



THE NETWORK BUILDER

The Chicago Rehab Network Newsletter

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Issue No.

New housing coalition formed

by Steve Basler

Forty-five community-based organizations from as far away as East St. Louis and the southern-most Illinois counties met in Chicago January 25 to form SHAC—the Statewide Housing Action Coalition.

The enthusiasm and turnout, which

exceeded organizers' hopes, demonstrate the potential strength of the state's low-income housing advocates and also the pressing need for a way to pull together and channel this strength.

Although battles at the federal level will continue, housing groups are now recognizing the importance of action on the state level. Not only are existing fed-

eral programs being cut or eliminated, but federal block grant monies for state and local programs are being slashed.

At the same time, there are no state funds appropriated for housing. The Illinois Housing Development Authority (IHDA), Illinois's housing finance agency, does have \$2 billion in lending

Legislature to act on insurance

by Debbie Weiner

The insurance crisis will be the hottest topic of the spring legislative session in Springfield, according to many political observers.

Some kind of action is expected on the part of the legislature to address the problem of skyrocketing premiums and cancellation of policies for all types of insurance, including property insurance. The legislature has been conducting hearings around the state, which have been jam-packed with people from all sectors of society testifying about the grave effect the crisis has had on their businesses or the services they provide.

Since we last reported on the adverse effects that rate increases and policy cancellations have had on affordable housing (Network Builder, issue #4), the insurance issue has received nationwide attention. Articles in *Business Week*, *Newsweek*, and other publications have detailed the plight of municipalities, day care centers, bus companies, and all types of small businesses who cannot get insurance or must pay up to 1000 percent more once they do find a company to underwrite them.

In the area of housing, national groups such as the Enterprise Foundation and the National Association of Housing and Redevelopment Officials (NAHRO) are exploring ways to pool insurance. HUD

has examined the insurance problems of public housing authorities and Section 8 projects, and concluded that rents may be raised to cover insurance costs. Two state housing finance authorities have decided to self-insure mortgages rather than purchase higher-priced private mortgage insurance.

However, everyone agrees that such

stopgap measures will only alleviate, not solve, the problem. The insurance companies claim that rates have skyrocketed to make up for the increasing amounts of money they must pay out, resulting from too many claims and too-large awards. The problem lies in the courts, they say. They are pushing for "tort

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LeClaire gets CHA go-ahead



LeClaire Courts, pictured above, could become the first resident-managed CHA housing project. Tenants there are making significant progress toward their goal of resident control. Story on page 4.

Bread and butter of architectural assistance

by Ann Shapiro

As part of our technical assistance program, the Chicago Rehab Network offers architectural assistance to our member groups and neighborhood housing development organizations in general.

Architectural assistance can involve field measurements, preliminary drawings, cost estimates, and work write-ups. In addition, building inspections are conducted to determine whether properties are feasible for rehab.

The neighborhood groups we work with are concerned with the lack of low income housing in general and, more specifically, with the shortage of larger rental units with two, three or more bedrooms. Therefore, whenever possible, an existing dining room is converted to another bedroom, or two or more efficiency units or one bedroom apartments are combined.

As an example, a building managed by Circle Christian Development Corpora-

tion was recently measured and drawn up by one of our architects. Preliminary design drawings included dining room-to-bedroom and pantry-to-eating alcove remodeling. A work write-up was also prepared specifying exactly what changes were to be made and which materials were to be used.

The saying, "Physician, heal thyself!" comes to mind when visiting some of the Network members' offices. Our groups are so busy rehabbing and managing affordable housing that they often don't have and don't take the time to renovate their own spaces. Well-designed and comfortable offices help the groups work more efficiently.

PRIDE is contemplating moving its office into a building on Central Avenue, where it is currently rehabbing apartments. The unoccupied basements were measured by one of the architects at the Rehab Network and several schematic designs were drawn and presented to PRIDE. A decision has not been made

on this move, but the easy accessibility of the Central Avenue site—three steps down to the office, rather than two flights of stairs up at the present location—and the chance for a physically pleasant working environment are good selling points.

The architectural staff at the Network is also involved with workshops to study and implement ways to make moderate rehab less expensive. We hope to "butter more slices of bread" with the ever-decreasing government supply of "Land-O-Lakes" (\$\$).

As part of our technical assistance we do building inspections in conjunction with loans processed through the Neighborhood Lending Program. Although often routine, the unexpected burst water main and the occasional fleeing rat add spice to a sometimes mundane building survey.

Any community organization seeking architectural assistance in housing is encouraged to give us a call at 663-3936.

Network hires tenant training specialist

The message at our last annual meeting was loud and clear.

Rehab Network member groups want to increase their capacity to provide management training to their tenants. Also the meeting showed there is a growing interest among community groups around the city in co-op development and/or tenant management.

In response to this trend, we've hired Anne Conley as tenant training specialist. Conley has strong credentials in the field of tenant training. She served as director of training and education at the Common Space Mutual Housing Association in Minneapolis, where she worked for six years providing training to housing co-op members in building management, organizational development, planning, and conflict resolution.

Conley is also a director of the Training for Trainers cooperative, an organization currently providing training to organizers across the country who need training (see *Network Builder*, issue #3).

Conley plans to work with some groups to develop co-op conversion plans, and with others to examine whether coopera-

tive conversion or some other form of tenant management is the best alternative for their buildings. In addition, she will work with other T4T directors to have a T4T training session here in Chicago within the next six months. Her first project is to organize a forum for the staff members of the Network groups who are responsible for doing tenant training.

Conley moved to Chicago because "after doing a T4T session sponsored by the Chicago Rehab Network and meeting some of its member groups it became clear to me that Chicago is where the action is in terms of community-based low-income housing development. I was very impressed by the commitment of the people I met to empowerment of their tenants."

"I really believe that empowerment of people begins with being in control over at least a *part* of our lives and having the skills to fully exercise that control," she continues. "Developing affordable housing for low-income people is a good first step in empowering people. But unless the next step is turning over con-

trol of management to the people who live in the buildings there isn't any empowerment."

Conley sees her role as being a resource and a consultant to help groups move toward tenant management of their buildings. "I wasn't hired to do much direct tenant training," she comments. "I was hired to help the local nonprofits do their *own* training. So, I didn't arrive with a definite agenda for the Rehab Network member groups. That's dumb. It's a 'top down' approach that ends up creating dependency on the Network. And besides," she jokes, "half of these groups would run me out of town if I tried that on them."

While most of her work will be with Rehab Network groups, Conley also expects to get involved in other tenant management efforts occurring in Chicago. She has adopted a flexible attitude toward her role. "Whatever happens, I know the desire to empower tenants through control over management is here and I'm really excited about my work here."

D.C. UPDATE

Federal budget fight looms

President Reagan's fiscal year 1987 budget provides the strongest challenge yet to advocates of low-income housing and other domestic programs.

The President has effectively thrown down the gauntlet, calling for the repeal or deferral of appropriations made for 1986, severe cuts for 1987, and a corresponding increase in the defense budget. While low-income programs are hurt the most, the proposed 1987 cuts will also affect the middle class.

As this issue goes to press, Democratic

legislators are drawing up an alternative budget which would place more emphasis on human needs and less emphasis on defense spending. However, the Senate Budget Committee is reportedly considering a budget for next year which would add no new revenues, increase military spending by three percent real growth, and reach the Gramm-Rudman deficit target solely through severe domestic spending cuts.

Local organizing efforts are beginning to get underway to fight the budget cuts.

The Coalition for a Fair Federal Budget, which was founded last year for the FY 1986 fight, has been revived and has launched a letter writing and postcard campaign. The group is also planning other activities, and is enlisting the help of local members of congress such as Charlie Hayes and Cardiss Collins.

Anyone interested in participating in the Coalition can call Milt Cohen at IPAC, 427-6262.



Heritage Foundation sees demise of HUD

The Heritage Foundation, a conservative Washington-based think tank, released earlier this year a blueprint for the fiscal year 1987 federal budget. Its proposal eliminates rural housing, calls for the sale of the Federal Housing Administration to the private sector, and replaces all HUD-subsidized housing programs with a voucher system to be administered by the Dept. of Health and Human Services.

The proposal also calls for the elimination of other HUD programs (such as UDAG), and a more vigorous effort to sell public housing tenants their units while using tenant associations to manage public housing.

So what is left for HUD to do? Ultimately, according to Heritage Foundation budget analyst Stuart Butler, the plan would limit HUD's function to administering a reduced CD block grant program. The logical consequence, he added, is to start thinking about eliminating the department.

The Reagan administration has adopted many of the Heritage Foundation's proposals, although some, such as the sale of FHA, are too controversial to be pushed right now. But given the Foundation's close ties to the administration and its reputation for being in the vanguard of conservative thought, today's controversy can be tomorrow's policy. Butler's comment supports the claim of housing activists that Reagan's true purpose is to dismantle all federal

involvement in housing. HUD is on the Heritage Foundation's hit list—is it on Reagan's too?

Senate starts on tax reform

The Senate Finance Committee is now in the process of marking up its version of a tax reform bill.

The Committee is working off original proposals drawn up by its chairman, Sen. Bob Packwood.

The National Low-Income Housing Coalition recently criticized Packwood's proposals as having a "severe impact" on housing. Packwood calls for the removal of all current and House-proposed preferential treatment for low-income housing, such as accelerated depreciation. Instead, he proposes one tax incentive: a 50 percent tax credit which would be available to projects which provide housing for people whose incomes are 50 percent or below area median income.

The House passed its tax reform bill last December. As we reported in our last issue, the bill weakens current incentives for low-income housing. However, the final House version proved to be a lot better than original House proposals, which called for the repeal of all low-income housing incentives.

Report spurs SRO activity

by Alan Goldberg

A recently-released study of single room occupancy hotels (SROs) confirms the importance of the role SROs play in the affordable housing picture in Chicago (see accompanying article).

The study has added fuel to the efforts of the city's SRO advocates, who continue to push on a number of fronts for the preservation and restoration of SROs as decent affordable housing for single people.

Neighborhood-based efforts are developing around specific hotel projects. And after much pressure from an ad hoc group of community organizations, housing activists, and social service agencies, the City of Chicago has convened an advisory committee on SRO policy.

The committee's purpose is to come up with policy recommendations that will

identify and seek to relieve the pressures that have led to the dramatic loss of SRO housing. "I'm hoping the committee can come up with clear long and short range recommendations," says chairperson Ron Vanderkooi of the Salvation Army. "We'd like to see a commitment to some specific projects as soon as possible. In the meantime we want to take a hard look at policy questions which will match the commitment made to SROs in other cities." Policy recommendations are expected in the areas of management, finance, building code and zoning, and redevelopment and displacement.

For the short term, the committee will recommend mechanisms to monitor SROs and intervene in cases of SRO abandonment or conversion. "Whatever monitoring takes place," warns Hans Hintzen of the Chicago Coalition for the Homeless, "will be useless unless we can

get the city to apply resources and give the intervention mechanism some teeth."

Members of the committee have expressed concern that the Dept. of Housing might not provide adequate resources. "We will need considerable staff support," says Susan Walker of the Community Emergency Shelter Organization. The committee will work with DOH to identify resources to accomplish the necessary work.

The committee is confident that elements of an SRO policy will soon be in place. "Chicago is so far behind the times," comments Joni Saffrin of the Jewish Council on Urban Affairs. "It hurts to think about the number of SRO units that have been lost during the time period that other cities have been establishing innovative SRO programs. Hopefully we can take pieces of their work and apply them here."

UPDATE

LeClaire gets CHA go-ahead

Residents of LeClaire Courts received a major boost last month when CHA Board President Renault Robinson expressed support for resident management of the housing project.

Residents of the 615-unit southwest side CHA development have been organizing for two years to gain control of the management of their housing (see *Network Builder*, issue #3).

CHA's support means the project can move into its next phase, management training. Training will begin in early April and will be provided by the National Center for Neighborhood Enterprise (NCNE).

A lot has happened at LeClaire since we last reported on the residents' efforts. An intensive organizing drive has converted many of LeClaire's residents from skeptics to enthusiastic supporters and participants. The organizing drive was led by a core of residents with assistance from the Clarence Darrow Center, a social service agency operating in LeClaire.

The organizing drive culminated at a Feb. 26 community meeting, where more than 250 residents unanimously voted to

support the interim Resident Management Corporation (RMC) Board, and approved the RMC's by-laws. Feeling ran high at the meeting, as the crowd chanted, "We're going to do it, we're going to do it." RMC President Irene Johnson described the event as "very positive, very exciting."

With its RMC board in place, its by-laws approved, and funding for training secured, the residents waited only for a pledge of cooperation from CHA before proceeding to the next step: training. CHA had previously expressed cautious support in a general way, but had not yet agreed to cooperate in the endeavor.

On Feb. 27, Johnson and other residents met with the CHA's Robinson. Robinson voiced his approval, and promised CHA's cooperation. CHA's support took concrete form in a letter Robinson sent to NCNE, which stated, "The CHA has endorsed the concept of tenant management and efforts of the residents to enter into a partnership with the Authority to operate LeClaire Courts."

As a result, says Johnson, "we are looking forward to the training to start the first week in April." Funding will

come primarily from Amoco, which is supplying NCNE with support for a nationwide resident management and training project. Training will take nine to twelve months.

Johnson travels to Washington, D.C., in late March to meet with other public housing residents around the country who will also be trained by NCNE. She is scheduled to speak before a Congressional hearing as well.

LeClaire Courts has come a long way, and there is much reason for optimism. Its leaders remain fully rooted in reality, however, and are taking things one day at a time. "We still have some residents who have some questions," points out Johnson. "We still have a lot of work to do."

But the questions have reached increasing levels of sophistication, observes Connie Evans of the Clarence Darrow Center. To her, this indicates the residents' growing knowledge of the tasks ahead. "It's amazing how much the residents know," she remarks. To observers of the residents' progress, it is clear that all the answers will be provided in due course.

Study shatters SRO myths

by Diane Spicer

The results of a recently completed study of Chicago's single room occupancy hotels (SROs) depict a lifestyle which contrasts sharply with the negative stereotypes surrounding this type of housing.

SROs bear labels popularized in the 1960s such as "flophouse" or "transient hotel," while their residents are portrayed mostly as uneducated, unemployed elderly loners. These negative images have masked the importance of SROs as an attractive housing option for low-income single adults.

Two organizations recognized the economic and social viability of SRO housing as early as 1982. The Community Emergency Shelter Organization (CESO) and the Jewish Council on Urban Affairs (JCUA) understood that Chicago's growing homeless population, the city's severe shortage of decent affordable low-income housing, and the annual loss of at least 1,000 SRO units were all pieces of the same puzzle. This understanding led to a decision to document the existing supply of SRO hotels and to look closely at the people who inhabit them.

A jointly sponsored research project was launched in September of 1984, beginning with a phone survey to determine the number and location of Chicago SRO units. A strict definition of "single room occupancy" was used: an SRO offers a 24-hour desk clerk and/or switchboard service, in addition to a furnished room at a relatively low price.

One hundred fifteen operating hotels containing 11,500 units of housing were identified, mostly confined in the Uptown, Lake View, Near North, Loop, and Grand Boulevard community areas. In-depth, face-to-face interviews were held with 185 residents.

The picture of SRO tenants which emerged stands in sharp contrast to the stereotypical image of passive, transient old men. In fact, only two aspects of the stereotype held a grain of truth: the majority of respondents were single and male. Only 10% of the respondents were 65 years of age or older. Most respondents had at least 12 years of education.

At the time of the interviews, 42% of the SRO residents held permanent jobs, 23% were searching for work, while

35% remained outside the labor market due to retirement, permanent disability, or illness. About half of those receiving wages earned annual incomes of \$7,800 or more. These working poor were employed mainly in service occupations (35%) or as operatives or laborers (35%). The annual income of residents dependent on entitlements such as General Assistance (\$154 per month in Illinois) was \$3,192 or less.

This precarious financial situation often leads to physical hardship. Almost 30% of the residents said they had gone without food at least once during the month previous to the interviews. Nearly one-quarter of the respondents had slept outside at least once in their adult lives.

The image of the transient does not fit



A typical SRO room.

(Photos by Debbie Weiner)

Chicago's SRO residents. Close to one-half of the residents had lived in their current unit for at least two years, while 29% had lived there four years or more. One old-timer had spent 27 years in the same room. Eighty percent of the people who had moved recently did so because of physical, social or economic pressures.

SRO residents frequently are portrayed as socially isolated and passive, yet Chicago's SRO residents appear to enjoy a degree of social involvement which is the opposite of the stereotype. The 185 respondents named 687 close friends and relatives, an average of nearly four per

respondent. Sixty-four percent of these relationships were defined as "helping" in which money, advice, services, or material goods were exchanged. In spite of their modest resources, respondents gave more help than they received.

Another example of social involvement became evident in their voting behavior. Eighty-four percent of those SRO residents eligible to vote had registered to vote. Seventy-nine percent of these had voted in 1984, compared with 50% of the eligible voters nationwide.

Most SRO residents do not regard the

(continued on page 12)

STATE & LOCAL TRENDS

In this issue, we introduce a new feature. State and local trends will focus on new governmental initiatives for housing which are occurring around the country on the state and local levels.

Linked development has become the cornerstone of Jersey City's housing policy. It was initiated by Mayor Anthony Cucci to address the city's affordable housing crisis. Cucci was elected last summer with support from tenant and housing groups.

Under the program's guidelines, residential developers are presented with three options: make 10 percent of the apartments on-site available for low or moderate income people, help build or rehabilitate an equivalent 10 percent off-site, or contribute to a housing trust fund. Commercial and office space developers are presented with similar options based upon a complicated formula calculating square footage and the number of Jersey City residents

employed at commercial sites.

The policy encourages developers to actually create housing by making the price of a trust fund contribution more costly. The guidelines are flexible, allowing developers and city officials room for compromise. But even though the policy is not an ordinance, the city expects compliance.

So far, developers have participated in linkage. The developer of a mammoth, \$10 billion retail, commercial, and residential project agreed to set aside 273 units for affordable housing. These units will rent for \$290 to \$450 per month, while the project's regular monthly rents range from \$850 to \$1450. A luxury condo developer is working on a plan to sponsor a sweat equity project

along with a job-training program. Builders of a major commercial project are discussing a separate affordable housing project to be built with another development company.

While opponents of linkage in Jersey City claim that the program will discourage investment and add to development costs, Mayor Cucci is optimistic. "The developers are out there and they're ready to comply," he says. "What we had to accomplish first was to eliminate the idea that we are anti-development."

(From City Limits magazine. For an analysis of efforts to bring linked development to Chicago, see issue #4 of the Network Builder.)

New Jersey

COMMUNITY FORUM

Alternative fund seeks loan applicants

The Anawim Fund of the Midwest, an alternative community investment fund serving primarily Illinois, Iowa, Minnesota, and Wisconsin, is actively seeking loan applications for its first funding cycle, March 1 to April 30.

The fund makes loans available to cooperative enterprises, rural projects, minority enterprises, worker-owned businesses, and women's projects. It is funded by 39 religious and nonprofit organizations.

For information on how to apply for a loan or contribute to the fund, contact Anawim Fund of the Midwest, 434 S. Wabash, Chicago, 60605, 427-4351.

Syndication seminars to be held

Two national groups will sponsor seminars on real estate syndication in April.

The National Housing Law Project presents its fourth annual seminar on syndicating affordable housing, "the only national-level seminar focusing on affordability in the syndication process," according to the group's brochure. The seminar will cover such topics as: how a real estate tax shelter works, tax benefits for low-income housing, the current status of tax reform proposals, structuring a transaction to meet project needs, and alternative ways to raise equity dollars.

The seminar will be held on April 21 and 22 in San Francisco, and on April 28 and 29 in Arlington, VA. For more information, contact the NHLP, 1950 Addison St., Berkeley, CA 94704, (415) 548-9400.

The Northwest Center for Professional Education offers a seminar in "How to Syndicate Real Estate" on April 14 and 15 at the Orrington Hotel in Evanston. The seminar will take participants step-by-step through the syndication process. It will also deal with proposed tax law changes. For more information, call NCPE toll-free at (800) 426-5575.

Kentucky

The Kentucky state housing finance authority (HFA) recently established a housing trust fund to assist lower-income families to buy homes.

The housing trust fund is being capitalized with surplus funds not needed to maintain debt service reserve accounts for the HFA's tax-exempt bond issues. This surplus cash flow is expected to total approximately \$800 million during the next 25 years. The trust fund already contains \$9 million, and is expected to reach \$13 million by July 1.

The trust fund is a joint initiative of the HFA and Gov. Martha Layne

Collins. The fund will be used to provide homeowners with 25-year mortgages at interest rates as low as one percent. The interest rates would vary by borrower income. The program will be restricted to homebuyers with annual incomes at or below 80 percent of the median, now around \$18,000. The aim will be to assist homebuyers earning \$15,000 or less, according to an HFA spokesperson.

(From the Housing and Development Reporter. For an analysis of Illinois's HFA and HFAs around the country, see issues 4 and 5 of the Network Builder.)

Maine

The Maine state housing authority has expanded its consumer information telephone service to inform callers about the location of the nearest shelter for the homeless.

Under the program, the agency operates a toll-free number that provides information to callers with questions on various housing-related matters. This includes information on sources of low-income housing and how to apply for it,

details of various governmental housing programs, and general information for renters and homeowners.

The service will now provide a comprehensive listing of emergency shelters for homeless persons located throughout the state. The expanded service is a response to the increased focus on the problems of homeless persons, which arose from the Maine Task Force to Study Homelessness.

Maryland

Maryland Gov. Harry Hughes recently announced a package of housing programs which will be submitted to the state legislature.

The initiatives would require \$45 million in funding, including \$10.5 million from proposed new state appropriations. The biggest single proposal is a new \$9 million rental housing production program which would provide low- and no-interest deferred-payment loans to assist construction or rehab of an estimated 1000 low-income rental units. Loans to selected projects could be used either to offset up-front development costs or to fund an escrow account, interest earnings on which would be used to subsidize tenants' rents for at least 15 years.

Another \$1 million would be used for a one-year pilot program to provide monthly housing allowances to low-income residents of single-room occupancy hotels.

(From the Housing and Development Reporter. See SRO update this issue.)

Community group directories out

Conference to highlight shelter as a women's issue

"Women and Safe Shelter: Creating and Recreating Community" will be held April 25-26, at the University of Illinois at Chicago, Chicago Circle Center, 750 S. Halsted. Conference objectives include:

- Identifying the issue of safe, affordable shelter as a *basic women's right*.
- Uncovering innovative strategies, projects, and/or creative partnerships which assess the problem of women and safe and affordable housing.
- Bringing women together who are working on female safe and affordable shelter issues in a broad based coalition/communication network.
- Identifying and developing workable public policy and financial strategies.
- Identifying and honoring unrecognized community-based female leaders in the area of safe and affordable shelter.

Workshops will include information on: temporary shelter; transitional housing; tenant management; cooperatives; discrimination; and funding.

All interested people are invited to attend. If you have questions regarding the conference format, or would like to receive conference materials, please contact Susan Stall, conference coordinator, or Marilyn Carlander, at 996-2441.

Two 1986 directories of Chicago community organizations are now available.

Both directories contain an updated listing of the names, addresses, and phone numbers of Chicago's community groups. Both also contain maps of the neighborhood areas of the city.

For more information, contact the Community Renewal Society, 18 S. Michigan, Chicago, 60603, 236-4830; or the Institute of Urban Life, 14 E. Chestnut, Chicago, 60611.

Access Center series planned

The Access Center recently announced its Spring Series of Events. The workshops are as follows:

April 3: effective uses of video for nonprofit organizations; April 10: fiscal responsibility and accounting systems; April 15: introduction to the operation

of video production equipment; April 17: roles and responsibilities of fiscal agents.

The fee for the entire series is \$50; individual events are \$15 per person. Call the Access Center at 638-8700 for more details.

SPOTLIGHT

Genesis II: anatomy of a co-op

by Marguerite M. Malloy

Question: What's the goal?

Answer: To turn the renter mentality into the owner mentality—the spirit of responsibility and capability.

Question: How do you transform low-and moderate-income renters into owners? How long does it take?

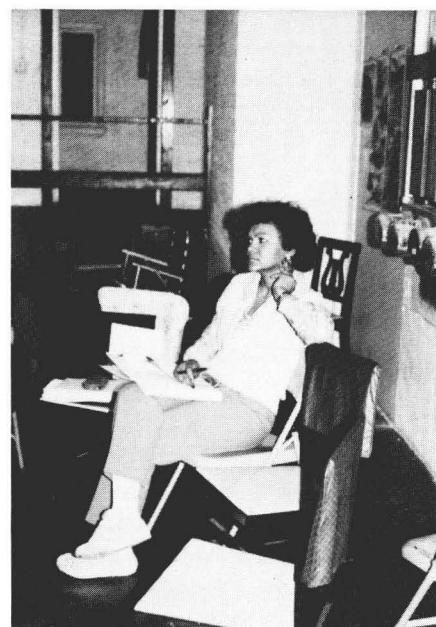
In the South Shore community of Chicago, The Neighborhood Institute (TNI) is about the business of co-op conversion: turning renters into owners. Its focus is on training and empowerment of South Shore residents. TNI has rehabilitated four rental buildings, for a total of 80 units, and converted three of the buildings to co-ops. Resident/owner training on the fourth building will begin this year.

Genesis II is TNI's most recent conversion. The building houses 27 families. While TNI's first two buildings are entirely self-sufficient, Genesis II is in the last stages of the resident training and education process. Title was turned over to the residents in January of 1984. Now, two years later, a look at Genesis II's progress will provide an idea of what co-op conversion is all about.

A housing co-op is a form of property

ownership: it is ownership in severalty by a corporation. The building residents form a nonprofit corporation which owns the residential property. Building residents who are shareholders in the corporation pay a co-op membership fee. The corporation in turn leases back a unit of housing to its members, making residents property owners and tenants also.

A co-op cannot succeed without a committed membership. Resident/owners are responsible for the management, maintenance, and operation of the building. So the first important question for Genesis II is, how active is its member-

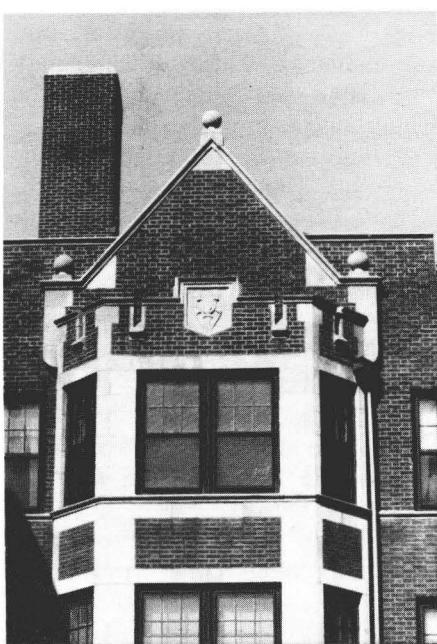


building is operated responsibly. Genesis II has had three presidents. Each has been capable and energetic. The board's composition is strong, and reflective of the character of the entire membership.

Committees are the workhorses of a co-op. Within subgroupings, policy is created and sent to the board for approval, standards are set, and problems are first addressed. Genesis II has four functioning committees: finance, maintenance, laundry room, and membership. On average, each committee has four members. In an effort to gain more support from non-active co-op members, a "membership drive" is planned. This will help the morale and effectiveness of present committees.

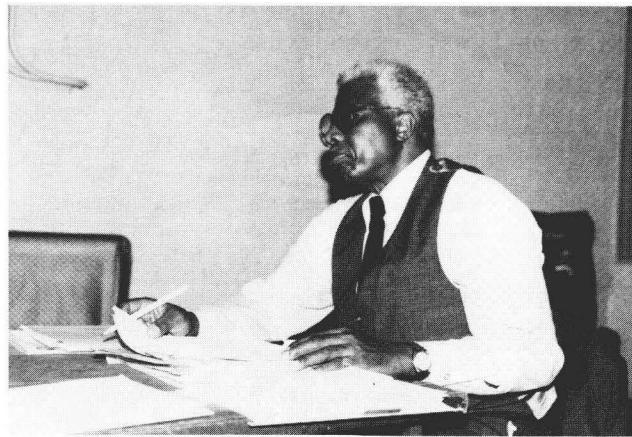
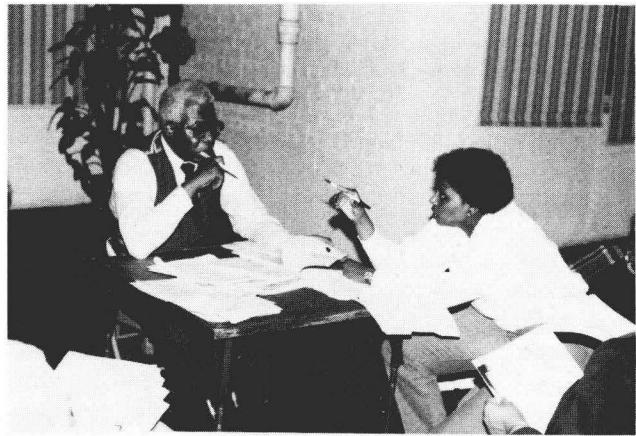
Training for co-op residents is provided by TNI. Last autumn, Genesis II co-op members participated in two co-op training modules, each consisting of five two-hour classroom sessions. The first training module included general management, decision-making, organizational structure, fiscal management, community relations, and urban dynamics. The second included legal documents, the role of the board of directors, financial management, committee structure, and cooperative economics.

The sessions de-mystified the idea of



ship? Forty-six percent of the adults participate and must be considered active members. This is a significant representation of the membership and a positive indication of the level of resident/owner willingness to take on roles of responsibility.

The second important element in co-op development is leadership. A co-op is as strong as its members *and its board of directors*. It is the responsibility of the members to elect a board. With the board's guidance and leadership, policy is set, decisions are made, conflicts are resolved, crises are managed, and the



(Photos by Sara Daines)

cooperative management. As resident Juanita Davis put it, "I didn't understand everything about co-ops before. I have learned a lot about the structure of a co-op, and I feel confident about our capability."

Conversion from the renter mentality to the owner mentality is a long process. Problems have come up along the way. Some members of the co-op slip into the

"blaming mode" too often. That is, you may hear (more often than you would care to repeat), "The building is in need of tuckpointing because TNI never saw fit to tuckpoint the whole building." Or you may hear, "This building's plumbing is sorry. The Neighborhood Institute should have done it right the first time."

This is a common stage of co-op development. However, these expressions

are rejected by those members who feel ready to assume responsibility for the management, operation, and maintenance of the building. At Genesis II, this war between members is now being waged and the "ready, willing and able" members are winning.

The most recent crisis was managed by these members. The hot water boiler needed replacement, and the co-op president quieted the murmurs of "TNI is to blame." The problem was solved; the co-op handled it. And the leadership learned from the experience. Remarks co-op leader Wanda Jefferson, "I think the whole thing was handled slowly and inefficiently. The lesson we learned, however, was to keep the resident/owners informed as much as possible. In essence, communication is key to keeping up the morale of the residents."

Currently, steps are being taken to assume more complete responsibility for building management. The finance committee has decided, after careful examination of the records of the management agent, that it will assume responsibility for collecting monthly assessments (rents) this year, as well as set policies regarding late fees and delinquent tenants. Another major step forward occurred in December, when the membership committee became actively involved in selection of tenants.

The maintenance committee is struggling to come to grips with its role: its members know they need to stop seeing themselves as inspectors for the city's Dept. of Housing—out to criticize and make demands without regard to the finances or the feasibility of the proposed solution. The finance committee still must set an agenda for taking control of the bookkeeping.

So there is work to be done. But residents are encouraged by the progress, and are happy about their changing role. Says Hasin Ramadan, "I lived in this building before it was rehabbed by TNI and it was a zoo then. Now I have a chance to be in control of my housing situation. Before, all I did and could do was complain. Now I can affect what happens and I can see results."

Marguerite Malloy is on the staff of The Neighborhood Institute.

WORKING PAPERS

The organizers have gone mainstream: a response

by Doug Gills

Jean Butzen's article in the last issue, "Where Have All the Organizers Gone," poses a serious question for socially conscious community workers and activists—including those involved with housing and economic development.

My comments are aimed at furthering the dialogue around how to move forward social change and development in low-income neighborhoods, in an environment plagued by social ills, economic disadvantages, unequal access to resources, lack of power to effect change, and alienation of people from mainstream social institutions and processes.

Butzen's central thesis is that "professional" community organizers have deserted the field for three reasons: they are not adequately paid; they become subjected to poor working conditions; and they become confused about their mission, purpose and a strategy of action. She concludes that we have not done enough to recruit, train and retain professional organizers.

Butzen proposes that we stimulate more interest in the field through formally structured training sessions linked to college institutions, and that community organizers must develop community leaders as organizers. We should give organizing—as a field or career occupation—a future by improving salaries and benefits. She asserts that the money is available within community organizations to make this possible.

I contend that Butzen's response avoids the deep-rooted problems which must be addressed. The solutions she puts forward lay outside the concrete social-historical context of communities marked by dynamic shifts in urban political economics, and the response of forces within these communities. In the absence of a clear understanding of the development of community organizations and community struggle, Butzen's analysis is economic and over-simplified.

The essential problem facing community activists as agents of social change and community development is political rather than economic. Our focus must be on quality rather than quantity. True

enough, perhaps most organizers are not adequately compensated for their efforts. But the critical issue concerns the quality and direction of these efforts.

The resolution of the problems that Butzen details lays within the conscious development of an advanced leadership, armed with a comprehensive and accurate analysis of the forces which impinge upon our communities. We need unity on strategy that enables us to harness the positive forces for change while eliminating those negative forces which undermine

First, most community organizations, in the very process of gaining the internal resources needed to meet public and private funding requirements, lose a sufficient degree of their independence as voices of the communities most alienated and disadvantaged. The core leadership in most community-based organizations with any history of struggle and activism has been increasingly transformed into "street-level" bureaucrats. Few organizations retain the independence and orientation toward struggle needed to con-

The essential problem facing community activists is political rather than economic.

community and destabilize healthy social relationships: increasing poverty and suffering, alienation from social resources and public policy decisionmaking, and the declining level of grassroots leadership within the indigenous community.

There are important structural limitations which impede the mobilization of resources necessary to produce quality professional community organizations in the sufficient quantities Butzen desires. Two factors contribute to the deradicalization of low-income communities.

sciously plan for the emergence of indigenous community leadership.

Most organizations in low-income communities with at least a 10-year history have evolved through three distinct stages of development:

- *Issue-oriented mass organizations* fighting for greater access to public resources or to resist systemic or institutional attacks against the community and/or its members. Membership in these groups was direct and active.

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Enterprise zone incentives explored

by Sara A. Daines

Enterprise Zones have been in existence since 1982, but many people are unaware of what they are or how they can be used.

The purpose of the Enterprise Zone Act was to encourage cooperation between state and local governments, the private sector, and community groups. It was hoped that the program would provide a way to stimulate our nation's stagnating inner cities.

Areas with high levels of poverty, unemployment and economic distress

were singled out and designated as Enterprise Zones. New firms were encouraged to locate within these areas and existing companies were encouraged to remain and expand. The incentives could vary from less stringent zoning and licensing requirements to modified building codes and tax credits.

The Enterprise Zone program met with criticism in Illinois. While many felt it was a viable method to revive the state's ailing economy, others compared it to "throwing bare bones to starving dogs." Whatever the feelings, everyone agreed

that enterprise zones would not cure Illinois's economic woes. However, as Rob Mier of the Dept. of Economic Development so aptly put it, ". . . It's the only game in town so maybe we ought to play. . . ."

A variety of incentives at both the state and local level may be applied to housing development and should be utilized. The following tax credits apply to development occurring within Chicago's

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Women in Trades advocates for blue collar women

by Coral Norris

Chicago Women in Trades formed five years ago to advocate for and support women seeking to enter blue-collar trades such as plumbing, carpentry, and electrical work. It consists of women who are in trades or are actively seeking blue-collar work.

Barriers to the employment of women in nontraditional work were first broken decades ago during WWII. However, following the war as male workers returned and unemployment rose, women were "encouraged" to return to the family. Only a few women were able to maintain their jobs during this period of backlash.

Fifteen years ago pressure exerted by the civil rights and women's movements again brought to the forefront the issue of women and minorities in the skilled trades. As a result of successful discrimination suits, many trade apprenticeships were opened to women in such basic industries as steel and auto. Companies such as AT&T were also forced to change their hiring policies.

In 1978 regulations issued by the US Dept. of Labor outlined for the first time affirmative action guidelines for women in construction. It has only been since these 1978 guidelines, which require companies with federal contracts to set goals for the hiring of women, that women have been able to enter the construction trades in any numbers at all.

Chicago Women in Trades is currently

focusing on three areas. First it works to support affirmative action. Many gains recently won are being lost. In basic industry, women who were the last hired and had the least seniority have been laid-off. In construction, changes are being proposed by the Reagan administration which will render affirmative action a meaningless concept.

The group also works to encourage more women to enter the trades. The skilled trades can provide an alternative to women who are disadvantaged by traditional employment. The trades can provide for women, under a union contract, a liveable wage. However, many women do not see nontraditional work as an option. And many do not understand how to go about entering the trades—one of the best kept secrets of all time.

Finally, the members provide support for each other. They meet and talk about survival strategies in the all-male environment in which they work.

Chicago Women in Trades participates on the Mayor's Task Force for First Source. First Source is a city program that will encourage contractors to hire city residents first on jobs that get city monies. The group hopes this program will also have a firm affirmative action clause requiring at least ten percent women on all First Source construction jobs.

Members of Chicago Women in Trades have also been involved in an administrative complaint brought against the Chicago Board of Education charging Washburne Trade School with

sex discrimination. Washburne, called the Harvard of trade schools, is Chicago's only post-secondary institution of vocational training. Virtually anyone in the Chicago area who wants to become an apprentice must go to Washburne. Even though its trade apprenticeships are administered by joint committees of labor unions and contractors, the Board of Education provides the facility and \$5 million in financial assistance. According to federal regulations Washburne's female enrollment should be at twenty percent; however, it has never gotten much above seven percent.

To encourage women to enter the trades, members are working on a slide show on the history of women in nontraditional work. They hope it can be shown to high school women to inform them of the possibility of entering the trades.

Members of Chicago Women in Trades have worked with nonprofit housing developers such as Bickerdike, Voice, and 18th St. Housing is a special interest of many of the women involved: one motivation for going into the trades was to work on special housing needs of women. However, fighting the battle to break into the unions and to protect affirmative action have so far left little time for much else.

Chicago Women in Trades holds monthly meetings. If you are interested in working in the trades or in working with the group in support of affirmative action, contact them at 4147 N. Greenview, Chicago, 525-0380.

SROs provide viable option: study

(continued from page 5)

hotels as "last resort" housing. While one-quarter of the respondents chose to live in an SRO because of the affordable rent, other factors including convenience, availability, quality, and proximity to friends and relatives were important in their housing decisions.

SRO tenants pay rent either weekly or monthly. The average rent for tenants who pay by the month is \$160; tenants who pay by the week pay an average \$240 monthly. It is not uncommon for residents to pay upwards of 90% of their income for rent, particularly those who pay weekly. At the other end of the scale, residents who pay monthly and have steady jobs might pay 30% of their income for rent.

Ninety-two percent of the respondents claimed to be satisfied overall with their present SRO accommodations. Nine out of ten people identified something they liked, primarily the hotel staff or other residents, followed by security, privacy, independence, and convenience. The only problem conditions frequently mentioned were summer heat and roach infestation.

Chicago's SRO hotels are unique

pockets of social diversity, housing single adults of varied ages, races, incomes, and backgrounds. SROs are not cheap housing from the vantage point of those who pay substantial portions of their monthly income for rent. Residents are willing to

do so because of the convenience, security, privacy, and autonomy of the SRO lifestyle.

On the basis of these findings, JCUA and CESO have formed recommendations for the preservation and improve-



The destruction of a South Loop SRO.

(Photo by Debbie Weiner)

Enterprise zone incentives

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five enterprise zones.

Individuals or organizations purchasing building materials which are to be incorporated into a building located within an enterprise zone may file for an exemption from Illinois's six percent occupation tax and Chicago's one percent city sales tax. Materials must be used for remodeling, rehabilitation or new construction. Materials used in general repair are not eligible.

Title transfers for properties located within Chicago's enterprise zones are exempt from the city's transaction tax.

For-profit housing developers investing in property located within an enterprise zone may be eligible for state investment tax credits. The credit amounts to 0.5 percent of the basis of such property.

Financial institutions are also eligible for tax credits under the state's Enterprise Zone Act. Lenders may deduct

from their gross income an amount equal to the interest income derived from loans made to firms locating or expanding within enterprise zones. This credit applies to only those loans made to firms which are eligible for the state investment tax credit. The interest income derived from housing loans made to for-profit housing developers investing within an enterprise zone would be eligible for this interest exemption.

Nonprofit housing developers and community groups located within an enterprise zone can be declared Designated Zone Organizations (DZO) by their municipalities. Those businesses contributing to an approved DZO project will receive additional tax credits. Bethel New Life has been approved as a DZO in Chicago's Enterprise Zone V.

Organizations interested in obtaining DZO status must meet several criteria: their membership must reside within the

enterprise zone, they must have an elected board of directors and, finally, they must exist for the primary purpose of enhancing the neighborhood. The physical improvement of housing stock through rehabilitation and renovation or the operation and maintenance of low and moderate income housing are considered eligible activities.

Although few of the city and state tax incentives apply to nonprofit housing developers and community groups, they can be used to encourage the private sector to take an active role in the revitalization of economically depressed neighborhoods. The Enterprise Zone Act, despite its shortcomings, provides an additional tool with which to develop affordable housing.

For additional information, contact the Illinois Department of Revenue, (312) 917-3542, or the city's Dept. of Economic Development, (312) 744-4163.

ment of Chicago's SRO housing stock. Many of these recommendations, which address redevelopment, regulation, financing, and management, are based on successful programs in cities throughout the nation.

One recommendation calls for the complete revision of the existing building code. The classification of SROs as "transient hotels" ignores the mainly residential use of these buildings. SRO owners are forced to make expensive and

unnecessary changes based on these outdated regulations, diverting money from more pressing repairs and maintenance.

Another recommendation involves financing. SRO owners are faced with difficulties in obtaining loans from private financial institutions because of the prevailing negative stereotypes. The City of Chicago could help owners demonstrate their stability by allowing SROs to participate in city-sponsored loan programs offered by the Community Invest-

ment Corporation or Neighborhood Housing Services. If SROs were made eligible for city-backed loan insurance, private lenders would be encouraged to make SRO improvement loans.

Other recommendations are discussed in the report *SROs: An Endangered Species—Chicago's Single Room Occupancy Hotels*, released by CESO and JCUA in February 1986. Copies of the report are available by calling 663-0543 or 663-0960.

The organizers have gone mainstream

(continued from page 10)

- *Self-help organizations* providing social services and small-scale rehab of existing physical facilities. While retaining somewhat of a fighting character, the orientation of groups in this stage became more and more programmatic and institutionalized or they died. Membership in these groups became more symbolic, leadership more indirectly selected. This stage emphasized alternative institution building.

- *Development organizations* emphasizing large-scale physical redevelopment projects and sponsoring commercial and residential development. In this stage, the community base became more symbolic and leadership less representative.

At each subsequent stage, a more technically sophisticated internal development of the organization's capacity was required. These organizations became less reliant upon the local base for resource mobilization and more dependent upon outside public and private sector funding. The latest groups stress performance and anti-empowerment objectives. For the most part, they have become increasingly more conservative.

Newer organizations, entering at subsequent stages of the developmental process, start out less radicalized and less mass-oriented. They have tended to be even more conservative in orientation than their predecessors with richer histories rooted in mass protest and resistance. In each subsequent stage, the radicalizing activity of the organization becomes a less visible, and, in most cases, a less developed aspect of the organization.

When mobilization of the mass base does occur, it is designed to serve narrower organizational ends or to ensure development project aims rather than to ensure the transformation of nonviable

social relations now so prevalent, even pervasive, in low-income communities.

The second trend is related to the first. Just as mass-based community organizations have become more bureaucratized and conservative in social orientation—emphasizing organizational maintenance objectives—then so too have the most dedicated and effective professional organizers been removed from mass-based organizations. The most talented organizers have been influenced or attracted by institutional "creaming from the mainstream." The most successful professional organizers have been recruited into highly visible public contact/public relations positions both within the public sector as well as into corporate business as legitimizers.

Just as Black studies development on white college campuses resulted in the "creaming" of Black faculty from traditionally Black colleges, so too have the institutional and social reforms fought for by mass organizations facilitated the social mobility of many of the former radicals away from grassroots work in communities and into mainstream public and private institutions. This has been accompanied by their subsequent radicalization.

The task we face is to identify those human and material resources that can be effectively rechanneled or recaptured to serve low-income communities in the development of indigenous community leaders who will work toward community change. Human resources for change are drained from our communities. How do we combat it?

In Chicago, the prospects of doing this are heightened by the potential of the reform movement now rooted in low-income communities and focused upon the Washington administration. The

Washington administration with its avowed policy of putting more public resources at the disposal of neighborhood-based actors accords us an opportunity to make a significant breakthrough in capacity building. A second trend—one having greater long-term potential—is the Reagan administration's accelerated policy of cutbacks in domestic and urban social welfare expenditures.

These trends seem contradictory. However, in the case of Mayor Washington, the best he can do is to make the resources available to local-based actors. It is up to local community organization leadership to use these resources. The dismantling of the urban-based welfare state, which Reagan is so hell-bent upon achieving, can serve to destabilize a large portion of former community activists now in public sector jobs. The potential exists to recruit many of these dislocated agency "bureaucrats" back into the service of community organizations under mass leadership.

The interim step is for socially conscious community activists who have become "confused" and "frustrated" to rediscover our bearings, renew our vigor and purpose in order to create a center for the training and retooling of a new generation of community warriors. The potential for large-scale physical as well as social redevelopment of our communities lay in the challenge to build a "Chicago Center for Social Change," an "Institute for Community Research," and a "Chicago Network of Community Activists."

Doug Gills is a member of Peoples College. He is community development coordinator of the Kenwood-Oakland Community Organization.

SHAC to organize housing groups

(continued from page 1)

authority to devote to housing. But many housing activists feel that if IHDA continues along its current path, much of this money will not trickle down to low-income housing or neighborhoods.

Housing groups are painfully aware of the state's lack of resources for housing. Yet since the death of the Housing Agenda there has been no organized effort or entity to pull together groups to lobby statewide on housing issues.

This dilemma was discussed at last fall's conference on State Resources and Economic Development hosted by the Chicago Workshop on Economic Development (CWED). After the conference, a working group of community organizations began meeting to lay the groundwork for a coalition.

Obviously, state coalitions present formidable challenges—particularly if the state has a wide mix of highly urban and rural areas and is 400 miles long. Still, the groups who came together on Jan. 25 found a large amount of common ground. Issues repeated most often included: lack of effective low-income housing programs by IHDA, abandoned housing, interest in a housing trust fund



More than 70 people attended SHAC's founding convention in January.
(Photos by Mike O'Connor)

(and other mechanisms for financing housing rehab and new construction), renovating PHA housing, SRO and elderly housing, utility costs, unavailability and expense of property insurance, and tenant rights issues.

The meeting included a panel discussion on statewide coalitions and housing efforts in other states. Members of the Southern Counties Action Movement (SCAM) reflected on their experiences in

the successful Affordable Utility Budget Coalition, remarking that coalitions can be loose and still work, but cautioning against making coalition decisions without contacting participating organizations.

Mike O'Connor, of the Illinois State Support Center, talked about other states' efforts in response to diminishing federal housing support. He noted that efforts are most successful which bring together all the various housing groups:

Insurance crisis heats up

(continued from page 1)

reform," legislation which would limit liability by restricting injury awards and discouraging lawsuits.

However, unions and consumer organizations charge that the problem lies with the insurance industry, not the courts. They are calling for insurance regulation. "What we are witnessing is a manufactured crisis intended to bloat insurer profits," says Bob Hunter of the National Insurance Consumer Organization (NICO).

NICO contends the problem began several years ago, when interest rates were high and premiums could be invested profitably. A price war ensued, as companies cut rates in an effort to attract capital to invest. Underwriting standards lowered in the search for capital. When interest rates eventually dropped, the industry had to retrieve its income through underwriting. The consumer

was forced to pay for the industry's poor management and the bad risks it had underwritten.

Says Hunter, "I believe we are witnessing joint action by insurers intended to create an atmosphere where rates can be put too high and legislators will be intimidated into action designed to take away victims' rights and to allow wrongdoers to go unpunished. . . The crisis is within the insurance industry, not in the courts." A recent editorial in *Business Week* concurred, saying "the [insurance] industry's charge that more litigation and larger damages are the causes of its red ink are, at best, unproven."

It is unclear whether the Illinois state legislature will opt for insurance regulation, tort reform, or some combination of the two. Four bills have been introduced by Rep. Ellis Levin which would move toward regulation. They include a "file and use" bill which would require

insurance companies to file for an increase, and allows the state to hold hearings to force them to justify their increase. Another bill would extend the time period a company must notify a consumer of cancellation or increase in premiums from 30 days to 90 days. A third bill extends redlining legislation, and a fourth extends the FAIR plan.

In testimony presented to the legislature, Chicago Rehab Network Director Bill Foster proposed additional measures: he called for a regulatory body to be set up to hear cases of policy holders who have been cancelled or whose premiums have risen more than 10 percent. If the insurance company failed to justify its cancellation or increase at the hearing, it would be required to continue coverage at a specified rate or locate alternative coverage for the policy holder.

Secondly, he proposed a state reinsurance program for those types of insurance

Governor agrees to NCO housing requests

One goal of SHAC is to promote and assist local organizing efforts around housing issues.

In some neighborhoods, such efforts are well underway.

The Northwest Community Organization (NCO), a founding member of SHAC, addressed its concerns about IHDA to Gov. Thompson at its Annual Congress in early March. NCO requested that IHDA use part of its reserve monies to construct low-income apartments. The group also requested that the governor form a task force to develop a plan for this fund and to work to find other funding sources from IHDA. Half of the members of the task force should be low-income community members, stipulated NCO.

Gov. Thompson agreed to both of NCO's requests. It was arranged that IHDA Director Jim Kiley would come out to visit NCO in April, to see the neighborhood and to work with the group to set up the task force.

More than 400 residents of the West Town area attended the Congress. NCO President Lucy Soto stated, "I was pleased that the Governor agreed with our issue requests, and then was also willing to take several questions beyond what we originally presented to him."



nonprofit developers, community organizations, and tenant groups.

Committees on issues, research and membership have been formed and are meeting regularly. SHAC's steering committee is planning their first annual statewide housing conference later this spring. For this conference SHAC is drafting a report on the shortage of affordable housing in Illinois and a platform of measures to address this growing

problem.

SHAC will pressure political candidates to publicly endorse its low-income housing platform and to give housing issues the state support they deserve but have not yet received.

For more information, contact the Rehab Network at 663-3936, or the Chicago Urban League at 285-5800, ext. 384.

Steve Basler is with the Center for Neighborhood Technology.

that are entirely unavailable at this time. This would include mortgage insurance for single-family properties, and builder's risk insurance for multi-family buildings. Providing such reinsurance would encourage insurance companies to underwrite because it would spread their risk. Fees

lings. Funds were never appropriated for this legislation.

The Rehab Network plans to work with other organizations to get these proposals on the legislative agenda. The Statewide Housing Action Coalition (SHAC) has expressed an interest in the

"What we are witnessing is a manufactured crisis intended to bloat insurer profits." —Bob Hunter, NICO

paid by insurance companies for reinsurance could be used to fund the Mortgage Insurance Fund Act, passed in 1984 by the legislature, that would provide mortgage insurance for multiple-unit dwell-

insurance issue.

The newly-formed Coalition for Consumer Rights plans to bring together unions, consumer groups, housing groups, and others to lobby for insurance

regulation. Its director, Don Wiener, believes that such a coalition is necessary to push the legislature toward direct regulation of insurance rather than restriction of injury awards, "because that has not lowered insurance rates in other states." A state reinsurance program is a key facet of the Coalition's platform, Wiener added.

Whatever route the legislature takes, notes Bill Foster, "the bottom line for housing groups is to protect affordable housing. Rising insurance costs mean rising rents. An inability to get insurance can lead to deterioration and abandonment. The legislature must address this problem if we are to meet the housing needs of low-income people in this state."

(For more information on the Coalition for Consumer Rights, call Don Wiener at 975-3684.)

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