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STATEMENT  
To

UNITED STATES SENATE  
COMMITTEE ON BANKING AND CURRENCY

THURSDAY JULY 23, 1970

By  
KENNETH SLEDGE, DIRECTOR - UNITED TENANTS FOR COLLECTIVE ACTION

A strange paradox is developing in the country's crucial housing situation, at a time when the nation is undergoing the most critical housing shortage since World War II, structurally sound dwellings in the inner cities are being abandoned in increasing numbers to vandalism and demolition.

Causes of this ironic situation are complex and involved with all the other factors of urban distress, a survey of 14 major cities showed that the abandonment of housing that could be rehabilitated at a reasonable cost is occurring almost exclusively in poor minority neighborhoods.

Conservation is a many-sided effort dependent to a large extent on a sincere determination and dedication by local government, strongly supported by informed public opinion. Conservation is designed not only to preserve a desirable inventory of good buildings, but also to enhance neighborhood acceptance and growth, both of which objectives encourage economic and social improvement. This improvement does not occur where conservation activities are neglected, with consequent deterioration of the area and retardation of its economic and social attractiveness. The characteristic weaknesses in neighborhoods requiring preventive treatment are the result of:

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Committee on Banking and Currency  
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1. Inadequate building and housing codes.
2. Failure to enforce existing codes and ordinances.
3. Poor zoning ordinances.
4. Excessive spot zoning, which creates a patchwork of uses.
5. Zoning variances, which permits non-conforming uses.
6. Lack of public improvements such as street paving, curbs and sidewalks, street lighting, and adequate sewage disposal.
7. Insufficient public facilities.
8. Uneconomic and inefficient housing management.
9. That neither the private sector nor the Federal government has exercised substantial leadership in the management of low and moderate income housing.
10. Poor housing management, as a contributor to abandonment and neighborhood decline, must not continue unremedied.
11. As the Federal income tax is now constituted, the profitable course for real estate investors is to take accelerated depreciation after purchase, avoid repairs, and sell off their properties within a decade before their tax shelter fades. Continuity of ownership and sound maintenance are inhibited by opportunities for fast gains in this cycle of constant trading.

RECOMMENDATIONS

1. A reform of the nations tax laws in relation to housing will be required to create incentives for landlords to make repairs.
  - a. Expenditures on maintenance on repair, up to a specified percentage of the total cost of a building, be deductible from taxes in full, in the year they are made.
  - b. A portion of the depreciation deductions now permitted be disallowed unless matched with expenditures for maintenance and repair.
  - c. The provisions of the tax law that provide an incentive to sell after 10 years be repealed.
2. A national rent supplement program that would include all low and moderate income families. Federal subsidies making up the difference between 20% of the tenant adjusted income and the maximum fair market rentals for standard housing.
3. A strong, systematic, and non-political program for property inspection and code enforcement is essential to neighborhood preservation, and it must be coupled with adequate coordination of communitywide and neighborhood efforts if any degree of success is to result.
4. At a time when the abandonment of housing in the cities of this nation is being discussed by this committee; careful consideration and thought should be given to the Bills introduced by the distinguished Senators, Mr. Goodell of N.Y., Mr. Brooke of Mass. and Mr. Cranston of Calif. # S 4086 # S 4087 #S 4088, and the Housing Management proposals of Senator Charles E. Goodell of N.Y..

We feel that these proposals, if adopted, would be instrumental in alleviating some of the problems of abandonment and create better housing for low and moderate income families.

It is unquestioned that half-measurers must be replaced by an all-out intensive and realistic improvement program. Such a program is complex, requiring strong, dedicated leadership combined with continuous public support and insistence that the job be done. No democratic government will act unless the public raises its voice; no group of businesses or industries will effectively participate unless there are impelling economic motives; no citizen group will give the essential support without a clear understanding of the benefits that will accrue to them. The road ahead is fundamentally political and educational at all levels.

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Pg. 4.

Statement to United States Senate  
Committee on Banking and Currency  
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Many panaceas have been tried in the recent past and failed because of a lack of feasibility and support, or because the program was too revolutionary in concept and created serious doubts as to ultimate effectiveness. Too often, small pressure groups looking for special benefits have stymied progressive action; too often the problem has not been met head-on, and half-way measures have done more harm than good.

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