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HOUSING ASSISTANCE SUPPLY EXPERIMENT

A WORKING NOTE

This Note was prepared for the DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, under Contract No. H-1789. It is intended to facilitate communication of preliminary research results. Views or conclusions expressed herein may be tentative and do not represent the official opinion of the sponsoring agency.

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This paper was prepared as part of the Supply Experiment, which is a major component of the Experimental Housing Allowance Program. The Supply Experiment is designed to test the market and community response to a full-scale housing allowance program and to measure mobility patterns of recipient families. A description of community events, activities, and attitudes that may affect HUD's experimental housing allowance program in St. Joseph County, Indiana, or bear on research issues addressed by the Housing Assistance Supply Experiment (HASE). The note first gives a brief statistical overview of program operations. Next, it summarizes important events affecting the program; describes the reactions of individuals and groups in South Bend to the program and assesses community opinions, confusion, and misinformation about it; evaluates program presentations made by the housing allowance office to community groups; and analyzes media reports. Finally, it covers issues pertinent to HASE research questions and contains special studies of other community

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MONITORING THE HOUSING ALLOWANCE PROGRAM
IN ST. JOSEPH COUNTY, INDIANA:
SEPTEMBER 1974 - MARCH 1975

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December 1977

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PREFACE

This report was prepared for the Office of Policy Development and Research, U.S. Department of Housing and Urban Development (HUD). It contains information on community events, activities, and attitudes that may affect HUD's experimental housing allowance program in St. Joseph County, Indiana, or bear on research issues addressed by the Housing Assistance Supply Experiment.

The report was prepared by Rand's resident site monitor in the county, along with the assistant site monitor attached to the housing allowance office, both of whom observe community reactions to the allowance program and make regular reports. Site monitors are encouraged to interpret local events and assess public reactions to them even though their conclusions can be supported only by anecdotal evidence and their personal experiences in the community. By this means, potentially important issues come promptly to the attention of Rand's program and research staffs; and, if warranted, more systematic evidence can be collected and evaluated.

Although their reports are edited for publication, we do not rewrite the site monitors' conclusions to reflect subsequent events that may qualify them. We judge that the immediate perceptions of a well-informed local observer constitute a valuable record whether or not they are confirmed by later events or more systematic evidence.

The period under consideration is from September 1974 through March 1975, although we do report the conclusion of some developments that slightly overlap the next reporting period. The previous report in the series, which dates from before the allowance program actually began operating, is as follows:

WN-9723-HUD, *Monitoring the Housing Allowance Program in St. Joseph County, Indiana: July-September 1974*, Michael G. Shanley, December 1977.

We wish to thank the publishers of the *South Bend Tribune* for permitting us to reprint copyrighted material.

This report was prepared pursuant to HUD contract H-1789 and helps satisfy our research design requirements for informally monitoring the allowance program.

SUMMARY

This report describes community events, activities, and attitudes that may affect the experimental housing allowance program sponsored by the U.S. Department of Housing and Urban Development, or bear on research issues addressed by the Housing Assistance Supply Experiment (HASE). It covers the period prior to open enrollment in the allowance program in St. Joseph County, Indiana, including most of the preenrollment and all of the invitational enrollment periods.

The report first summarizes important events affecting the program, including the South Bend mayoral election, changes in the structure of county government, the "deactivation" of the St. Joseph County Housing Authority, an NAACP injunction threat, interaction with the South Bend Housing Authority, criticism by a local developer, and other complaints based primarily on misapprehensions about the program. It also describes the reactions of individuals and groups in South Bend to the program and assesses community opinions, confusion, and misinformation about it; evaluates program presentations made by the housing allowance office to community groups; and analyzes media reports.

Second, the report covers issues pertinent to HASE research questions, one of which is how suppliers of housing services respond to the allowance program. Circumstances related to that question discussed here include South Bend's various Community Development projects, some tailored to support the allowance program; and the possibility that the program has influenced landlords' investment decisions. Another issue covered here is how the program affects and is affected by various public and private market intermediaries, such as management and maintenance firms, insurance companies, the Federal Housing Administration, and the city of South Bend itself.

Finally, the report focuses on special site monitors' studies. The first describes community organizations in South Bend that may affect or be affected by the allowance program--the St. Joseph County Fair Tax Association, which so far opposes the program; REAL Services, Inc., an assistance organization for older adults that cooperates with

the program; and Concerned Citizens for Decent Housing in St. Joseph County, a coalition that also supports the program. The second study discusses a characteristic of the South Bend community that may influence the allowance program--a high concentration of colleges and universities relative to the size of the city.

CONTENTS

PREFACE	iii
SUMMARY	v
TABLES	ix
Section	
I. INTRODUCTION	1
II. SOUTH BEND COMMUNITY RESPONSE TO ALLOWANCE PROGRAM	3
Events Affecting Program	3
How Program Is Viewed	6
Public Relations	10
III. LOCAL FACTORS AFFECTING RESEARCH	15
Preenrollment Supply Response	15
Local Factors Affecting Supply Response-- Community Development	16
Market Intermediary Report	16
IV. SITE MONITORS' STUDIES	18
Significant Community Organizations in South Bend	18
General Characteristics of South Bend	21
Appendix	
PRESS CLIPPING	25

TABLES

1. Allowance Program Presentations, October 1, 1974, Through March 31, 1975	12
2. Significant Groups in South Bend	19
3. Colleges and Universities in South Bend Area	22

I. INTRODUCTION

The Housing Assistance Supply Experiment (HASE) is one element of the experimental housing allowance program (EHAP) sponsored by the Office of Policy Development and Research, U.S. Department of Housing and Urban Development (HUD). The program is investigating whether direct financial assistance is a feasible and desirable way of helping low-income families secure decent housing; and if so, the best terms and methods for administering such assistance nationwide.

The Supply Experiment is monitoring the market response to a full-scale experimental allowance program in two sites--Brown County, Wisconsin, and St. Joseph County, Indiana. Other elements of the experimental program are a Demand Experiment, in which enrollees in Pittsburgh and Phoenix were given housing allowances on different terms and monitored for three years; and an Administrative Agency Experiment, which tested alternative arrangements for delivering allowances to low-income families.

The experimental allowance program is administered by a housing allowance office (HAO), which enrolls applicants, evaluates housing, and disburses payments. Funds for the program come from an annual contributions contract (ACC) between HUD and the South Bend Housing Authority (SBHA), which delegates operating authority to the HAO. A citizens group (HASE Advisory Committee) advises Supply Experiment staff on matters relating to the local community.

Apart from the HAO, Rand maintains a site office, one of whose staff is a resident observer charged with informally monitoring community developments that may affect the allowance program. The observer, or site monitor, works with an assistant attached to the HAO. The two attend meetings of civic and other local interest groups, read local newspapers, follow events at City Hall, and talk with people active in the housing market as suppliers, intermediaries, or consumers of housing. They also collect and analyze other relevant information. Their monitoring reports supplement information obtained from the formal survey part of the experiment and from HAO records.

This report covers the period prior to open enrollment in the allowance program in St. Joseph County, Indiana, including most of the preenrollment and all of the invitational enrollment periods.* The remainder of the report is divided into three sections. Section II summarizes important events affecting the allowance program; describes the reactions of individuals and groups in South Bend to the program and assesses community opinions, confusion, and misinformation about it; evaluates program presentations made by the housing allowance office to community groups; and analyzes media reports.

Section III covers issues pertinent to HASE research questions. Section IV focuses on special site monitors' studies, one of which describes community organizations in South Bend that may affect or be affected by the allowance program. Another discusses selected characteristics of the local community.

*The period July 15 through September 15 is covered by the previous monitoring report, WN-9723-HUD.

II. SOUTH BEND COMMUNITY RESPONSE TO ALLOWANCE PROGRAM

EVENTS AFFECTING PROGRAM

Events affecting the relationships of the HAO and Rand with the South Bend community are fast-moving and unpredictable. We briefly summarize a few to provide a general perspective for those not intimately involved with site activities.

Political Influences on Program

Like other government-sponsored programs, the allowance program is partially shaped by ongoing political events. In last November's elections, housing allowances were hardly a campaign issue; a few prospective St. Joseph County officials called for county participation in the program, but little discussion ensued. In the current South Bend mayoral election, however, the program is used by Mayor Miller as an example of the accomplishments of his administration.

In the county, the November election results and the accompanying changes in the structure of county government have made the allowance program a possibility and are influencing current discussions. The commissioner who has long been the most outspoken and powerful critic of the program has lost much of his influence. Since the election, he has usually been outvoted two-to-one in county commissioners' meetings. Both of the other commissioners apparently support the allowance program.

Further, a change in government structure has diminished the commissioners' role. The primary responsibility for a decision on the allowance program now rests with the nine-member county council, which the election filled with nearly all new members. The program has already appeared on the county council agenda, but a vote has been delayed by the discussions surrounding the controversial "deactivation" of the county housing authority. Although the county will probably approve the program eventually, the process is proving lengthy.

"Deactivation" of St. Joseph County Housing Authority

The ordinance that "deactivates" the recently created St. Joseph County Housing Authority was the subject of rather heated debate at three public hearings. During each hearing, the effect of the allowance program was discussed. The director of the housing authority, members of the county Fair Tax Association, and a black activist were the program's principal critics. All expressed suspicion of or opposition to the program, contending that it was politically linked to the proposed ordinance. Some asserted that the housing authority was being dumped in favor of the allowance program, and that the mayor of South Bend was ultimately behind the effort. In addition, the opposition agreed that the housing authority would be needed to closely monitor the allowance program, if adopted.

NAACP Injunction Threat

A South Bend representative of the National Association for the Advancement of Colored People (NAACP) in Indiana, speaking on a local radio and television program, stated that the NAACP might file an injunction against the HAO based on the premise that de facto segregation would probably result from the allowance program without countywide participation. He added, however, that the NAACP would wait a year to see results before taking any action. He also criticized the program's residency preference system and suggested that the HAO might not properly enforce the HUD regulation against lead-based paints.

SBHA Report

The regular monthly SBHA meeting includes a report on the allowance program. Although January's report to the commissioners on the Green Bay program took up such a small portion of the meeting that no discussion of the report appeared in the minutes of the meeting, TV and radio news reports the following day highlighted the allowance program in Green Bay, stating that "local officials can only hope South Bend's housing allowance program will fare better than the similar one in Green Bay, Wisconsin." Green Bay's alleged problems were criticism of using federal funds to advertise the disbursement of federal funds

and the contention that eligibles were reluctant to take a "handout." The exact stimulus for the story remains unclear.

Complaints of Local Developer

A local developer who has been involved in building HUD-subsidized housing in the South Bend-Mishawaka area has frequently and publicly criticized the allowance program and hopes to prevent its adoption in Mishawaka. During a program presentation, he stated that the housing allowance concept was not practical, that the supply of housing in South Bend was too low to support it anyway, and that construction subsidy programs were both cheaper overall and less costly to administer. Probably his major concern, however, is his contention that HUD would stop funding new construction programs in the South Bend area if the allowance program were instituted.

Hungarian-American Apprehensions

Hungarians who immigrated in 1956 convinced a Hungarian invitational enrollee to withdraw from the program because the HAO had copied some personal documents during the enrollment interview. They stated that requiring such documentation was similar to communist tactics in Hungary. The enrollee reacted strongly enough not only to withdraw from the program but also to demand the return of all copies of her personal documents, her preliminary application and enrollment interview, and anything else that had her name on it. Meeting with a group of influential Hungarian-Americans, the HAO was able to convince them of the legitimacy of the allowance program. It remains unclear, however, the extent to which fear of government control will deter Hungarian-American eligibles from participating.

Carpenters Union Pickets

One carpenters union local picketed the HAO to protest the use of nonunion labor on a remodeling job and to charge that the remodeling contract had been awarded without proper bidding procedures. Although documentation that the contract procedures were proper was provided almost immediately, the newspapers did not report it that day

(although television did). Only a picture of the picketers in front of the HAO, along with a summary of their complaints, appeared in the *South Bend Tribune* the day the picketing began; the rebuttal appeared on the following day.

Buffet at Press Briefing

The serving of cocktails (paid for by The Rand Corporation) and a buffet supper (paid for by the HAO) during an HAO press briefing on open enrollment was questioned by newsmen, SBHA staff, a member of the St. Joseph County Fair Tax Association, and a member of a TV panel.

Location of HAO

An attorney for a partly empty downtown building criticized what he called the "anti-downtown-renewal decision" to locate the HAO outside the immediate downtown area. His comments were reported in a December newspaper article along with those of the HAO director. However, the building in question proved to be clearly inappropriate for the HAO, and the building's managers did not respond to the HAO's inquiries about space in the building.

HOW PROGRAM IS VIEWED

Overall Perspective

Positive assessments clearly dominated opinions of the allowance program during the preenrollment period. Most of the reasons for support (as well as for opposition) were reviewed in the last monitoring report.* The potential benefits to the local economy account for much of the support. We attempt here to provide an overall perspective on community assessments of the allowance program.

*WN-9723-HUD, pp. 3-6. A reason for program support not previously reported is the feeling that program clients deserve and have a right to housing assistance. For instance, an elderly black leader of a northeastside neighborhood group has said that elderly citizens deserve the allowances, since they "made this country as great as it is today."

As one might expect, no single viewpoint dominates; rather, opposing viewpoints often emerge from different sectors of the community and across time. Regarding population mobility, some people support the program in the hope that it will bring stable families back to inner-city neighborhoods, whereas others oppose the program because of the fear that "undesirable families" will move into and "ruin" good neighborhoods. The NAACP, in another view, has stated the program will cause white families to move out of the inner city and thus intensify segregation in the inner city. Conversely, a black activist suspects the program will disperse the black population throughout the city and therefore diminish the strength and cohesion of black people.

Many program supporters view it as a panacea for all housing problems, whereas others, less enthusiastic, consider the allowance program somewhat inappropriate because it is not designed to solve the specific housing problems in St. Joseph County. Many of the latter believe new construction is more important than rehabilitating existing housing.

Some opponents regard the experiment as a giveaway program whose zeal in serving its clients invites abuse. Others view it as a wind-fall to landlords. Finally, despite presentations emphasizing the number of eligible elderly and homeowners households, some people see the allowance program as being primarily for renters, especially those with no respect for property. Others view it as a program for blacks.

Many of those who originally opposed the allowance program were and still are apprehensive about the lack of local control built into the program. Some, notably those opposed to countywide participation, even call it "the Rand program." The "outside agency" image will continue to arouse opposition.* Others have recently contended that the program is controlled by the South Bend city administration. At times, statements of city officials tend to support that view. A *South Bend Tribune* article, for instance, implied that the mayor of South Bend

* Interviews with residents carried out by the HAO outreach consultant, James Carroll Associates, show the persistence and strength of this idea.

manages the budget of the allowance program.* In another instance, a woman said that city officials helped her get into the program.

Opinions such as these are likely to have been extrapolated from opinions of other federal programs. As in many communities, residents of South Bend tend to be wary of government at all levels, especially federal. In South Bend, distrust often derives from disapproval of past HUD programs, including downtown renewal, public housing, and Model Cities.** Still other suspicions date from the time South Bend was first chosen for the program. Just prior to its selection, for instance, a *South Bend Tribune* article quoted a HUD official as stating that HUD was having trouble inducing any city to accept the program. This article was recently referred to by a member of the St. Joseph County Fair Tax Association during a county council meeting.

Another example is the choice of South Bend as the Supply Experiment site after HUD stated the entire county would have to agree to participate before South Bend could be chosen. Finally, the signing of the ACC for a ceiling amount substantially larger than the initial estimate has made people wonder about fiscal controls within the program. Much of the program opposition to date stems from general suspicions and misunderstandings about program operations, rather than from opposition to either the principles or the specific rules of the program. That issue is addressed next.

Confusion and Misinformation

Although the last monitoring report implied that the allowance program was much better understood by the general community during the preenrollment period in South Bend than in Green Bay, we now conclude that confusion about program specifics was as pervasive in South Bend prior to open enrollment as it was in Green Bay. Only the existence of the program in South Bend seems to have been more widely known, probably owing to the publicity surrounding HUD's selection of South Bend.

* The March 31, 1975, article is reproduced in the Appendix, p. 25.

** See the previous monitoring report, WN-9723-HUD, pp. 4-5, 9, 15-21.

Calls to the HAO and feedback from HAO presentations show that the confusion about the allowance program has many dimensions. For example, some believe that the HAO owns or constructs housing units; that it finds renters for specific houses or pays developers to provide units at lower-than-market rents; that it hires rehabilitation firms and pays them directly; that it provides emergency aid for housing; that it provides a loan rather than a grant; that it provides some sort of tax relief; that it will subsidize families even if they live in substandard houses; or that it will assist only families that spend more than 25 percent of their income on housing.

Much of the confusion stems from the rather complicated world of housing in South Bend, which includes not only the allowance program but also the rehabilitation loans and grants proposed as a Community Development project; the REAL Services, Inc.,^{*} proposal to provide rehabilitation grants to elderly citizens who fail the HAO evaluation; HUD's new Section 8 program; the activities of the Department of Substandard Buildings, the South Bend Housing Authority, and the Department of Redevelopment; and the existing southeastside rehabilitation project financed by revenue sharing. It is little wonder that misunderstandings arise concerning the allowance program.

Somewhat surprisingly, the confusion is partly spread by city agencies that have already been formally briefed on the program. People have been incorrectly referred to the HAO from REAL Services, Inc., the SBHA, Legal Aid Advocates, the St. Joseph County Public Welfare Department, and the local office of a congressman. These examples suggest that a closer relationship between the HAO and the agencies in the city is necessary.

Besides the obvious errors mentioned above, we believe that more subtle misunderstandings about program goals often lead to opposition. Of the two most common, first, some people don't seem to understand the allowance program is intended to stimulate housing rehabilitation. Qualification is considered beyond the control of those interested in participating. Just as having an income above a certain limit

^{*} REAL Services, Inc., is detailed below (p. 20).

disqualifies a family, so too a substandard unit is thought to disqualify them. Many do not know that they can endeavor to qualify by repairing faulty conditions. (Some, of course, clearly perceive the process but judge it impractical because of the difficulties of obtaining a rehabilitation loan or finding a trustworthy person or firm to complete the repairs.) For example, one woman interviewed during invitational enrollment resigned herself to being ineligible because of a missing handrailing and one missing electrical outlet. Another elderly woman complained to the HAO of being disqualified because of paint-stuck windows.

Perhaps these attitudes are holdovers from past programs that gave the client no responsibility for home repairs. In any case, they have at least two effects. First, they retard enrollment and the process of housing rehabilitation. Second, they create a negative atmosphere because the program seems to promise assistance only to those sufficiently affluent to be living in a standard house.

The second common misunderstanding is that some people do not comprehend that allowances can under certain circumstances be legitimately treated as income supplements rather than spent strictly for housing expenses. They think the program should rehabilitate housing units exclusively or at least augment what the client already spends on housing. With such a premise, they pose some logical questions: "Wouldn't it be easier and more efficient for the HAO to pay money directly to landlords or contractors for specific housing rehabilitation jobs?" "Don't allowances constitute a rather loose program that invites fraud, since the HAO makes almost no attempt to ensure that the cash grant is used on housing?"* Such misconceptions lead, of course, to irrelevant complaints about and negative attitudes toward the allowance program.

PUBLIC RELATIONS

Program Presentations

During the nine-month period between July 1974 and March 1975, the

* The controls are in the setting of R^* , the standard cost of adequate housing, and in the requirement that the amount of a housing allowance cannot exceed the recipient's actual housing expenses.

HAO discussed the allowance program at 50 meetings with community-related groups. The number of presentations made each month increased from one in July to 14 each in February and March. The increase reflected partly the more numerous requests for presentations stimulated by the imminence of open enrollment and partly a push to gain support for the HASE surveys.

Table 1 lists the groups to which allowance program presentations were made, according to group type. The most frequent audiences were community groups and local agencies concerned with eligibles. Their memberships usually consist of potential HAO clients or people who deal directly with the housing problems of potential clients. The second most frequent were groups with a general interest in the program, such as business organizations and service clubs whose members are above the income limits for participation.

Although not listed under separate headings, nine presentations were made to predominantly elderly groups, two to predominantly black groups, one to a predominantly Hungarian group, one to a predominantly Polish group, and one to a predominantly Chicano group.

The site monitors documented community reactions during program presentations, noting the overall group attitudes and concerns expressed. Group attitudes were usually favorable. Most of those who asked questions, as one might expect, sought general information or clarification of specific program operations.

The greatest concern among these groups was the requirement that repairs be completed before the allowance payments begin. It seemed unfair to many because it tends to eliminate or discourage the participation of those with the greatest need. A few also contended that loans for repair, especially for the elderly, are difficult or impossible to obtain or that the quality of repair work is often shoddy.

Provisions to ensure the financial accountability of the HAO and to prevent client fraud were also closely examined. Other frequent questions sought clarification of the purpose of the allowance program or a discussion of the possibility that Mishawaka and the entire county will eventually participate.

Table 1

ALLOWANCE PROGRAM PRESENTATIONS, OCTOBER 1, 1974, THROUGH MARCH 31, 1975

Groups with General Interest	Governmental Bodies	Housing Industry Groups and Market Intermediaries	Community Groups and Local Agencies Concerned with Eligibles	Other Groups
Kiwanis Club	South Bend Common Council	South Bend Chapter, Indiana Apartment Association	Block Clubs of West Colfax Avenue	Public Interest Law Class--Notre Dame
Christian Action Commission	Congressman Brademas's Office	St. Joseph Mortgage Company Representatives	Near Northwest Home-owners (districts 9 and 10)	IUSB Public Affairs Class
American Association of University Women	South Bend Housing Authority	South Bend-Mishawaka Board of Realtors	Concerned Citizens for Decent Housing	South Bend Media Representatives
South Bend/Mishawaka Chamber of Commerce		Women in Construction	Urban Coalition	
South Bend Civic Planning Association			Disabled American Veterans	
National Association of Social Workers			Senior Citizens at Martin Luther King Center (predominantly black and elderly--many likely eligible)	
Center for Continuing Education			Northeastside Senior Citizens (predominantly black and elderly--many likely eligible)	
Mishawaka "Racetrack" Group (businessmen and local governmental officials)			REAL Services Nutrition Centers ^a (predominantly elderly--many likely eligible)	
Kappa Sigma Alumni			Hungarian Community Group	
South Bend Art Center Board of Directors			Head Start Program	
South Bend Rotary Club			REAL Services, Inc.	
Phi Sigma Epsilon			St. Joseph County Health Department	
South Bend Lions Club			Chiefs-of-Staff of Local Agencies	
Achievement Forum (Polish group)			St. Joseph County Welfare Department	
Mishawaka Lions Club			Legal Aid Advocates (elderly)	
Exchange Club			La Raza	
Top Management Club			Urban League	

^aSix meetings.

Relatively few questions were asked about the possibility of negative program effects--rent increases, relocation of "undesirable families," a shortage of standard units. We believe the lack of an intimate understanding of the allowance program primarily accounts for the absence of more detailed inquiries about program effects.

Finally, few have challenged the lack of local control in the program. While this can be a political issue, it does not seem to surface during program presentations.

Media Reporting^{*}

Newspaper Coverage. Since September 1974, 54 articles mentioning the allowance program have appeared in local newspapers. Of these, 25, or an average of about one a week, centered on the allowance program. Most were stimulated by the opening of enrollment, invitational enrollment, or community presentations covered by the press. Other articles discussed the last city elections, the SBHA report on the Green Bay experiment, and the "deactivation" of the St. Joseph County Housing Authority by the county council.

Several articles contained or implied criticism of program operations, including several covering the picketing of the HAO by a labor group over a remodeling contract, one protesting the location of the HAO outside the immediate downtown area, one reporting the use of HAO funds in Green Bay for advertising, and one emphasizing the serving of cocktails and food at a press briefing. Only two articles criticized the concept or purpose of the housing allowance program. The NAACP stated that such a program in South Bend might induce white homeowners in the inner city to move to the outlying areas, causing segregation in the inner city. A report on the program in Green Bay stated that many of those eligible were refusing allowances because they are considered "handouts."^{**}

However, because of the close, straightforward relationship the HAO has maintained with the media,^{***} most articles assessed the program

* The media are monitored by the HAO's public information section.

** All these issues are discussed in more detail above (pp. 6-10).

*** See the Introduction in Earl Carter (comp.), *South Bend Press Coverage of the Housing Assistance Supply Experiment and the Allowance Program: January 1974-December 1974*, The Rand Corporation, WN-9016-HUD, March 1975.

accurately. Although several contained inaccurate statements, they were too few and too isolated to do much harm. The exception was the picture and explanation of the labor union picketing at the HAO discussed above. The omission of a complete explanation was potentially harmful to the HAO's image.

One further comment on the accuracy of newspaper reporting is appropriate. Headlines sometimes seem to be slanted in order to attract attention. Thus the headline "Housing Subsidy Raises Food Stamps" introduced the report on the HAO's attempt to elicit a waiver from the Department of Agriculture that would exempt housing allowances from being counted as income. An article containing evidence that two reported problems with the allowance program in Green Bay were minor carried the headline "Housing Program Runs into Snags." A speech by a HUD official briefly mentioning that the effect of the allowance program on new construction is an undetermined factor in the experiment resulted in the headline "HUD Mystified on Building Effects." Finally, an article briefly mentioning that some people would be eligible for both housing allowances and public housing carried the headline "Housing Programs to Compete."

On the whole, the press has been well disposed toward the allowance program. The *Tribune* has even written two favorable editorials. Reporters covering the program have been creative in finding stories. Of the 25 articles featuring the program during this period, eleven were unsolicited; that is, they were initiated by the reporters themselves. Most articles containing an HAO press release were supplemented by additional reporter-initiated information. We can expect the newspapers to continue their industrious coverage of the allowance program. At the press briefing to announce the opening of enrollment, one reporter stated, "It seems to me there is a potential for much to go wrong in this experiment; it needs to be watched closely."

Radio and Television Coverage. Although it is difficult to monitor all radio and television coverage of the allowance program, we are sure of at least 16 television accounts of it since September 1974 and at least that many on radio. Most of the coverage was connected with surveys or the status of the program.

III. LOCAL FACTORS AFFECTING RESEARCH

PREENROLLMENT SUPPLY RESPONSE

A major research question of the Supply Experiment is how suppliers of housing services respond to the allowance program. Circumstances related to that question are described below.

The last monitoring report suggested that South Bend's \$500,000 program of housing rehabilitation funded through revenue sharing exists partly because of the city's participation in the allowance program.* Currently, South Bend's Community Development proposal, now approved by the mayor and the common council and being considered by HUD, contains new projects built around the allowance program. Specifically, \$100,000 is to be used for housing rehabilitation loans and grants to elderly people who are eligible for a housing allowance but live in units below HAO standards. The monies are to be used to upgrade these homes to meet program standards.

This project is one of several that are to compose the million-dollar housing rehabilitation fund in the Community Development budget. Only this one can be attributed directly to the allowance program, but it indirectly influenced other Community Development projects. The program lends truth to the argument that these rehabilitation monies will not be wasted on neighborhoods that will continue to decline.

Little concrete information supports the suggestion that landlords or investors made preenrollment investment decisions based on the presence of the allowance program.** In newspaper advertisements, one investment company offered cash for older homes. Unsubstantiated rumors suggested the company hoped to buy these homes in order to profit from the allowance program. The few landlords who called the housing allowance office either sought general information or asked questions showing their misconceptions of the program. One landlord asked for the R*

* See the last monitoring report, WN-9723-HUD, p. 9.

** A suggestion made in WN-9723-HUD, p. 9.

figures. The little available information indicates landlords and investors haven't enough program specifics on which to base their investment decisions.

LOCAL FACTORS AFFECTING SUPPLY RESPONSE--COMMUNITY DEVELOPMENT

The Community Development proposal would increase the number of projects designed to stimulate housing rehabilitation. It includes the \$100,000 elderly-referral project mentioned above; a \$535,000 project continuing rehabilitation programs now in effect on the city's southeast and west sides; a \$500,000 home improvement loan project, under which the city would provide \$100,000 to back up lending institutions' transactions with high-risk homeowners in selected neighborhoods; a \$150,000 emergency repair project for the city as a whole; a \$75,000 project to improve historically significant westside residences; and a \$50,000 grant to the nonprofit housing group RENEW. Questions in the second wave of surveys in South Bend will have to be worded to ensure that the effects of these projects are not attributed to the allowance program.

MARKET INTERMEDIARY REPORT

The study of market intermediaries drew three major conclusions.* First, as in Green Bay, two of the original types of intermediaries--management and maintenance firms and insurance companies--are of little policy interest.

Second, although market intermediaries are less important to the outcome of the allowance program in South Bend than they would be in larger housing markets, certain intermediaries' practices may significantly affect experimental outcomes. Conversely, the program may alter certain suspected practices of intermediaries--particularly lenders' aversion to certain neighborhoods in which housing is cheap enough that allowance

*William G. Grigsby, Michael G. Shanley, and Sammis B. White, *Market Intermediaries and Indirect Suppliers: Reconnaissance and Research Design for Site II*, The Rand Corporation, WN-9026-HUD, May 1975.

recipients can afford to buy;* real estate brokers' inclination to steer blacks away from all-white neighborhoods; and the possibility that the part of the remodeling industry used by allowance recipients will not provide uniformly good work.

Third, two public intermediaries--the Federal Housing Administration (FHA) and the city of South Bend--are of prime importance. The FHA alone can virtually determine whether allowance recipients can obtain financing under reasonable terms for the purchase of homes. Activities of the city of South Bend concerning broker steering will probably determine the extent to which the practice continues.**

* As noted in the last monitoring report, because of a large stock of older homes in the central city needing little or no rehabilitation and selling for under \$10,000, the allowance program may enable many more participants to become homeowners than originally anticipated (WN-9723-HUD, pp. 10-11).

** The city could intensify efforts to ascertain the extent to which brokers steer customers, then pressure them to reduce the practice.

IV. SITE MONITORS' STUDIES

SIGNIFICANT COMMUNITY ORGANIZATIONS IN SOUTH BEND

One function of the site monitors is to assess the actions and attitudes of agencies, organizations, and other community groups with regard to the allowance program. Monitoring can mitigate negative responses to the program and contribute to research on outreach strategies and nonparticipants' attitudes.

During the preenrollment period, the site monitors tried to identify groups in the South Bend area that are potentially important to the allowance program. As a beginning, Table 2 lists eight types of such groups, along with examples of each type and an assessment of its significance.

A thorough discussion of every potentially important group is beyond the scope of this report. More detailed information on a few groups will be provided in each subsequent monitoring report. Three groups are treated in the present report--the St. Joseph County Fair Tax Association, REAL Services, Inc., and Concerned Citizens for Decent Housing in St. Joseph County.

St. Joseph County Fair Tax Association

Formed in 1969, the Fair Tax Association (FTA) is a group of concerned citizens whose purpose is to watch government business to keep taxes down. Although 200 members are listed, only 30 to 50 are active. Although the association's precise influence is unclear, one can be sure that at least two members will attend every city and county council meeting and actively participate in public discussions. The president of the group provides strong leadership. One county councilman was formerly a member.

The Fair Tax Association has opposed the allowance program since it was first offered to the county, consistently stating that the county has no need for the program and, in any event, the county can take care of its own problems. Most recently, the group actively participated in the public discussion of the ordinance that "deactivated" the county housing authority. The FTA contended that the

Table 2

SIGNIFICANT GROUPS IN SOUTH BEND

Type of Group	Example Groups	Significance
1. Governmental groups	South Bend Common Council Mishawaka Common Council St. Joseph County Council St. Joseph County Board of Commissioners	Can determine the future of HASE in the county and the issues that receive the most public attention. Have to date expressed most concern over lack of local control and potential movement of "undesirables" into "good" neighborhoods.
2. Local agencies	Urban League St. Joseph County Welfare Department REAL Services, Inc. ACTION, Inc. South Bend Housing Authority Legal Aid Advocates	Important for HAO referrals. Conflicts or misunderstandings between the HAO and these agencies may develop since they have, in many cases, the same clientele. May see effort by these agencies to tie in some of their programs with the allowance program (e.g., REAL Services, Inc.).
3. Business groups, service clubs, and other groups with general interest	Chamber of Commerce Lions Club Achievement Forum Exchange Club Kiwanis	Important source of nonparticipant opinions. Many have so far supported the allowance program because of the money to be pumped into the local economy. As with many federal programs, these groups may become skeptical or suspicious or they may oppose the allowance program as welfare.
4. Housing industry groups	Board of Realtors Home Builders Association Lending institutions	Important source of landlord and other intermediary opinion. Will watch effect of allowance program on their business and on the housing market. Generally support program to date, although somewhat skeptical toward all HUD programs.
5. Political watchdog groups	St. Joseph County Fair Tax Association Civic Planning Association	Will particularly scrutinize administrative costs, cases of fraud, and other potential sources of "government waste." Will be generally suspicious of any federal program and will object to what they consider a welfare program.
6. Community groups with housing focus	Neighborhood groups Neighborhood Coalition Concerned Citizens for Decent Housing Urban Coalition Housing Force RENEW, Inc.	Will closely observe effects of program on the whole housing market, but especially on specific neighborhoods and individual families. Have, in general, supported the program, while at times questioning the apparent rigidity or inappropriateness of program rules. May initiate studies of HASE on a neighborhood basis.
7. Black, Chicano, and other ethnic groups	NAACP Congress of Afrikan People Midwest Council of La Raza Voice of Peace Hungarian Community Group	Important source of ethnic group opinion. Will watch the effects of the program on their clientele, especially, and may initiate their own studies. Have so far scrutinized program with suspicion but have taken little action.
8. Social action groups	Justice and Peace Commission Broadway Christian Parish	May scrutinize program closely at a later date if it appears to be having undesirable effects.

housing authority was needed to closely monitor the allowance program, should it be accepted by the county. One member has requested a copy of the HAO budget, presumably to glean information with which to fight the adoption of the program when it comes before the council.

The group's opposition to the allowance program undoubtedly has many sources. First, it fundamentally distrusts governmental programs, especially federal. Second, it opposes almost any program not controlled by local officials. Third, it judges that the allowance program gives money with no strings attached, thereby encouraging laziness, wasting taxpayers' money, and threatening the capitalistic system. Finally, it sees the housing problem as basically a city problem and the allowance program as one that might spread the problem to the county.

REAL Services, Inc.

REAL (Resources for Enriching Adult Living) serves older adults in St. Joseph County with several programs: information counseling and referral; meals, recreation, and socialization; foster grandparents; retirement orientation; meals-on-wheels; the older adult employment service; retired senior volunteers; and a consultation service.

REAL has considerable importance in South Bend, primarily due to the influence of its director, who is a member of the HASE Advisory Committee and a program consultant for several national governmental bodies (Department of Labor, Office of Economic Opportunity, Senate Committee on Aging, and National Council on Aging). He proposed and obtained a \$100,000 program in the Community Development proposal that would provide grants or loans to elderly allowance program applicants to upgrade their houses to meet HAO standards. REAL could significantly affect the success of the allowance program, especially for elderly participants.

Concerned Citizens for Decent Housing in St. Joseph County

This organization is a coalition of groups interested in housing on both the local and state levels. Members lobby, write bills as part of the "Indiana Housing Coalition," and hold seminars on housing.

Constituent groups include the League of Women Voters; the Northeast and Clay Neighborhood Centers (both affiliates of ACTION, Inc.); Project RENEW; the United Religious Community; the Human Rights Commission; the Broadway Christian Parish; the Midwest Council of La Raza; the Southeast Neighborhood Project Area Committee; and the Urban Coalition Housing Task Force.

In addition to these groups, a recent steering committee meeting was attended by representatives of Legal Services, the Bureau of Housing, South Bend Community Development planners, the Congress of Afrikan People, and The Rand Corporation.

The coalition is only about six months old, so its actual force is yet to be assessed. The steering committee comprises mostly strong social activists. Whether they can mobilize others is hard to predict at this time. The coalition sponsored a public forum hailed as the "Kick-Off to the Housing Allowance Program," but only about 30 people attended.

If this coalition should become opposed to the HAO in the future, members might mobilize a fair amount of resistance. Otherwise, they probably speak more for themselves than for the groups they represent.

GENERAL CHARACTERISTICS OF SOUTH BEND

Although representative of cities with both low growth and a high minority population, South Bend is in many ways economically, socially, culturally, ethnically, and politically different. A portion of its history and present characteristics may affect the outcome of the allowance program, contributing to the explanation of such research issues as the willingness of eligible populations to participate, the propensity of landlords and homeowners to invest in home repairs and rehabilitation, the inclination of program participants to change locations to live in better housing, the acceptability of the allowance program concept to those not participating in the program, and the extent to which the research results in South Bend can be extrapolated to other cities.

We propose to report regularly on aspects of the South Bend community that provide background information potentially relevant to the

allowance program. Here we will discuss just one topic--*the influence of higher educational institutions on the South Bend community*. Many colleges and universities are located in that area. Selected information on these institutions is presented in Table 3.

Table 3

COLLEGES AND UNIVERSITIES IN SOUTH BEND AREA

School	Type	Approximate Fulltime Enrollment, 1974/75	Location
Notre Dame	Arts and sciences	8,550	Portage and Clay townships
Indiana University at South Bend	Arts and sciences	5,000+	South Bend
St. Mary's College	Liberal arts for women	1,500	Portage township
Bethel College	Liberal arts	400	Mishawaka
Holy Cross Junior College	Liberal arts	275	Portage township
Indiana Vocational and Technical College	2-year technical college	675	South Bend

NOTE: Nine small private professional schools of business and trade education are also located in and around South Bend.

Although the total influence of these institutions is difficult to measure, it is undoubtedly tremendous. Economically, education is the second largest employer in the South Bend area, ranking behind only the Bendix Corporation. Notre Dame by itself contributes an estimated \$120 million annually to the local economy.

In the housing market, about 1,200 of Notre Dame's 8,550 students live in off-campus housing. All 5,000 students at Indiana University at South Bend (IUSB) live off campus but, unlike those at Notre Dame, many live with their families.

Local opportunities for education have some effect on South Bend governmental bodies, although probably less than one might expect. Several important officeholders, for instance, hold master's degrees

or doctorates. Further, Notre Dame students originally from outside the area often remain in South Bend after graduation and become involved in local affairs.

We find no evidence that officials of higher educational institutions significantly affect ongoing governmental decisionmaking. However, the influence and recognition of IUSB statewide and Notre Dame nationally, as well as the physical and educational resources these institutions provide, are partly responsible for bringing government-financed programs to the city. For example, HUD's recent choice of South Bend as an "Urban Observatory" demonstration project,^{*} funded for nearly \$200,000 over a three-year period, was made possible by the joint efforts of the city, the Institute of Environmental and Public Affairs centered at IUSB, and the Institute for Urban Studies centered at Notre Dame.

The colleges and universities also culturally enrich the South Bend area by attracting nationally known speakers and entertainers. For example, the Civil Rights Institute at Notre Dame recently sponsored a three-day seminar, "Beyond Civil Rights," which featured several nationally known speakers, including the Reverend Jesse L. Jackson.

Further, the presence of two universities in the South Bend area strengthens community institutions. For instance, the Midwest Council of La Raza based in South Bend is very strong for a city of that size, and is partly responsible for making the Chicano studies program at Notre Dame one of the best in the country and for attracting migrant workers to settle permanently in South Bend.

Assessing the effect of these higher educational institutions in South Bend on the allowance program is difficult, but we will tentatively venture two statements. First, the presence of so many higher educational resources makes South Bend an atypical small town by giving it a big-city flavor. However, the combination actually makes South Bend a more appropriate site for the supply experiment by making it more representative of the larger cities, which it was chosen to represent, while it retains the manageable proportions of a small city.

^{*} A model program to demonstrate the usefulness of university researchers' participation in urban policy processes.

Second, a few researchers who customarily advise city officials actively supported participation in the allowance program. Their continued support may be a factor in maintaining good will in the community; at the same time, they are likely to encourage local officials to scrutinize the effects of the allowance program more closely.

Appendix

PRESS CLIPPING

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NEWS STORY

March 31, 1975

Miller Launches Campaign

By **MARCHMONT KOVAS**
Tribune City Government Writer

Mayor Jerry J. Miller today launched his primary election campaign by painting a glowing picture of the accomplishments of his administration during the last three years.

In a press conference in his campaign headquarters at 210 W. Jefferson, he said that despite "all the obstacles and harassment" he has been able to keep every commitment that was made in 1971.

He said the city's property tax rate has declined in each of the last three years, there has been \$120 million in new investments, his administration has been efficient, budgets have been held to a two per cent increase each year and \$225 million in federal taxes have been returned to the city.

At the same time the mayor struck out at his critics and said, "I am somewhat disturbed over the type of campaign that has been portrayed in the early days of this primary.

He added, "It has been very difficult for me, as mayor, to sit back and accept the abuse of my family and our commun-

ity from those who have no true credibility or success and yet we read their accusations night after night, year after year."

The mayor declined to elaborate on the type of abuse his family has been getting except to refer to a letter that recently was published in the Voice of the People column of the Tribune. He was not identified in the letter.

And Miller refused to comment when asked by a television newsman to elaborate on the details of his rental of an auto from a street department supervisor.

The mayor explained last week that it is a private transaction in which he pays for the car rental with his own money.

"So far the citizens have not been presented with one true suggestion or recommendation that will help South Bend," said Miller.

He asserted that "to be mayor of this city it means a total commitment to the dedication of time and expertise to manage a corporation of 1,500 employees, of \$50 million in

budgets and more than \$100 million in property."

The \$50 million figure to which the mayor referred includes all the federal grants the city receives, including \$17 million the city is to get this year from the Housing Allowance Program, he said.

Asked about economic conditions downtown he replied, "We are not in an economic rut."

The mayor said his commitments have been fulfilled "on tax decreases, reorganization, accessibility to the mayor, town meetings, good fiscal management, new federal dollars, better streets, better police protection, fire protection, drug treatment, citizen participation, reform of school board selection, Century Center, leaf pickup, Mayor's Action Center and many other programs."

Added the mayor, "In the next 30 days the voters will see that this administration has been very efficient in managing our city."

He said the administration no longer borrows money to meet obligations, has earned

more than \$1.5 million in interest by good fiscal investments and "efficiently completed our computerization of city management."

Property taxes declined from \$13.98 to \$12.97, he said, by \$120 million in new investments and new programs of industrial and economic development.

He did not mention that the state property tax relief program had a significant part of the reduction.

Planning done by his administration will guarantee stable employment and stable taxes for years to come, he said.

South Bend's recovery of federal tax dollars has made the city "one of the leading cities in our nation," he said.

He said in the last 39 months he had the opportunity "either by mail, telephone or personal contact of communicating with more than 70,000 citizens. The decisions we have made have been their decisions. I did not wait until campaign time to talk to the people."