

Johnson is excited about the future of LeClaire. She feels that the events leading up to the contract signing have served to strengthen the RMC. "We have learned that it takes patience and persistence," she says. "The community is more unified now." And so on to the next phase for the residents of LeClaire Courts.

GRASSROOTS

Tenant management dream comes true



by Pat Jermone

The hardest thing about resident management was getting the residents to take part in bettering their every day lives and living conditions. Sure, the majority wanted resident management but they wanted someone else to do the job for them without organizing or accepting any type of responsibility for their actions.

By saying this I mean that they would not *allow* themselves to give the proper input into any given situation. They would say that they "heard something that may concern them" and instead of acting on the information, they would

sit on it and wait to see what came of it.

It seemed the more we tried to stress the need for organizing the more some of the people seemed to come apart. They began to single out petty differences among residents who they did not click with, instead of learning how to grow from these differences and become more united. They used these things to pull apart in some instances.

At the beginning I myself did not believe in Resident Management. To me it was just a dream to be put in its own place, but it turned out to be a dream come true. Now that it has come true I would like to tell you some of the steps we took and how it came about.

The first step was the residents coming together in the community to identify a mechanism to make life better in LeClaire. Through that process resident management was identified. To accomplish this, we needed to get the training to become organizers and managers of property.

This was done by attending classroom training and doing practicums in each of the many areas to be touched on, with emphasis on obtaining a workable contract between CHA and the Resident Management Corporation. Through the organizing phase we were incorporated and a board was selected.

The easiest part was the learning process we all went through. We became able to identify problems and delegate the different tasks to each individual within the organization. The classroom training helped with flexibility, taught us how to relate to other residents. Then the residents themselves started to change because we were relating to them differently, not in a negative tone but in a tone that each and every individual could relate to (language-wise).

Now that the contract is an actuality, dual management can be initiated. Dual management means hiring residents to work side-by-side with CHA's management team, learning all of CHA's and HUD's criteria for properly managing their property.

Through this whole process, the residents of LeClaire have begun to show an open interest, a willingness to learn and be a part of bringing back the pride and beautification of their neighborhood. Through resident management, residents will have a say in their everyday living conditions to make LeClaire safe and economically stable.

Pat Jermone is secretary of the LeClaire Resident Management Corporation. She has lived in LeClaire Courts for 18 years.

SHAC responds to IHDA commentary

The Statewide Housing Action Coalition (SHAC) commends Peter Lennon of the Illinois Housing Development Authority for his article in the last issue of the *Network Builder*.

Dialogue between public agencies and housing advocates is necessary if we are to alleviate the housing crisis that exists in Illinois. We are glad that Mr. Lennon sees the need for such dialogue and has taken the time to contribute to it. While we take issue with many of the article's assertions, we also find many points on which IHDA and SHAC can agree.

Most important is that we are in full agreement on the existence of a dire

needs and 570 units of housing approved for the credit thus far. We also recognize that IHDA has entered into partnerships with groups such as LISC and NHS which have resulted in loans for low and moderate income housing.

But, as Mr. Lennon acknowledges, these steps "are by no means designed to meet the need that exists in today's climate." Their total output is a drop in the bucket. And because IHDA is one of the few resources left, it provokes a lot of frustration from community groups looking for solutions. SHAC maintains that IHDA, because of its unique position, must do more: more advocacy, more use of its own funds,

were never held, and IHDA prepared a report which was negative to the trust fund idea. The report claimed that the fund would not be feasible based on the source of revenue it examined: real estate escrow accounts. It did not examine other sources of funding. A minority report, prepared by the Woodstock Institute, disputed IHDA's findings.

Last year SHAC approached IHDA with its program ideas for a housing trust fund, to be capitalized in part from IHDA reserve funds. But IHDA objected to the notion of setting aside a certain amount of money, of devising a program, setting guidelines and putting out a request for proposals. Now we read in Mr. Lennon's article that IHDA has set aside \$11 million into a revolving loan fund, for projects involving partnerships.

We applaud this move, but where are the program guidelines for allocation of this money? Where is the publicity so that groups around the state are aware of the fund's existence? We are encouraged to see that IHDA is conducting workshops on how to use the new low income housing tax credit; how about some workshops on how to use the revolving loan fund?

And why does the fund contain only \$11 million, which Mr. Lennon would agree can only go so far, even in partnership? From June, 1986 to March, 1987 alone, IHDA spent more than \$30 million in unrestricted reserves. SHAC feels that a larger portion of this money could be spent on low income housing.

During the last legislative session, lawmakers and community groups floated the idea of an increase in the real estate transfer tax to be placed in a housing trust fund for various low-income housing programs. IHDA acknowledges its own inability to meet the state's affordable housing needs; we hope it will throw its support behind this plan.

We agree with Mr. Lennon that partnerships are a desirable way to create affordable housing. But SHAC proposes that partnerships be developed not just on a project-by-project basis, but into systematic programs that can go further to increase the supply of affordable housing.

States such as Connecticut, New

Why can't SHAC and IHDA work together to advocate solutions?

need for affordable housing. And we agree that the resource traditionally relied upon for low income housing, the federal government, has seen fit to decimate its housing programs. We also agree that the chances of the state appropriating dollars for housing from its general budget are slim.

So where does this leave us? What should groups like SHAC and IHDA do, given our recognition of the problem that confronts us? SHAC has chosen to advocate for the development of other resources: use of IHDA reserve funds, a developer-funded Chicago low income housing trust fund, a state low income housing trust fund that does not rely on state budget appropriations. We have promoted creative use of the dollars that do exist while we seek to expand sources of funding. We challenge IHDA, in its role as the state's only housing agency, to do the same.

Certainly in the past few years IHDA has taken steps toward dealing with the problem. We have recognized, and continue to recognize, IHDA's financing of neighborhood-based development projects done by such groups as KOCO, Bickerdike and Voice of the People. Also, IHDA has made a serious attempt to begin to distribute the state's low income housing tax credit, with 27 pro-

jects and 570 units of housing approved for the credit thus far. We also recognize that IHDA has entered into partnerships with groups such as LISC and NHS which have resulted in loans for low and moderate income housing.

But, as Mr. Lennon acknowledges, these steps "are by no means designed to meet the need that exists in today's climate." Their total output is a drop in the bucket. And because IHDA is one of the few resources left, it provokes a lot of frustration from community groups looking for solutions. SHAC maintains that IHDA, because of its unique position, must do more: more advocacy, more use of its own funds,

more partnerships—to create more resources for addressing the need that exists right now, in today's climate. Who better to advocate for the need for housing dollars than IHDA? Instead of accepting the status quo and waiting for the day the federal government decides to renew its housing commitment, IHDA should be taking an aggressive and public stance in pushing the state to identify new sources of revenue and new programs to meet the housing needs of its residents.

But IHDA has been resistant to many of the new ideas being proposed. In 1985, the governor's office of planning asked community groups and housing agencies from around the state to draft position papers on a dozen topics related to housing, with the aim of developing a state housing plan. The position papers which were put forth contained such innovations as a mortgage insurance pool, a housing trust fund and the development of a corporate income tax credit for housing. But the plan was never completed, in part because of strong objections from IHDA to some of the suggestions.

In 1985, IHDA was mandated by the state legislature to study the possibility of a housing trust fund, and to hold hearings on the topic. The hearings

Jersey, Maryland, Rhode Island and, yes, Massachusetts have formed partnerships among and between state housing finance agencies, other state agencies, municipalities, private sector

recently stands out among all the others (and it doesn't even involve spending any money). The Ohio housing finance agency recently joined in alliance with the Ohio Coalition for the Homeless,

As for Mr. Lennon's complaint that SHAC uses "excessively negative" rhetoric, we (politely) disagree.

entities and nonprofit groups. The programs developed from these partnerships draw on CDBG funds, state HFA reserve funds, bond proceeds, private contributions and a variety of other sources. We feel Illinois has the potential—and a strong need—to do the same.

But one example we've heard of

the Ohio CDC Association and the Ohio Council of Churches to advocate for more resources for housing.

SHAC raises the same concerns as Mr. Lennon does in his article. We both see a tremendous housing need which is not being addressed. Why can't SHAC and IHDA work together to advocate solutions?

As for Mr. Lennon's complaint that SHAC uses "excessively negative" rhetoric, we (politely) disagree. IHDA is a public agency, and as such, is accountable to the public. For many years it keep a low profile, avoiding public scrutiny, and perhaps IHDA officials, unaccustomed to the spotlight, are uncomfortable with the process of public criticism and comment which comes with the territory.

In our meetings with IHDA Director James Kiley and at other forums, SHAC has always been careful to acknowledge the good things IHDA has done. However, we feel it is our responsibility to raise issues and offer policy suggestions. We hope that, through this process of dialogue initiated by Mr. Lennon, we will be able to find some common ground to work together toward a solution to the housing crisis in Illinois.

—*Statewide Housing Action Coalition*

Sessions explore housing trust fund concept

by Larry Pusateri

About two dozen members of the Statewide Housing Action Coalition (SHAC) gathered in a Springfield hotel basement for two days of intensive sessions in early October, beginning work on developing and promoting a Low Income Housing Trust Fund for the state of Illinois. The Trust Fund would be a pool of renewable money designated for disbursement to various low income housing programs and initiatives.

The representatives from Chicago, Carbondale, Herrin, Lincoln, Campaign, Urbana, Danville, Peoria, Joliet and Springfield heard Mary Brooks of the Housing Trust Fund Project in San Pedro, California, review some of the essential qualities of a Trust Fund, alternative financing mechanisms, and various Trust Funds already developed in other states and cities. Afterwards, the group went into a working session to consider some of the parameters for an Illinois Trust Fund. It was decided to reject setting up a demonstration project Trust Fund with capital from foundations, churches and corporations because of the difficulty in renewing these sources of income and the competition it would provide for other low income

projects.

The primary state sources of revenue endorsed by the group were: real estate transfer fees, a condominium conversion fee, interest from escrow accounts and Illinois Housing Development Authority (IHDA) mortgage bond reserves. Secondary revenue sources identified by the group were a general obligation bond issue and real estate syndication fees.

Other parts of the discussion focused around necessary provisions in the Trust Fund structure for ensuring community control of the Fund and developing a priority list of types of projects which would be eligible for funding. Of special interest to downstate communities was the inclusion of an emergency foreclosure assistance program to aid homeowners having temporary difficulty meeting mortgage payments.

One of the hardest decisions for the group was at what income level to target the funds for distribution. The final group decision was to propose 150% of the federal poverty level as the maximum income standard for Trust Fund-eligible projects.

As the discussion turned to promo-

tion of the fund, Rich Wood of Illinois Impact provided the group with some salient information as to requirements of the spring legislative session at the Capitol, reminding the group of the electoral primary in March for all House members and one-third of the Senate.

The group decided a high priority for SHAC in the upcoming year would be to continue and expand its outreach efforts in conjunction with promoting the Trust Fund concept to organizations and communities throughout the state. SHAC remains committed to working with low income housing groups at their local levels on relevant community issues.

A working committee of retreat attendees will be formalizing the Trust Fund proposal based on the decisions made at the retreat and disseminating it to all SHAC members and other interested persons or groups for comment and local input. Any person or group interested in receiving the Trust Fund proposal or SHAC outreach visits to their local community can write SHAC at 220 S. State, Suite 800, Chicago, IL 60604 or call SHAC at (312) 427-0712.

Larry Pusateri is SHAC Coordinator.

Celebration time for Network groups

Late summer/early fall is a good time to celebrate your achievements.

And that's just what four Network groups did these past few months.

Hundreds of people came out on August 28 to help Voice of the People celebrate the completion of its Hazel-Winthrop project, which adds 30 units of badly-needed affordable housing to

Uptown.

PRIDE marked the completion of its two latest development projects with an Open House on September 12. More than 200 people came to toast the addition of 31 new units of affordable housing in South Austin.

On October 12, around 350 people joined Bethel New Life at the dedica-

tion of four newly constructed EEE (economical, energy-efficient) homes, held in conjunction with Bethel's annual seniors' bazaar.

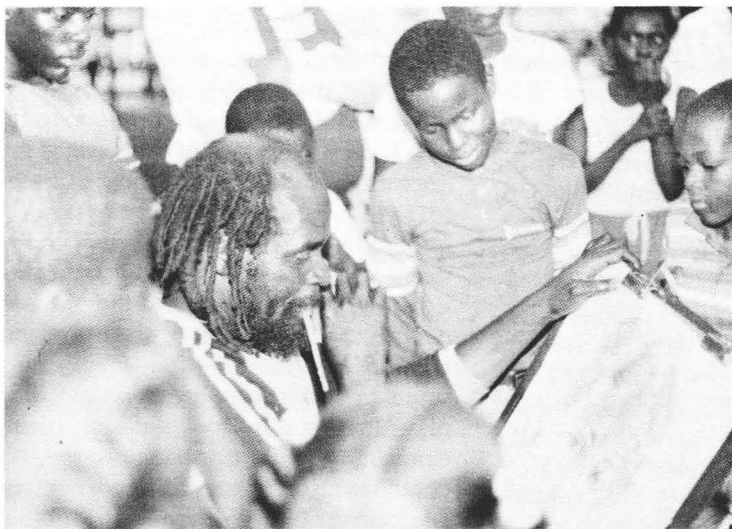
And KOCO FEST '87, sponsored by the Kenwood-Oakland Community Organization, brought out the crowds in Kenwood-Oakland on August 15 for a day of music, art exhibits, food and celebration.

PRIDE



Photos by Debbie Weiner





Photos by Max Hart

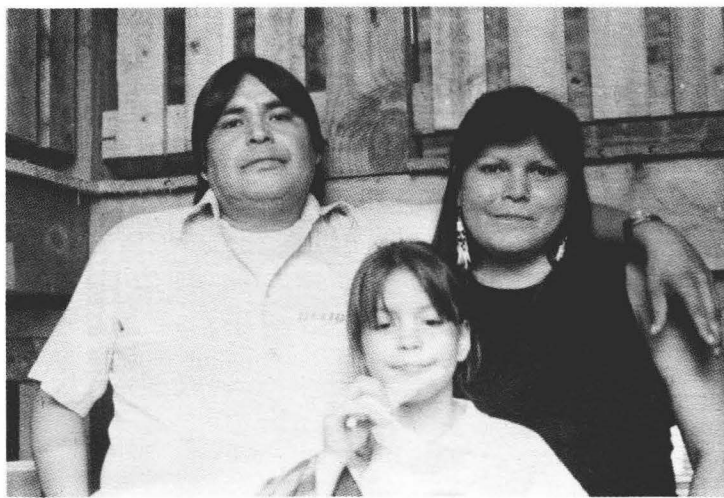


KOCO

Voice of the People



Photos by Debbie Weiner



Scavengers galore seek buildings

(continued from page 3)

been approved by the City and County.

The 1987 Tax Reactivation Program has grown more than thirty times the original 1983 program. In 1983, around twenty properties were approved for the program. This year, approximately 600 properties have been approved by the City. Of these, 112 were submitted by DED. DOH submitted 164 parcels—102 for nonprofit developers, and 62 for for-profit developers.

You may notice a gap there of well over 300 properties. These were submitted directly to the Council by Ald. Tim Evans and Ald. Bill Henry, and approved by the Council even though no

law offices with James Montgomery.” Grant Memorial Church’s (nine parcels) “pastor is a close friend of Alderman Timothy Evans. . . .”

So far, two problems have prevented TRP developers from acquiring many of the properties they are seeking. More than 8000 properties were not listed at the sale because they were published erroneously by the County. These properties will come up at the very end of the sale, probably in January. In addition, the County made an error in calculating the overbid amount for South Side properties.

“Overbids” are bids greater than the amount of back taxes, penalties and in-

City of Chicago and other entities have requested the County directly to make non-cash bids on many other parcels. The biggest news is that the city has requested over 700 parcels, most of them (625) listed as vacant lots, to be deeded over to them, thus gaining title without the protracted legal action of a condemnation proceeding. Around 175 of these parcels are in the area of the proposed West Side stadium. The media and some organizations are calling “foul play” by the City for its desire to circumvent the public hearing process the condemnation proceedings require. Also, on the Near West Side, the Illinois Medical Center Commission requested that 274 properties pass to them for the non-cash bid.

The City wants to by-pass condemnation proceedings because it will save money. Also, as Jack Hart of DOH stated, “we fear speculators making a land grab on properties where the stadium is to be and forcing up the sale price when the City goes to take the property through eminent domain.”

The County has deferred action on all City and Medical Center requests, because of a lack of information on how these parcels will be developed. Restrictions are expected to be proposed requiring that the parcels be developed and on the tax rolls within three years, or else returned to the next Scavenger Sale. Several County Board members have stated they wish to discourage land banking without development plans, because unproductive land will not bring in any tax income.

Several parcels located in Uptown were placed on the non-cash bid list at the request of Ald. Shiller. Some private developers of upper income housing, including Randy Langer, objected to the inclusion and stood ready to hand over certified checks to obtain the properties via the Scavenger Sale. These properties are now part of a court battle, and it is not yet known who will win this round of the struggle to protect low income housing in Uptown.

So, for those of you who are still following this torturous analysis, on to method number three: private bidders. In past years, many properties on the Scavenger Sale never drew a bid. Only the cream of the crop were picked up, or friends of the owner would pick up the property cheaply and work out some deal with the old owner. The old owner

Who is benefiting from this whole drama?

developer was named for Henry’s 300 properties. Because these aldermen did not go through the DOH application process, there currently is no guarantee of long-term low income use.

The County Board rubber-stamped its approval on all except the Henry properties, which are being held up. There were fights over various parcels *before* the City Council voted, but most fights were cleared up through negotiation. For a few parcels, neither party ended up with the property. This means that those properties go on the Scavenger Sale, available to the highest bidder.

The County has made successful non-cash bids for several groups assisted by the Chicago Rehab Network, including WECAN, Covenant Development Corp., Voice of the People and KOCO. (As of this writing, West Side properties have not yet come up at the sale.) Of the other developers approved so far by the City and County, several have generated controversy.

The Tribune on October 28 revealed, for example, that “Carroll Properties’ principal is Robert King, a close friend of Brenda Gaines.” (Carroll is slated for 20 West Side properties.) Vernon Ford (to develop 67 apartments) is a “former consultant to the city’s Department of Housing” and “shared

interest. These bids overrule non-cash bids, and allow the bidder to acquire the property instead of the County. Unfortunately, the County mistakenly failed to include the penalties and interest, listing substantially lower amounts. Consequently, the “overbids” made on many properties might not be higher than the County’s “non-cash bids.” The County is consulting the State’s Attorney’s office on this matter.

So it will be early 1988 before we know who successfully made it through the non-cash bid process. Of course, even after a non-cash bid is successfully made, there are many other hurdles to clear. The developers must await the six month redemption period. Also proper notice must be given to all interested parties before the County will allow title to pass to TRP groups. Many of the groups are considering petitioning the County for receiverships so that the buildings will not deteriorate further, during the one year or more before perfecting title.

While the Tax Reactivation Program keeps us in suspense until we finally know the outcome of these properties years later, what’s happening to the other two paths to success mentioned at the beginning of this article?

Remember method number two? The

would have a clean slate: no more delinquent taxes. Of course, if these deals were ever uncovered, the County could prosecute—but such frauds were rarely, if ever, discovered.

This time around, every property has a bid and a large number are going for huge prices—even though most properties have been long neglected or abandoned, will cost an arm and a leg to rehab, and get very little rental income. The scuttlebut is that people are not doing a title search *or* looking at the properties *or* getting advice from knowledgeable professionals.

In addition, a bidder at the sale may bid and win a vacant lot for a few hundred dollars, but the bidding is not the only step in the process. The complex notice procedure must be completed,

requiring an attorney's scrutiny. Some buildings have huge IRS or city demolition liens that are not extinguished when the properties are obtained through the sale. And, if someone tries to get a building for a song and finally ends up owning the property after the redemption period, then the new owner faces paying taxes and the costs of maintaining and renovating. (Private bidders seeking more information on the process should contact the Campaign for Responsible Ownership, 278-4800.)

A lot of people are not even making it to the first step—paying the bid price to the County by the next business day. Each day the County posts a list of names of those who bid but failed to pay. These posted bidders are pro-

hibited from bidding on any other properties. The properties that are not claimed by the bidders are moved to the end of the sale.

So, that's the Scavenger Sale. Who is benefiting from this whole drama? Well, the County is filling its coffers with bids which remain in its hands even if the owner redeems or the bidders never go to title. Also, the County will end up getting a lot of buildings back on the tax rolls. And we know that, in the case of many TRP properties, decent, affordable housing will be developed. But time will tell whether or not many of the new, Scavenger Sale-created owners are going to be responsible in developing their buildings, paying their taxes and increasing the supply of affordable housing.

THE PLUMB LINE

CH-CH-CH-CHANGES: Contrary to popular belief, there *are still* people working at the Rehab Network. But, as you may have noticed, plenty of changes have taken place around here over the last couple of months.

Bill "The Big Cheese" Foster has moved on to greener pastures (how's that for a mixed metaphor?), resigning as CRN director to become a hot shot real estate consultant for the Fantus Corp. (No, they don't make root beer.) He leaves a gaping hole (translation: we miss him), although the position shouldn't be hard to fill: we're seeking someone with the organizing ability of Saul Alinsky, the leadership capacity of Malcolm X and the technical knowledge of Bob Vila. Until that person is located, **Debbie Weiner** is serving as Acting Director and trying to fill all those roles (she's become an avid viewer of This Old House).

While Bill has left us for "the other side," **Ann Shapiro** has joined "the far side," leaving her job as CRN architect to work for the city's Dept. of Public Works. Must have been all those crazy workshops we forced her to attend that drove her away. And **Cris Isaza** started the ball rolling by resigning as financial specialist to go to work for the Bank of Ravenswood. Needless to say, we wish them all the best...

CHANGES II: Well, we could spend the entire TPL talking about the staff here at CRN, but that wouldn't be any fun, so let's pick on some other folks for awhile... while we're on the subject of job changes, **Mike Loftin** has resigned as organizer for Voice of the People, opting for the far climes of Guatemala and Washington state (although when last seen he was still hanging around Uptown organizing tenants)... **Kein Burton** has left her organizing position at Bethel... both were tremendous organizers and will be missed...

CRN wasn't the only group hit by multiple defections—the Coalition for the Homeless lost director **Kevin Limbeck** to the YMCA, and staffer **Maureen Gallagher** has resigned as well... **Wilma Green** has left Ald. Orr's office, to be replaced by **Brandon Neese**, previously of the Howard Area Community Center...

Well, this is getting downright ridiculous, so what else is going on? **Ralph Scott** of the Rogers Park Tenants Committee has moved his abode from Hyde Park to Rogers Park—does this legitimize him as an RPTC organizer after years of stirring up trouble on the South Side? CRN welcomes a new member organization into the fold: the American Indian Economic Development Assn. **AIEDA** is organizing and developing up a

storm in Uptown and other parts of the North Side, and you'll hear more about them in future issues of the *Network Builder*...

SOCIETY ROUND-UP: The "social event of the season" for toddlers was held a while back, when a bunch of people we know held a one-year-old birthday bash for their tykes, who all hit the big landmark within a week of each other. The assorted parents were: **Felecia and Joe Bute, Barb Grau and Bob Koehler, Dennis Marino and Barb Beck, Scott Bernstein and Chris Imhoff**. Let's check with them all a year from now, and see if they're up to repeating the bash for the terrible-twos. Our guess here is, doubtful...

NAMES IN THE NEWS: The latest media star to come out of South Austin is **Jessie Stinson**, PRIDE tenant and vice president of the brand-new Austin West Garfield Credit Union. Jessie was featured in a recent Sun-Times article, but we know her better than to think it will go to her head... Congratulations to Jessie and all who worked on the effort, you've made a tremendous accomplishment!

AND FINALLY: The rumor we hear about United Charities honcho **Lisa Baum** is too hot to even be printed here. If you don't believe us, just ask Lisa and watch her turn red... that's all, folks...

Receivership potential grows

(continued from page 1)

managing them properly," says "new breed" receiver Willie Hayes. Because the buildings would eventually vacate or the tenants stop paying rent as a result of poor management, "it was not profitable for them to be receivers." The buildings often became abandoned or entered a sort of limbo.

Receivers began to realize that they would be more effective—and rent collection would improve—if they used community-based people as managing agents, says Hayes. He became a managing agent for receiver Bill Hennessey in 1984, after having worked in the South Austin community for many years with the South Austin Council (SACCC) and other groups.

The creation of the city's Housing Abandonment Prevention Program (HAPP) around the same time also led community groups into receivership. According to Hayes, "HAPP opened up a lot of avenues" with its emergency repair fund and its use of community groups to target and intervene in buildings on the abandonment track. In

addition, Corporation Counsel attorneys brought in by the Washington Administration fostered an atmosphere of cooperation with community groups that had been non-existent in previous administrations.

Receivers and their agents are now "more tenant-oriented and usually come from some kind of community background," says Hayes. The hands-on approach to management has meant that receiverships have a greater chance of success in saving buildings from abandonment. Receivership is becoming a cost-effective way to bring about code compliance. But many problems yet remain, including the question of ultimate ownership of the building once it has been saved.

The new training course is a first step in tackling the issues posed by receivership. The course is the culmination of a year-long dialogue between community groups, receivers and the housing division of the city's Corporation Counsel. Throughout the process of putting the course together there has been a shared vision that for receivership to be an ef-

fective technique in stopping abandonment there has to be community involvement.

Major attention was given to community consciousness during the screening of course applicants. Many of the 21 people selected to be trained have affiliations with community organizations such as SACCC, Bethel New Life, Circle Christian, Peoples Housing, WECAN and NHS. Completion of the training course is now a prerequisite to being named by the city to sit on the panel of receivers.

The course will focus on property management techniques and legal principles peculiar to receivership. The curriculum will stress the basic knowledge needed to be a successful receiver.

The section on property management will be taught by Mary Harrill and Robert Whitlow, both experienced receivers. The section on the law relating to receivership will be taught by Jean Goodwin, an attorney with the Legal Assistance Foundation, who is also an experienced receiver. The third part of the course will deal with the advanced issues that have yet to be resolved by active receivers, such as the financing of major repairs, utilities and energy conservation, and the relationship with tenants and owners.

One of the first areas to be discussed will be the "pooling" of resources. A prime example would be the creation of group insurance for the needs of the receivers. There are many other areas where the "pooled" concept would be invaluable.

Receiver trainee Scott Lancelot of NHS comments that he hopes the training will lead to "the development of additional competent receivers who could intervene in problem buildings before abandonment and demolition are the only solutions."

In the past there were only a handful of receivers, who existed in a vacuum, without communicating with each other. There were sporadic efforts to use receivership as the basis for a housing intervention strategy, but these well-intended programs have faded into oblivion.

The rationale for the training is to increase the communication between receivers for purposes of mutual support. This effort is the first major step by the city and community organizations to design a program that can



STATE & LOCAL TRENDS

California

California legislators recently passed a law which provides an incentive to encourage the continued affordability of federally assisted rental housing.

The incentive will be offered to owners of HUD-subsidized buildings who are eligible to prepay their mortgages or opt out of subsidy contracts, which would relieve them of their obligation to keep rents affordable.

The new law authorizes a reduction of up to 50 percent in the state capital gains tax liability on such housing if it is

sold to a local government entity or nonprofit group that agrees to maintain it as affordable housing in perpetuity.

In addition, the legislature passed a new state low income housing tax credit to be used in conjunction with the federal tax credit. The state tax credit has most of the same characteristics as the federal credit, however, it differs in size and duration and requires a longer low income rental use period.

(From *The Housing and Development Reporter*.)

Oregon

The city of Portland, Oregon, has purchased two single-room occupancy (SRO) hotels.

The hotels provide low cost housing for single people, as well as a wide array of social services. One hotel contains an emergency night shelter for 150 people in addition to its 60 permanent rooms. Programs include a cleanup center, clothes exchange, community kitchens, medical services, a drug treatment program and a Corrections Dept.-run program for persons awaiting trial or serv-

ing work-release sentences.

The city used tax increment financing to finance one project, and might use the same technique to buy and renovate other SROs. The SRO acquisitions are part of Mayor Bud Clark's "12 Point Plan for the Homeless." This plan first aroused the opposition of the business community, but they "have settled into a spirit of cooperation," according to a mayoral aide.

(From *Crain's City and State*.)

Connecticut

The Connecticut Dept. of Housing recently released a Five Year Advisory Plan which calls for the state to spend \$551 million over the next five years to increase the supply of housing through 20 different housing programs, all of which are in operation now.

Gov. William O'Neill endorsed the report, saying, "Let us show Washington and the world that—in Connecticut—we regard safe and affordable housing as more than just the option of the fortunate among us. We regard safe and affordable housing as the deeply rooted and inalienable right of every citizen of our state."

A 30-member advisory committee made up of a wide range of experts from the public and private sectors contributed to the plan. The committee made 47 recommendations for state action, under the categories of housing finance, innovative housing, affordable housing, land use, preservation of existing housing, landlord-tenant relations, housing court system and fair housing.

(From *The States and Housing*.)

Vermont

The Vermont legislature has created a Vermont Housing and Conservation Trust Fund with an initial \$3 million appropriation.

The trust fund will support the preservation, rehab or development of affordable housing for lower-income state residents. The fund will also support preservation of historic properties, retention of agricultural land, protection of wildlife habitat, protection of park and recreation areas and development of the capacity of eligible applicants to carry out such activities.

The only entities eligible for trust fund assistance are municipalities, certain state agencies, nonprofit groups and low income housing co-ops. The fund can provide assistance in any form, including loans and grants, and can receive funding from sources other than state appropriations.

(From the *Housing and Development Reporter*.)

The *Network Builder* is published bi-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. Inquiries should be addressed to: The Chicago Rehab Network, 53 W. Jackson, Suite 815, Chicago, IL 60604; (312) 663-3936.

Network President: Juan Rivera

Acting Director: Deborah Weiner

Staff: Joyce Arrington, Anne Conley, Juanita Derbigny, Sherrie Hannan, Kofi Nantwi, Lenwood Robinson, Roberta Warshaw

Newsletter Editor: Deborah Weiner

Typesetting: Advantage Printers and Typesetters

Printing: Omega Graphics

Cartoonist: Steven Williams, KOCO staff

Members: American Indian Economic Development Association, Association for Black Community Development, Bethel New Life, Bickerdike Redevelopment Corp., Circle Christian Development Corp., Coalition for United Community Action, Covenant Development Corp., Eighteenth St. Development Corp., Heart of Uptown Coalition, Howard Area Housing Services Center, Kenwood/Oakland Community Organization, Latin United Community Housing Association, Midwest Community Council, Near North Development Corp., Northwest Austin Council, Peoples Housing, Inc., People's Reinvestment and Development Effort, South Shore Housing Center/The Neighborhood Institute, Voice of the People

Associate Members: Center for Neighborhood Technology, Center for New Horizons, Inc., Community Renewal Society, Jewish Council on Urban Affairs, Metropolitan Housing and Development Center

Two housing studies published...

The Woodstock Institute recently released a report on "The Bankers of Today, the Banks of Tomorrow."

The report describes the impact that recent changes in the banking industry have had on low and moderate income people and neighborhoods. Designed to demystify the banking industry, the report defines the major types of financial service providers that offer either loan or deposit services to consumers.

The report calls for the establishment of community reinvestment responsibilities that apply to the vast array of new financial service providers. It profiles six megafinancial corporations: Sears, Citicorp, GM, Household International, General Electric and Merrill Lynch.

Copies of the report can be obtained from the Woodstock Institute, 53 W. Jackson, Chicago, IL, 60604; (312) 427-8070.

"A Progressive Housing Program for America" has just been released by the Institute for Policy Studies.

Contributors include Emily Achten-

berg, Peter Marcuse, Michael Stone, Peter Dreier, Chester Hartman and others. The 66-page program is

...and two housing manuals

"Community Economic Development Strategies: A Manual for Local Action" has recently been published by the Center for Urban Economic Development (CUED) of the University of Illinois at Chicago.

The manual presents strategies for the creation and retention of local jobs and needed goods and services for residents. It focuses on low income urban communities, addressing the two different perspectives of business development and community empowerment.

The manual can be purchased for \$10 from CUED, University of Illinois at Chicago, P.O. Box 4348, Chicago, IL, 60680; (312) 996-4401. Make checks payable to University of Illinois at Chicago.

The Enterprise Foundation's Rehab Work Group recently published the

available from IPS, 1901 Que St., NW, Washington, DC, 20009. Cost is \$4 for reproduction and postage.

Cost Cuts Manual, a 336-page catalogue of cost-saving techniques for housing rehab.

The manual is aimed at a diverse audience: neighborhood groups, government agencies, architects, contractors, tenants, homeowners and others involved in the rehabilitation of low income housing. It covers the entire process of rehabbing housing. Chapters include: Acquiring Property Cheaply, Designing Out Unneeded Rehab, Methods and Material, Managing the Job Efficiently, Saving on Labor with Self-Help and Volunteers.

The manual costs \$45 (\$35 for non-profit groups), and can be ordered by mail from Rehab Work Group, P.O. Box 1490, Alexandria, VA, 22313. Checks should be made payable to Rehab Work Group.

Community-based receivers emerge

(continued from page 13)

used the tactic of bringing a private action to obtain site control for development on several occasions.

Another key law elevates liens that receivers place on properties for repairs to first position. This potentially allows the city to initiate lien foreclosure action against the owner, which could result in the property being transferred to more responsible ownership. The law has been on the books since the late 1960's, but has not yet been used as an effective tool for ownership transfer.

Recent legislation has added more to the framework of receivership law in Illinois. House Bill 1412, proposed by the Campaign for Responsible Ownership, was recently enacted into law. Aside from making major changes in the Scavenger Sale it also gives municipalities new lien foreclosure powers. These new municipal powers were added to the bill at the urging of the National Training & Information Center and the

Chicago Reinvestment Alliance.

By way of example, the statute would allow the City of Chicago to wipe out all back taxes on a property if it acquired the property through lien foreclosure. Housing Abandonment Prevention Program liens would be a prime example. Theoretically the Dept. of Housing (DOH) could foreclose on the liens they have made after repairing buildings. If they acquired the building through the foreclosure they could nullify the back taxes and then deed the building to a developer for low income housing. The Chicago Reinvestment Alliance has been pushing this scenario for several months and with the law in place a "test case" may be forthcoming.

The list of interesting but little used laws could go on and on. The legal framework is there for the increased use of receivership and related techniques for creative ways to preserve, maintain and develop affordable housing.

Willie Hayes is optimistic about the

potential. "I'm sure that the city will start lien foreclosures," he says. Of the properties that are now in limbo, "there will be some closure to most of them. The receivers are relatively sophisticated now. There's a lot of cooperation between the receivers, DOH and Corporation Counsel, and that's making a hell of a difference."

One building Hayes works with, on North Parkside in the Austin community, is in the process of forming a tenant co-op. After years of problems and years of receivership, it is now fully occupied. Examples such as this show that receivership could be one of the most effective tools we have for combating abandonment and fostering community control. All we have to do now is live up to its potential.

Joel Birman is on the staff of the National Training and Information Center.

TENANT TRAINING WORKSHOPS

The Chicago Rehab Network is sponsoring a series of training sessions for tenant and co-op leaders. Scheduled once each month, these sessions are designed to assist tenants and co-op members in developing their leadership and management skills. In addition to learning new skills, sessions provide a place for these dynamic leaders to get to know each other and share common experiences. The sessions were developed by organizers from Peoples Housing, Covenant Development Corp., TNI, PRIDE, Circle Christian and the Housing Resource Center. Following is a schedule of future sessions. Advance registration is a must.

LEADERSHIP AND OFFICER TRAINING **NOVEMBER 21, 1987**

If you're an officer or a leader of either a tenants' association or a co-op, this is for you. Qualities of effective leaders, taking minutes, delegating responsibility.

RUNNING EFFECTIVE MEETINGS **DECEMBER 5, 1987**

Running meetings is hard work! Come to this session and learn how to run and participate effectively in meetings.

CONFLICT RESOLUTION **JANUARY 16, 1988**

Techniques to resolve those inevitable conflicts.

COMMUNITY RESOURCES **FEBRUARY 20, 1988**

What's out there to support tenants and co-op members in times of need?

ESTABLISHING AND MEASURING GOALS AND OBJECTIVES **MARCH 19, 1988**

So what are goals and objectives anyway? Come and learn

how to plan for your group's future.

DEVELOPING A SENSE OF COMMUNITY **APRIL 23, 1988**
Come to a panel discussion and find out how other tenant associations and co-ops have developed a sense of "family."

INCREASING MEMBER PARTICIPATION **MAY 21, 1988**
Organizers and leadership will discuss how they increased the level of participation in their groups.

BUDGETING FOR CO-OPS **JUNE 18, 1988**
Come and learn how to develop a budget for your building.

- All sessions are limited to 15-20 people. There is no cost, but advance registration is required.
- Each session will begin at 9:30 AM and will last for 2-3 hours. All sessions will be held at the Chicago Rehab Network, 53 W. Jackson, Suite 815. Call Anne or Joyce to register at 663-3936.

IN THIS ISSUE

Receivership strategies take hold	1
Lakeview tenants urge subsidized housing action	1
Library plaza to displace SROs	3
Scavenger sale madness	3
LeClaire celebrates CHA contract	4
SHAC responds to IHDA article	6
And a whole lot more	



53 West Jackson
Chicago, Illinois 60604

Non-Profit Org.
US Postage
PAID
Chicago, IL
Permit #937