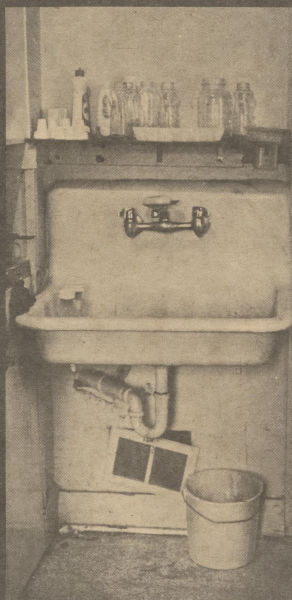


Unorientation: Section Two



Photos: Ellen Lewis



Madison Tenant Union

On July 20 a meeting was held at the University YMCA which was attended by a quite diverse group of individuals: students, teachers, lawyers, aldermen, blue collar workers, white collar workers, and vista workers. Their one bond was that all were tenants in Madison and their purpose in gathering was to discuss the possibilities of a community-wide Madison Tenant Union. Most of the participants had at some time been confronted with the fact that the Madison housing market is characterized by high rents, inadequate maintenance, discrimination, and an artificially controlled shortage of apartments.

These characteristics have become progressively worse over the past several years and, as the founders of the Tenant Union saw it, the persons in control of the state, city, and the Madison real estate industry are not likely to try to correct the worsening situation on their own. If recent trends continue there will soon be little or no medium- or low-rent housing in the city, and the campus area will be the first area to be hit. A severe shortage

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Speculator-Developers Control Housing

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of both apartments and rooms has been developing near campus, largely due to speculation by the larger property holders in the area. As a bloc this small group is gradually taking effective control of the future supply of housing in Madison.

The existence of a shortage of housing in the city (largely due to the real estate industry) is not a new phenomenon for Madison. The shortage was so acute in 1950 that the Madison Housing Authority applied for federal funds for a public housing project. In order to get funds MHA had to prove a need for low rent housing which was not being met by private enterprise. Their survey of the city showed an immediate need for 300 low-cost units.

The City Council approved application for federal funds to plan the project and was believed to be favorable to the entire project. Wingra Homes, as it was called, was attractive to the city because no city funds would be required, the project would more than pay for the cost of services (like sewer, education, and streets), and it would be built on city-owned land which was producing no income at the time.

The last step necessary was for the council to approve a cooperative agreement, which would promise that the city would match the 300 new units with the repair, improvement, closing or demolition of 300 existing sub-standard units. City action had already begun on this when the real estate industry stepped in.

Council approval was halted by a group of city realtors who petitioned to have a public housing question placed on a referendum ballot. The question was vaguely worded, with a YES vote counting against the project, as well as against any future public housing construction in Madison. An intensive and expensive campaign, filled with distortions and fear tactics, was conducted by the anti-public housing group. According to the anti-housing group, MHA was going to demolish private homes in the city regardless of their condition, so it could get federal money (Wisconsin State Journal 10/5/50). A majority of the voters were convinced by the campaign to vote YES.

The referendum resulted in the death of Wingra Homes and the perpetuation of the housing shortage. It left the entire Madison market open to private enterprises and speculation except for the University housing but in this, too, the real estate industry exerted its influence to stop the new University housing.

University enrollment has increased rapidly from the mid-fifties; from that time until 1965 the University tried to keep up with these increases by building dormitories and grad student apartments. As this happened, however the University expanded in other ways; new class and research buildings had to be built, parking had to improve, service facilities had to be provided.

All of these things required land and to get land close to campus meant that student apartment buildings would have to be torn down. Since the opening of Ogg Hall in 1965, University expansion continued, enrollment has gone up, apartments have been demolished, and no new University housing has been built.

The University in 1965 asked the State legislature for funds to construct apartments for single undergraduates to alleviate the growing shortage of privately operated units. The University already owned land (across from the southeast dorms) and has plans already drawn up. At the legislative hearing on the appropriation, a group of Madison realtors (some of them campus area speculators) appeared and, with help from favorable legislators, convinced the Republican-controlled body that the apartment business should be left to private enterprise. Newell Smith, director of University Housing, believed that the 400 units in the project would fill a temporary vacuum, but that it was only a stopgap measure and more would be needed later.

The Legislators were convinced, however, that private enterprise was willing and able to provide the necessary housing. This was an obvious misperception of the Madison real estate industry, for there had not been one low or medium priced apartment building built in the city since 1959. The complete faultiness of their reasoning is further supported by the fact that private enterprise in Madison has still not built a single low or medium priced unit since 1959, and that the units being built are becoming increasingly more expensive and increasingly more profitable for landlords.

It is apparent that the Madison real estate industry as an informal bloc has nearly absolute control of the supply of housing and has the power in both city hall and the Capitol to maintain that situation. With the University continuing to expand (2000 beds within one mile of campus have been eliminated during the past four years) and temporarily unable to construct new housing of its own, control of the apartment supply has become concentrated to a great extent in the hands of a few speculator-developers who have the ability and the money to put up new housing if they so desire. The result of all this has been that students have been forced to move farther away from campus, live in high rises not designed for the comfort of residents, and pay exponentially increasing rents.

The University dorms are the only living units for undergraduates not under private ownership. Because they are owned and operated by the University (a non-profit institution) room and board rates would presumably not change as much as would the rents in privately owned buildings. Room and board rates have increased from 3-10 per cent since 1965, a very small increase in comparison to changes in other units.

The problem with the University dorms is that they are designed to house large numbers of students in an uncon-

fortable fashion. Rooms are small and usually shared, joint facilities such as bathrooms are usually crowded, and study facilities are poor where they exist. The University dormitories do offer advantages not available in private dorms or apartments. It is easy to meet new people (an advantage for entering freshmen), cooking and dishwashing are avoided, and cost is relatively reasonable for a student who eats three meals per day. Few students, however, are able to endure more than two years of these advantages. They then venture out into the completely new world of privately owned housing.

Ten years ago private student housing consisted almost entirely of old frame houses which were rented as flats. Since that time many of these houses have been demolished for University expansion or for construction of medium or high rise type apartment buildings. The remaining houses have been filled to maximum allowable capacity with students and elderly persons, who are victims of the poorest maintenance and the largest rent increases.

The Milflin Street area is the only near-campus neighborhood which has not yet seen the beginnings of the trend toward high rises, at least not on the surface. There is one new high rise on the fringe of the area, Perry Towers, which rents for \$87.50 per person per month for a one bedroom unit for three. Other than that, the only units in the area are old frame houses which provide the only medium rent housing left in the campus area. If the real estate industry is able to carry out its present plans, in conjunction with, and with substantial help from, the city, frame houses and medium rents will become things of the past, as will the Milflin Street community.

The City Council has rezoned the entire area for high density residential construction. The city is currently rebuilding and expanding the sewer system in the area with the knowledge that within several years the area will be almost entirely high rises. Absentee landlords have allowed properties to degenerate in order to save on maintenance costs and to make razing buildings for high rises appear more justifiable.

City Building Inspector Leo Burt toured the area following police action last spring and found over 600 building code violations in the four block section. He "ordered" them corrected by July 15. On reinspection on the 15th, fifteen of the 113 buildings with violations had complied with the order; no punitive action was taken against the landlords who had failed to repair their properties.

Eighth ward Alderman Paul Soglin researched the speculative market in the neighborhood last winter and spring, and that work revealed an interesting pattern; properties are being purchased in blocks by speculators for prices far above standard market value. The intent of this is to acquire enough adjoining parcels of land to enable the developer to raze existing buildings and build a high rise, which would accommodate many more students and at higher rents. Small landlords are being forced out of the area by the large speculators. Once the small holders leave, the market will become similar to the

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Tenant Union

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Langdon Street area, where high rises have been in operation for several years with another new one under construction.

High rises could potentially fill the housing need in Madison; high rises as they are now being built are only aggravating the situation. The most widespread objection to high rises, such as the Surf, Perry Towers, and Henry Gilman, is that they are designed for profit with little consideration given to the persons who will be living in them. Neighborhood residents now have no choice as to what kind of housing is being built because developers are all building high-rise, high-rent units with stifling character exceeded only by the University dorms.

Henry Gilman, a luxury building which opened a year ago, presents an example of the priority of property over people in the construction of this type of unit, as in most of the rest of the real estate industry. Tenants in Henry Gilman are paying six months rent for unused porches because the landlord needs the outside space provided by porches to bring his building within city specifications. City law requires that an apartment building have a minimum amount of outside area per resident and per square foot of living area. Henry Gilman has very little actual outside area and most of that is taken up by a concrete parking lot. In order to meet city regulations without having to build a smaller structure, the developer added porches to each apartment. According to city ordinances porches are considered "outside space," even though these porches are surrounded on three sides by concrete. Given Madison's weather these porches are usable for only two or three months of the school year but tenants still pay 9 1/2 month's rent on them. The attitude toward tenants shown by such actions is hardly one of concern for their well-being and welfare.

Rents in high rise units are clearly in the luxury range. The campus area and the city in general are not in need of luxury apartments but this is the kind of housing being provided by private developers. The increase in luxury living units and the accompanying decrease in the number of low and medium rent units have had a great effect on the overall rent situation. Mr. Gil Hamre of the University Housing Bureau estimates that the average rent for most

double apartments has increased about \$5-10 per month per year since 1965. According to Mr. Hamre this would mean that "an apartment which rented for \$115 per month in 1965 would cost about \$140 per month for the next school year."

The Housing Bureau listings from four years ago had many single rooms which rented for \$7-10 per week. At the present time there are no units listed for less than \$10 per week. Another example of the spiral is an apartment for five girls which rented for \$60 per month per person last year. The rent for the coming school year will be raised to \$67.50. Since the apartment is on the customary 12 month lease this increase amounts to \$450 per year in income for the landlady for one floor of a relatively old frame house. All of these figures are for older units whose rents reflect the change in the city's real estate market. They point to the fact that it is now possible for landlords of older buildings to increase rents each year, without improving the buildings, and still be able to fill all the units.

When questioned as to why they have written such sudden and drastic increases in rent into their leases, most landlords will cite rising taxes, maintenance costs, inflation, and competition as reasons for their action. The effect of these factors cannot be denied but the real reasons for most of the increases, as well as the rents charges for high rises living, can be attributed to the real estate industry itself.

Taxes in Madison have risen sharply since 1965; the mill rate has jumped from \$42 per \$1000 of assessed property value to \$53 in that period. An increase in taxes of this magnitude makes it near impossibility to hold rents at or near their 1965 levels.

It is difficult to determine the exact effect of taxes, or any of the other factors mentioned above, on the rent for a particular apartment or building. It can be shown however that more important reasons behind the rent hikes than these are factors which are completely within the control of the real estate industry. The most important of these, namely the artificially controlled shortage and speculation, have great bearing on where rents are set in Madison.

To support the thesis that taxes and inflation are far from the prime components in establishing rents, a look at rent trends at the Regent will be helpful. The Regent is owned and operated, through a holding company, by two Wisconsin based corporations, Towne Realty and Northwestern Mutual Insurance Company. By aligning

with Northwestern, Towne Realty has been able to take advantage of a Wisconsin state law which exempts insurance companies from paying property tax on holdings like the Regent (or Towers, which Towne/ Northwestern also own). Rents at the Regent would, there-

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Tenant Union

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fore, not be influenced to any degree by changes in local taxes.

In spite of this, rent for a two-bedroom apartment for four persons has risen from \$625 per person per school year in 1965 to \$750 for the coming year, an increase of 20 per cent in four years. It is extremely hard to believe that the combined effect of inflation, maintenance costs, and cost of living add up to 20 per cent since 1965. Increases at the Regent must be attributed in large part to the desire on the part of the corporations to realize a greater profit from their investment and also to the fact that demand on the Madison market is high enough to make such drastic increases possible.

Another example of the fact that the rent spiral is primarily due to the landlords is the treatment by landlords of elderly residents of near-campus houses. With alarming frequency couples who have lived in neighborhoods their entire lives are being forced to move out by landlords, so that the landlord can pack his apartment with students who are able, though not necessarily willing, to pay higher rents and live in more cramped conditions.

Incidents like this, involving elderly persons, life-long neighborhood residents, and working families on the East side, are becoming commonplace for Madison. They hurt all persons involved except the landlord. They also point out the fact that no one with any power in the real estate game is watching out for the interests of tenants.

It is in response to this that the foundations of a city-wide Tenant Union were laid during the past months. Before discussing the Union, however, it is necessary to look at attempts in the past to try to go through "legitimate channels," particularly state and city government, to solve tenants' problems. These channels have been tried and have consistently failed to offer any meaningful solution to the housing crisis in the city. The stances of these legitimate agencies are much more closely aligned with the interests of the real estate industry than with those of the tenants.

The state's most direct contact with Madison housing is its control over University funds. As discussed before, the Legislature in 1965 killed an appropriation for funds for apartments for single undergrads. At this same time the Legislative committee which heard testimony on that appropriation made a study of campus housing and decided that there was no need for the state to intervene.

There was either a lack of foresight or understanding on the part of the committee or an intentional oversight of the real problem, because Newell Smith, University Housing director, has stated that by 1975 the University area will need about 8000 new housing units to accommodate rising enrollment (Daily Cardinal, 10/17/68). The obvious contradiction between these two views is explained by the fact that the Legislature is unlikely to favor any move which would assume responsibility for areas traditionally in the realm of private enterprise.

Another influence on the city market which is due to state action (and inaction) is the tax loophole for insurance companies. The statute which gives companies like Northwestern Mutual their protected status was passed in 1941—the bill was authored by then-Senator Warren P. Knowles.

The loophole was never strongly challenged until just recently when it was publicly revealed that Northwestern owned Towers and the Regent and that the city was receiving almost no income from the buildings. Estimates of the amount of revenue lost to the city because of the loophole ran into millions of dollars. During the current legislative session Assemblyman Ed Nager from central Madison proposed a bill which would eliminate the exemption. Despite the largest public outcry ever heard on the law, the Nager Bill was easily defeated, 83-17.

The state government has taken no other official position in reference to housing during this session. The unofficial stance of the state is still similar to its mood during the last session, when Milwaukee Mayor Maier tried in vain to get the Legislature to reconvene to consider urban problems, mainly housing. The legislature has considered only one bill which might help urban housing problems, a receivership law, which would grant to cities over 10,000 the power to take possession of buildings which are considered slums and which the landlords will not repair themselves. The bill has passed one house but has been forgotten because of the lack of budget and other more pressing matters. Other than this little help can be expected from the Capitol, least of all financial help.

City response to the housing crisis can come from several sources: the inspection department, planning department, City Council, or the Mayor himself. Responses have varied, depending on the particular situation, but the net result has been that the city has generally allowed the real estate industry to develop the city as it sees fit.

Besides building code enforcement, the city can exert effective control over the real estate industry through zoning ordinances. Events during past years, however, point to the fact that the city is not holding strictly to its own long range plans for the city and is willing to grant special requests to developers who need zoning changes and variances.

City Council has rezoned entire areas (Mifflin Street for one) for high density residential living units. Council has also granted variances in zoning ordinances for buildings which did not meet city regulations for some reason. Devines Tower was granted a variance to allow it to be built to a height of more than ten stories. To get such variances for a new apartment building had been a relatively routine task until the past year.

The incident which marked a change from the pattern, and which presented a first effort to unite tenants in several parts of the city, was the Jennifer Street rezoning. Realty Associates (whose directors include a University Regent) applied to the city for a spot rezoning of a medium density residential area, so that they could construct a luxury high rise on a block of land they had pieced together. The building was to be the first student unit to be built on the East side and would have set a precedent for future development. The difference between this and other spot rezonings



was that the Jennifer St. neighborhood is a non-student area where little resistance was expected to the project. Neighborhood residents quickly banded together and appeared at hearings and council meetings on the subject. Student groups also opposed the rezoning attempt for basically the same reasons—the high rise would be replacing low-rent houses and neither the students nor the working people on the East side were willing to allow the luxury apartment trend to continue without a fight.

In spite of pressure brought by citizens groups the City Council approved the rezoning, but not without the strongest opposition ever seen in council to such a move. The rezoning decision still had to be signed by Mayor Festge so the groups concentrated their efforts on his office. Pressure brought to bear on Festge from Assemblymen, councilmen and University professors all helped to convince him to veto the application.

The opposition to the Jennifer St. rezoning was significant because it set an example for other neighborhoods faced with the possibility of extinction because of high rises. It was also significant because it marked the first time that student and non-student tenants had banded together in any way to protect their common interests. The Jennifer St. case showed many persons that the absolute power over the housing market now enjoyed and exploited by the large developers need not be the case. Neighborhood residents do have the ability to stop plans by the developers which are contrary to the needs and desires of the community.

In response to the housing situation and the apparent lack of desire among responsible parties and legitimate channels to change it on their own initiative, the Madison Tenant Union has begun laying the foundation for a permanent organization of all city tenants. The need for such a union should be obvious in view of what has been discussed to this point. The sense of urgency has developed, particularly among student tenants, although there are parts of the city with poorer housing conditions than the student community.

The long range goals of the MTU include recognition of the Union as the collective bargaining agent for tenants, rent control or reduction, acceptance of a model lease, and a voice for tenants in the long range planning of the city. Obviously none of these are going to be easy to gain, especially given the closeness of city landlords in times of trouble. In order to expect to ever achieve any of these goals the MTU will have to build an extremely large and well organized block of tenants. As seen in the past, tenants when acting as individuals are powerless against landlords and are generally ignored when decisions on housing are made. With the existence of a strong union landlords could no longer afford to ignore the wishes of tenants. As a group, tenants would have economic and political power in matters which are now in complete control of real estate speculators.

Most of the summer has been spent by MTU workers in trying to settle on a plan for organization of the Union. In order to develop the strong base of support needed for the union to be effective, the union will be organized from the bottom up, with the basis of organization being geographic locals. Locals would be limited to 50 tenants and each local would elect a steward to the policy-making body for the union. Current plans call for beginning to recruit members for the Union in September.

During the summer, work has continued on publicity, legal research and reality research. A grievance committee has taken up the task of formalizing complaints against landlords and will be able to handle tenant problems, in conjunction with Legal Aids, in September. Union workers have been in contact with tenant organizations in other cities, particularly the Ann Arbor

rent strike, and much has been learned from them which has been and will be of assistance in trying to organize Madison. The one feature of the MTU which makes it unique from other Tenant Unions is that MTU is consciously trying to organize a union which includes all renters in the city. This includes students, laborers, retired persons, professors, store renters and dormitory residents.

A broad base as now envisioned by Union workers is expected to present some problems in coordination, but it also will make more tactics possible and will also allow the union to operate on more than one front at a time and in a more aggressive and effective manner. The ultimate weapon of any union is the strike and the possibility of a rent strike will always be present. The strike, however will probably be employed only if other tactics fail to achieve union aims. Among the other tactics being considered are rent slowdowns, boycotting, direct negotiation with landlords, lobbying, and legal offensives.

Several areas which the MTU will have to consider are involvement in long range planning and zoning and in actual entry into the speculative market. Efforts on the first area have already begun. Contact with faculty members in the Department of Urban and Regional Planning and the Union will in the future be able to present a constructive alternative to the current trend in city housing, with the emphasis on serving the needs of the community rather than the interests of land speculators.

For the time being it may be necessary for the Tenant Union, or groups like Madison Association of Student Cooperatives, to consider purchasing rather than renting buildings. The Mifflin Street Coop is within a few months of being bought out from the owner by a developer, for the purpose of building a high rise. If the co-op is allowed to go under for this reason, there will be little that can be done to save the rest of the community from extinction. The Co-op has considered outright purchase of its building but if that is to be done, action will have to take place very soon and will require a great deal of support from students and all other tenants in the city.

Another possibility is to obtain finances for the purchase of older houses from Housing and Urban Development (HUD), which has established a loan fund to help University and student groups to establish living cooperatives. The Inter Cooperative Council at the University of Michigan, Ann Arbor, was granted the first loan under the program two months ago to build cooperative housing for 200 students.

Another welcome side-effect of purchase might come if the houses purchased are in strategic locations such that they break up attempts by speculators to build high rise lots. This type of backward blockbusting could potentially be an effective weapon against the high rises.

The role of the Tenant Union, in addition to working to protect the interests of tenants, will also be to coordinate efforts of this nature. The potential for a mass organization is present in the city now and, in light of what has been presented here, the formation of the MTU cannot be delayed any longer. Those who have control of housing now (i.e., any but tenants) are unwilling to change their practices and policies, other than to make them worse. Tenants are beginning to see that the only way this trend is going to reverse is for them to take action. It has been tried before, by individuals, civic groups, student tenant groups, and lobbyists—all have failed. The tenant union approach can work because it will have the one thing which landlords will respect—collective economic power.

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