

## A MESSAGE FROM THE PRESIDENT

# Where have all the subsidies gone?

by Juan Rivera

It's a commonly-accepted fact that the Reagan administration has cut all federal subsidies—but it's not true.

Subsidies still exist, the question is, where are they going? As I have written, they are first allocated to the military apparatus through enormous contracts to the Pentagon and military industry. Secondly, subsidies go to middle and upper income households in the form of tax breaks.

The total federal tax subsidies for homeowners in 1986 amounted to \$42.4 billion, which includes deductions for home mortgages, property taxes, capital gains exclusions and deferrals. Also, statistics reveal that the total federal expenditures during 1986 for housing assistance to low income households, including both urban and rural programs, was only \$14.3 billion. The median percentage of household income spent for rent, including heating payment, by the lowest income group went from 35 percent in 1974 to 46 percent in 1983.

This means that low income people received only one quarter of the subsidies that higher income households received while they spent close to half of their income on rent.

This disproportion in subsidies has

caused the average wait for government-subsidized housing in 25 cities during 1986 to be more than 18 months.

We all know that it is very expensive to operate an apartment building. Our estimate is that to operate a two-bedroom apartment efficiently you need approximately \$3000 per year. The rule of thumb used by bankers is that only 25 percent of income can be applied to the housing cost or rent; without any doubt spending more than this would create a lot of problems for a family. If we apply this formula to the \$3000 per year cost of operation, we will come to the conclusion that without operating subsidies of some kind, it is only possible to provide housing to families of annual gross incomes of \$14,400 or more.

Our question now is where can we get the resources to operate apartment buildings affordable to families that make less than the \$14,400 per year? Where can we get subsidies to operate apartments at low rents? But we confront the fact that subsidies have been shifted from the lowest income to the higher income sectors of our economy. We see clearer and clearer that poor people are sustaining the economy of higher income housing.

The conservative fallacies that subsidies are for the poor and that subsidiz-

ed housing is an anathema fall by their own weight.

The state government through IHDA and following the leadership of its political bosses in Washington, D.C., concentrates most of its resources on subsidizing higher income housing and mortgages. Its position is not new: it is a reflection of the order it represents. An order that mobilizes resources from the poor to the rich.

### A Call To Action

While peace advocates struggle against increasing militarism and housing activists fight for more dollars for low income housing, it is clear that the two groups are fighting for the same thing: a movement away from military support toward a more humane distribution of our nation's resources. Without a fair budget, resources will continue being wasted in the name of democracy. Funds should be shifted from the military to domestic programs; the tax laws must be changed from an overwhelming emphasis on middle and upper income housing to provide avenues for the creation of low income housing.

We need to advocate for a peace budget by joining forces with those who advocate for disarmament and peace. And by joining forces, the need for low income housing will reach higher visibility among people who struggle for justice and peace.

Without this movement the federal and the state governments will continue their inequity. Let us direct our energies to this type of advocacy so that the community control/low income housing movement can have a long and brilliant future. With an organized, practical and concrete unity with the peace movement, we will be able to stop the housing crisis.

The future is in our hands. Peace and quality housing for the residents of low income communities are two wings of the same bird. Justice, peace and equality are only rhetoric without this kind of organizing and unity.

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

*Network Director:* William Foster

*Staff:* Joyce Arrington, Anne Conley, Juanita Derbigny, Sherrie Hannan, Cris Isaza, Kofi Nantwi, Lenwood Robinson, Ann Shapiro, Roberta Warsaw, Deborah Weiner

*Newsletter Editor:* Deborah Weiner

*Typesetting:* Advantage Printers and Typesetters

*Printing:* Omega Graphics

*Cartoonist:* Steven Williams, KOCO staff

*Members:* 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

