

September 10, 1968

Memo to: New Detroit Housing Subcommittee

From: Housing Task Force

Subject: A Proposal to Assist the United Tenants for Collective Action

Background

As described in Appendix A (attached), United Tenants for Collective Action (UTCA) has had a short but dramatic history. Originally organized for the purpose of conducting rent strikes, its major role has now shifted to that of managing nearly 1,000 apartment units on Detroit's West side.

The original owner (Albert Goodman), plagued by a 6 month rent strike, surprisingly turned over the management function to UTCA on June 26, 1968. An elaborate contract requires that UTCA employ 75% of net income to operation and maintenance, and return the other 25% to Goodman.

Since this contract was signed, UTCA has faced a series of trials and pressures, including the mysterious shooting of its leader, Fred Lyles. Having inherited some of Detroit's worst housing units, only 40% occupied, the inexperienced and voluntary UTCA staff has been struggling to "make ends meet". However, with the help of voluntary consultants, the financial picture seems to be improving, or at least stable. And, through the determination and high aspirations of its management, we feel that the future of this group is most promising - provided the difficult short-term problems can be resolved.

As described in Appendix A, UTCA hopes to purchase and rehabilitate all of the sound units, as part of a cooperative housing scheme.

A Proposal for New Detroit, Inc.

For several months Arthur Anderson Co., has been providing free management consulting and accounting services to UTCA. Although this work has proven to be extremely valuable, Arthur Anderson does not feel able to provide its men on a regular basis indefinitely, and has begun to phase out of this effort. We feel that any dollars granted to help UTCA would provide the greatest short and long-term leverage if allocated toward promoting good management. For this reason, we recommend that New Detroit, Inc. provide a 50% subsidy, to hire Arthur Anderson personnel (2 or 3) for at least a year. We would expect UTCA to pay the balance. Arthur Anderson might agree to a special "discount", since it has established some precedent in this respect. At \$15,000 per year, per man, New Detroit, Inc. would need to provide about \$20,000.

UNITED TENANTS FOR COLLECTIVE ACTION
(A Union for Tenants)

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August 13, 1968

New Detroit Committee
Detroit Bank and Trust Building
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Gentlemen:

We are writing to urge you to make a contribution to the United Tenants for Collective Action, Inc. (UTCA). UTCA is a union of tenants organized approximately one year ago by several inner-city Black persons, chief among whom was Fred D. Lyles, a long-time resident of Detroit employed by the United States Post Office. The conditions existing in many of the large apartment buildings in Detroit are appalling. The basic purpose of UTCA is to organize the tenants living in these buildings into effective unions so that pressure can be applied to the owners thereof to improve some of the conditions. UTCA also hopes, after organizing various buildings, to raise sufficient funds so that the buildings can eventually be purchased by the tenants. In addition, UTCA expects to sponsor numerous educational and social programs within the buildings it organizes and to develop grass roots leadership and active, democratic participation among its members.

Each of the organizers of UTCA lives in a large apartment building in Detroit; and they had no difficulty organizing these buildings. Furthermore, UTCA quickly found that the mood of tenants living in other run-down, absentee-owned, slum apartments in inner-city Detroit was such that the tenants were extremely receptive to organizing. Shortly after its formation, UTCA developed a strategy of asking the tenants in a building, as soon as it is organized, to vote on whether they want to call a rent strike. If the tenants vote yes, and in all but a few exceptional cases they have,

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then a rent strike is immediately called to last until such time as an agreement is reached with the owner. Virtually no building in inner-city Detroit comes close to complying with the Detroit Building Code. On the day that a rent strike is called, UTCA seeks an injunction from the courts restraining the owner from, among other things, evicting any tenant for failure to pay rent until such time as the building is made to comply with the Building Code or for organizing on behalf of, or belonging to UTCA. While none of the court cases have been finally decided, in each case some form of temporary restraining order has been granted.

Six of the first buildings against which strikes were called were owned by Goodman Bros. & Co. Albert Goodman, the principal owner of Goodman Bros. & Co., is known in the Black community as the largest slum landlord in Detroit; and he has long been, rightfully or wrongfully, the symbol of the worst of absentee ownership. At first, Goodman scoffed at UTCA. However, when injunctions had been issued against him collecting rent in six of his buildings, when organizing efforts were going on in the remainder of his buildings, and when he became aware of the weakness of his legal position, he asked UTCA to enter into negotiations. These negotiations, much to UTCA's surprise, resulted in a unique Agreement under which the management of seventeen Goodman buildings with nine hundred units was turned over to United Tenants for Collective Management (UTCM), a Michigan corporation formed at that time by UTCA to manage the Goodman buildings plus other buildings that might come under its control. Sixteen of the seventeen buildings are scattered on the west side of inner-city Detroit and one is located in Highland Park. The Agreement provides that seventy-five percent of the profits from operating the buildings is to be used by UTCM for making improvements in the buildings. The remaining twenty-five percent is to be paid to Goodman. (The Agreement also contains a complicated formula for determining profits.) In addition, under the Agreement, UTCM is given an option to purchase all, or any of the seventeen buildings on favorable terms. UTCA recognizes that the Agreement allows Goodman to escape from operating buildings that he had milked so thoroughly that they are no longer profitable. On the other hand, it gives UTCA and UTCM a fantastic opportunity to manage and eventually own a significant portion of Detroit's inner-city housing.

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While it is not the first priority, an exciting possibility exists that most, if not all, of the seventeen buildings can be thoroughly rehabilitated. Fortunately, the Housing Foundation of Michigan, a Michigan non-profit corporation, has been working for the past year on plans to rehabilitate eight of the seventeen buildings as cooperative projects under Section 221(d)(3) of the Housing Act of 1949. With the passage of the Housing Act of 1968 making possible forty-year loans at one percent interest for rehabilitation, these plans become even more exciting. For one of the larger buildings, FHA has already issued a commitment letter tentatively approving the project; and feasibility letters are expected on two more very shortly. UTCA and HFM have agreed that HFM should continue with rehabilitation of the eight buildings as quickly as possible, but that UTCA will manage the buildings and organize the cooperatives in each of them. Of course, ownership of the buildings will be in the tenants cooperatives to be formed. UTCA and HFM have also agreed to work together so that when rehabilitation begins in one building, the tenants living in that building can be successfully relocated to another building under the control of UTCA until the rehabilitation is completed.

In addition, UTCA has contracted with Urban Design Development Group (UDDG) to act as consultants on the rehabilitation of the other nine buildings. UDDG is a recently formed, all Black Michigan corporation headed by Hank Rogers and specializing in urban planning and rehabilitation. The Metropolitan Detroit Citizens Development Authority has tentatively indicated that it will supply the necessary seed capital for the rehabilitation of these eight buildings, and the preparation of an application to HUD for rehabilitation funds under the Housing Act of 1968 is now well underway. Consequently, a real possibility exists that within the next two to three years all seventeen of the buildings will be made into highly attractive units owned by the tenants.

Adding tragedy to the situation, one month ago, Fred Lyles, organizer of UTCA, was shot with a high-powered rifle while working in UTCA's office. As of today, the identity of the responsible person or persons is unknown. Fred Lyles remains in very serious condition; and at best, he will probably be crippled from the shoulders down for life.

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Although plans are well underway to quickly rehabilitate the buildings, UTCA has several immediate, urgent needs that cannot be financed from the revenues the buildings are now generating. These needs arise out of suddenly taking over nine hundred apartment units that have been completely exploited and that because of the conditions existing in them are only forty percent occupied. Fortunately, through the assistance of the New Detroit Committee, Arthur Andersen & Co. is presently donating accounting and managerial training services which are removing one of the urgent needs. Some of the other urgent needs are as follows:

(1) UTCA and UTCM presently have a crew of five skilled workmen making emergency repairs in the buildings. The buildings have gone so long without any repairs that one crew of five cannot possibly handle the emergencies. UTCA has made promises to the tenants that it must keep. UTCA needs to hire a second crew of five to work in the buildings. Such a crew together with the necessary materials for them to work with will cost approximately seven thousand dollars a month. Hopefully, the second crew could work closely with the tenants in each of the buildings so that the tenants could be trained and make a major portion of the necessary repairs.

(2) UTCA is presently working out of a small, run-down office that has already proven itself dangerously located. UTCA has started rehabilitating two of its apartment units for office space. However, this work has stopped because materials costing approximately one thousand dollars are needed. In addition, office equipment costing approximately eight hundred dollars is also needed. *denation?*

(3) In three of the buildings, the furnaces do not work (and they did not work last winter). The old furnaces must either be repaired or new ones purchased in the next three months. The cost of this project is not known.

(4) A rat and termite extermination program must be undertaken immediately. The cost of such a program is not known.

(5) The two most active leaders of UTCA presently hold full-time jobs elsewhere. They are, in addition to their

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regular jobs, working sixty hours a week for nothing for UTCA. Funds are needed to pay them salaries so they can terminate their other jobs.

(6) As the rehabilitation program gets under way, funds will be needed to relocate tenants from buildings in which work is going on to other buildings. Since the rehabilitation of one of the buildings containing ninety-six units will begin in the next two months, this need is now an urgent one. UTCA estimates that \$20,000 will be needed to begin the relocation program. In addition, funds are now needed to begin minimal repairs on the units into which tenants will be relocated.

(7) A small pickup truck is desperately needed both for hauling supplies and for assisting tenants.

The needs mentioned above are only some of the urgent needs of UTCA. UTCA believes that within six months or so, its rehabilitation program will be well underway and its entire program can be self-sufficient. However, it desperately needs assistance now. UTCA also believes that it has potentially made a tremendous breakthrough in inner-city problems. The taking over and making attractive of nine hundred apartment units is extremely significant. What is just as important, UTCA believes, is the cooperative, social organization that is developing among the tenants in these buildings. In addition, UTCA is now organizing numerous other buildings, and several large landlords have asked UTCA whether it wants to manage or buy their buildings.

UTCA is hopeful that the New Detroit Committee will make a generous contribution to it.

Sincerely yours,

UNITED TENANTS FOR COLLECTIVE ACTION

Garrett A. L. Roseborough

Why relocate
when 60% of units
are vacant?
Start with vacant
units!