

HOUSING THE POOR IN KOSCIUSKO COUNTY

by

LIEUTENANT JEFFREY SMITH

for

KOSCIUSKO LEADERSHIP ACADEMY

CLASS OF 1988

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Records

## HOUSING THE POOR IN KOSCIUSKO COUNTY

Poor in Kosciusko county? Why should there be poor in a place with one of the lowest unemployment rates in the state and where economic growth and expansion is in high gear?

Answers to these questions are multi-faceted. The reasons why are as varied as the people themselves. The purpose of this paper is to show that even in the midst of economic growth and general prosperity, there is a serious social problem with something as basic as good housing.

Part of the reason why is because of generally low wages for unskilled workers.<sup>1</sup> Another facet of the problem is due to the instability of some area businesses which causes sporadic or seasonal layoffs. These range in duration from 2-3 weeks or 2-3 months. A financial crisis can also be caused by an uninsured illness or unexpected death in the family. Other chronic medical or emotional problems can impair a person's ability to function at a level that would allow him/her to maintain gainful employment. Social problems such as divorce or unwed motherhood can cause severe financial problems especially if family support is not available.

Even "solutions" like AFDC cause some degree of the problem. The Public Welfare system is set up to provide a level of support which is slightly below subsistence as an incentive for people to find other

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<sup>1</sup> Wage information provided by the Indiana State Employment Security Division reveals that the average wage for unskilled workers in Kosciusko county was \$6.76 in February of 1987. The range extended from \$4.50 to \$9.28. The Kosciusko County Statistical Briefing published by the Warsaw Chamber of Commerce compares a wage of \$4.76 for unskilled workers in Kosciusko county with a state median wage of \$7.87.

means of support. However, our system as it now stands, does not offer the necessary supporting systems to allow people to move off of welfare without a major struggle. Some people simply do not have that kind of stamina - I wonder if I would.

Much of the data for this paper was gained from an analysis of the case records of The Salvation Army in Warsaw which serves Kosciusko County. The sampling used is not exhaustive of either the Army's file or the population of lower income people in the county. It is reasonable however, that conclusions drawn would be representative of most poor families in the area. The sample consists of 230 cases who sought Salvation Army service in 1987.

One of the constant challenges facing these people is finding and keeping safe, comfortable and affordable housing.

In a recent conversation with Mayor Jeffrey Plank, he commented, "Housing is the number one social problem in the city." While this statement would be difficult to substantiate in an objective manner, it is echoed by social service people and other city officials. Housing is scarce in the city of Warsaw. A study was initiated by the Chamber of Commerce in January of 1987 to see if there really is a housing shortage here. The study consisted of responses by families and individuals who had recently relocated in the city and had to secure housing here. The study group concluded "there definitely is a need for apartments in this area."

A limited supply of housing has the effect of driving up the cost of housing in the area. The average rent being paid by the respondents in the Chamber survey was \$261.00 per month.

Mr. Kevin Dunlinger of Rainbow property Management estimated the average rent for a two bedroom apartment in the city to be in the range of \$300.00 - \$350.00. This may not sound too expensive, but because of the shortage of housing, the possible range of rent is not broad enough to allow people on low or fixed incomes to find adequate housing that they can afford.

For instance, a Winona Lake resident described her housing situation:

"The back bedroom (the only one) leaks and the ceiling is caving in. The heat barely keeps me and my 2 children warm in the winter. The whole apartment is dimly lit and the faucets all leak.

I have to go upstairs to use a bathroom because there isn't one in my apartment and if I blow a fuse I have to wait until the landlord can come to change it because I don't have access to the fuse box. And, the landlord doesn't have a phone!"

For that apartment, the rent is \$65.00 per week or 260.00 per month. Because there is no lease, she can be evicted by the landlord for missing one week's rent if he so chooses.

She realizes that she ought to complain to the health department or the building commissioner, but condemnation would mean she would have to find another place to live and she had a hard time finding this place. She feels trapped.

This isn't an isolated case. Mr. Fred Johnson, the building commissioner for the city of Warsaw, acknowledged that we do have a problem with substandard housing, although not as serious, he felt, as that of some surrounding smaller towns that have no building department in city government. He acknowledged that many times people are afraid to complain because they fear either landlord retribution or city condemnation will leave them without a place to live.

Mr. Johnson told of once receiving a call from an elderly woman who complained that there was no heat in her apartment. When he investigated, he found that she had blocked off most of the apartment by hanging blankets over the doorway to the small kitchen where she was living. She was camped out in front of the stove which was her only source of heat. The apartment was in a building containing several other apartments which were also without heat or hot water. It was well into the winter months and no one had complained up to that point. The building was also rat and roach infested.

"In that instance, we took immediate action," said Mr. Johnson.

Mr. Johnson explained that he always approaches condemnation cautiously because of the potential for lawsuits and the disruptions in the lives of the tenants of condemned property. He always likes to get involvement from the health and fire departments if he can. He also makes it a point to make contact with community agencies such as Combined Community Services or The Salvation Army to help arrange housing for displaced people. "But," he said, "I have no sympathy for landlords who show a pattern of disregard for the people that live in their buildings."

I asked him about the city codes. Are they strict enough? Why do we have housing still on the market that is substandard?

"The codes are okay, the snag is in the legal process of enforcement. Many owners of problem properties reside out of town and are difficult to contact. The law requires "adequate notice" and "adequate time" for repair or upgrade before condemnation - unless the problem is life-threatening, in which case I can act immediately."

"Most landlords are cooperative. When I point out a problem, they take care of it immediately. However, there are some that I know are only going to do the minimum, and then only when forced to. Unfortunately, some of these landlords own considerable property in the city."

"All over town," Mayor Plank said, "there are large old houses that have been bought and converted to multi-family apartments where the landlord is getting \$200.00- \$250.00 per month from each. These people have no pride in the community and are just out for the fast buck."

Fred Johnson described the actions of some of them as "raping their properties."

This can be an emotionally charged topic with some people. One person who gets upset when he talks about landlords who conduct business this way, is Mr. Ed Pratt, the Wayne township trustee. Ed has been dealing with the problem that he describes and "Slum lords" for over 20 years. He is a real estate appraiser by profession and can evaluate the worth of properties. When I visited him he had a handful of rent vouchers that his office was about to pay. The last thing he wants to do is support some of these landlords. But, he sees no alternative in the present state of affairs.

He graphically described several places that he knows about that rent for \$50- \$60 per week, but that wouldn't bring in \$5,000.00 if offered for sale. People live there sometimes because they don't care and sometimes because they don't have a choice.

People with low income have a difficult job finding apartments they can rent. Most landlords require a damage deposit in advance, plus the first months rent. That is only reasonable, and it protects the

property owner against losses. However, it also virtually eliminates poor people from renting decent apartments from reputable landlords. How could a person receiving \$259.00 per month on AFDC plus \$100.00- \$150.00 in food stamps ever generate the \$400.00 - \$500.00 needed to move in? Even the person working and earning \$4.50, or \$5.00, \$5.50 or even \$6.00 per hour and who has 2 or three dependents is stuck when it comes to raising that kind of money. Many landlords would not even consider renting to a person making so low a wage - and why should they? It is unlikely that they could keep up with the rent.

So, who will rent to them? Many must rent from landlords who require no, or very minimal damage deposits and who collect rent by the week. Landlords whose apartments are in terrible shape because they aren't really apartments at all, but one or two rooms of an old house chopped into apartments. Or, because the property has been "trashed" by angry former tenants who felt that they were paying too much for too little and so retaliated at the landlord by damaging his property. Some people move into a filthy place and leave it even filthier when they leave. And so the landlord feels justified in charging the rent he does. After all, one said to Mayor Plank one day, "no one else would even rent to these people." It is a sad, vicious, cycle.

Mrs. Cindy Waite is the director of the Warsaw Housing Authority which administers the HUD rent assistance program for the city. Presently, there are 106 HUD units available in Warsaw. This means that as many as 106 Warsaw residents could be receiving the rent subsidy through HUD. Only 75 of these are filled, however and there are 90 people on the waiting list.

I asked Mrs. Waite why so many are waiting when there are empty slots. She said responded by listing the reasons:

1. Many of the people need larger apartments because of the size of their family and these are very hard to find. Three and four bedroom apartments that meet HUD guidelines for rent and utility expense and which can pass the inspection are scarce.
2. Some people will not rent to HUD tenants because of the stereotype of poor people. They are afraid that their property will not be taken care of.
3. Finding an apartment of any size that meets the HUD standards is very tough. There is a limit on the amount of rent and utilities that HUD will allow. That eliminates many up front. Of those left, few meet the HUD standards for safety and suitability. That usually requires landlords to perform repairs or upgrades to qualify their apartments - even though our standards are lower than the city building codes!

Mrs. Waite agrees, "Housing is a BIG problem in Warsaw."

Another complicating thing is the necessity for many lower income people to spend a disproportionate amount of their income on housing. The HUD formula is to expect families on the program to spend 30% of their gross income on housing and utility needs with HUD subsidizing the balance. Mrs. Waite indicated that among middle class people, 35-40% is a normal figure.

However, low income people in this area routinely spend more than 40% on rent alone.

A review of 233 cases from The Salvation Army's 1987 service record revealed that the average rent payment for those cases where the amount of rent was recorded, is \$210.00 per month.(142 cases in the



sample). Not all the cases recorded a rent figure because not all were currently renting, and for some, gathering this information was not pertinent to the case.

Of the 233, 134 cases recorded some level of monthly income. Some had no monthly income at the time they applied for help, others did not have that figure on their record. For these, the average income per month was \$546.00 for an "average" family of 3 people. This means that from our sample, on the average, these people were paying 38% of their total gross income (which often included foodstamps) on rent payments alone. If utilities were included the percentage would run well beyond the 35% - 40% considered normal for middle class people.

When the cases are sorted by city and only those cases who are currently renting are considered, the average rent payment as a percentage of income varies from city to city. It is admitted that the sampling is too small from most of the smaller towns to be statistically significant.

A review of the statistics contained in the tables attached to this report should convince one that there is a significant group of people who are not experiencing the prosperity of the county. For some of these people the problem lies in their own lack of abilities or their poor social adjustment. Perhaps they lack the education or even the aptitude to gain and hold a job that would adequately provide for their needs. It may be that they simply cannot get along in the work place. There are others who are in the Public Welfare system (40 of these cases) and have few viable options for getting out of a system that is uncomfortable by design.

There are others whose situation is only temporary and who will find gainful employment and not return to the Salvation Army for further assistance. But there are many others who are not even reflected in these statistics, many of whom live in sub-standard housing just as many of these do.

In a county like ours, we should not have people who must live without heat, or water, or good plumbing and pay \$200 - \$300 per month for it. We can do better than that. We need citizens who will invest in our county and construct good, solid housing for low income people. We need innovative programs to assist people to break out of the cycle of moving every 3 or 4 months from one run-down apartment to another. Often they move because they have not been able to keep up with utilities on their uninsulated dwelling. The cost to NIPSCO and other utility companies must be enormous. There ought to be a way to provide housing that is clean and warm without being out of reach of people who don't have access to large amounts of capital.

The fact is that in Kosciusko County, the poor and the elderly are often not housed adequately.

As a result of this and other community input received by The Salvation Army, it's Advisory Board is pursuing a plan to begin a new program to assist selected people to own their own new or rehabilitated home. The plan would include heavy reliance upon volunteer labor from the community and the proposed property owner. Similar projects operating today in Elkhart county and other communities around the country have had great success. It can happen here too.

It was the goal of this paper to demonstrate that there are some people in the community for whom the terms "prosperity" or "economic

growth" have little meaning. Providing good housing for poor people in our county and in the city of Warsaw is a problem that merits our attention and which can be solved if we begin to devote the time and the energy that it deserves.

ANALYSIS OF RENTAL PAYMENTS AS A  
 PERCENTAGE OF INCOME - BY CITY

CITY	MONTHLY INCOME	MONTHLY RENT	# IN FAMILY	RENT AS % OF INCOME
<b>** Claypool</b>				
Claypool	480.00	180.00	3	38
Claypool	576.00	200.00	5	35
Claypool	830.00	300.00	3	36
Claypool	125.00	75.00	2	60
Claypool	470.00	200.00	3	43
Claypool	1120.00	151.00	3	13
Claypool	880.00	150.00	6	17
Claypool	0.00	160.00	5	*****
Claypool	288.00	100.00	3	35
<b>** Cromwell</b>				
Cromwell	516.00	200.00	4	39
<b>** Etna Green</b>				
Etna Green	0.00	168.00	3	*****
<b>** Mentone</b>				
Mentone	748.00	175.00	4	23
Mentone	820.00	80.00	4	10
Mentone	640.00	180.00	4	28
Mentone	696.00	150.00	2	22
Mentone	448.00	174.32	1	39
<b>** Milford</b>				
Milford	450.00	145.00	6	32
Milford	268.00	160.00	2	60
<b>** Nappanee</b>				
Nappanee	960.00	325.00	4	34
<b>** North Webster</b>				
North Webster	608.00	160.00	2	26
North Webster	760.00	188.00	4	25
<b>** Pierceton</b>				
Pierceton	420.00	200.00	8	48
Pierceton	0.00	250.00	4	*****
Pierceton	322.00	88.00	2	27
Pierceton	0.00	200.00	6	*****
Pierceton	958.00	270.00	3	28
Pierceton	0.00	220.00	3	*****
Pierceton	1000.00	200.00	4	20
Pierceton	458.00	250.00	3	55
Pierceton	617.00	225.00	2	36
Pierceton	400.00	220.00	4	55
Pierceton	344.00	318.00	4	92
Pierceton	0.00	220.00	4	*****
Pierceton	720.00	240.00	2	33

ANALYSIS OF RENTAL PAYMENTS AS A  
PERCENTAGE OF INCOME - BY CITY

CITY	MONTHLY INCOME	MONTHLY RENT	# IN FAMILY	RENT AS % OF INCOME
** Silver Lake				
Silver Lake	0.00	150.00	4	*****
Silver Lake	445.00	260.00	1	58
Silver Lake	420.00	191.00	2	45
Silver Lake	444.00	135.00	3	30
Silver Lake	417.00	150.00	1	36
Silver Lake	681.00	400.00	3	59
Silver Lake	113.00	195.00	2	173
** St.				
St.	0.00	250.00	2	*****
** Syracuse				
Syracuse	320.00	180.00	2	56
Syracuse	626.00	275.00	5	44
Syracuse	907.00	200.00	7	22
Syracuse	876.00	250.00	4	29
** Warsaw				
Warsaw	720.00	325.00	5	45
Warsaw	256.00	300.00	3	117
Warsaw	456.00	260.00	3	57
Warsaw	430.00	190.00	1	44
Warsaw	316.00	203.00	3	64
Warsaw	253.00	160.00	1	63
Warsaw	840.00	248.00	4	30
Warsaw	520.00	240.00	1	46
Warsaw	0.00	220.00	2	*****
Warsaw	0.00	140.00	1	*****
Warsaw	1260.00	385.00	4	31
Warsaw	0.00	230.00	3	*****
Warsaw	375.00	40.00	2	11
Warsaw	380.00	250.00	3	66
Warsaw	920.00	260.00	2	28
Warsaw	1160.00	151.00	6	13
Warsaw	800.00	300.00	5	38
Warsaw	400.00	76.50	3	19
Warsaw	900.00	280.00	7	31
Warsaw	360.00	160.00	2	44
Warsaw	350.00	125.00	2	36
Warsaw	800.00	152.50	3	19
Warsaw	452.00	200.00	2	44
Warsaw	760.00	190.00	3	25
Warsaw	469.00	275.00	2	59
Warsaw	256.00	240.00	3	94
Warsaw	960.00	160.00	4	17
Warsaw	760.00	300.00	5	39
Warsaw	16.00	200.00	2	1250

ANALYSIS OF RENTAL PAYMENTS AS A  
PERCENTAGE OF INCOME - BY CITY

CITY	MONTHLY INCOME	MONTHLY RENT	# IN FAMILY	RENT AS % OF INCOME
Warsaw	0.00	160.00	1	*****
Warsaw	500.00	325.00	4	65
Warsaw	520.00	225.00	5	43
Warsaw	312.00	250.00	3	80
Warsaw	387.00	75.00	1	19
Warsaw	624.00	160.00	2	26
Warsaw	509.00	240.00	2	47
Warsaw	498.00	275.00	5	55
Warsaw	844.00	200.00	6	24
Warsaw	800.00	275.00	6	34
Warsaw	240.00	161.00	3	67
Warsaw	708.00	100.00	1	14
Warsaw	900.00	275.00	3	31
Warsaw	219.00	175.00	5	80
Warsaw	333.00	53.00	1	16
Warsaw	0.00	260.00	1	*****
Warsaw	520.00	280.00	4	54
Warsaw	440.00	200.00	2	45
Warsaw	501.00	300.00	5	60
Warsaw	0.00	175.00	4	*****
Warsaw	0.00	235.00	2	*****
Warsaw	640.00	280.00	4	44
Warsaw	196.00	155.00	2	79
Warsaw	0.00	260.00	5	*****
Warsaw	467.00	200.00	3	43
Warsaw	890.00	200.00	3	22
Warsaw	0.00	260.00	2	*****
Warsaw	780.00	250.00	2	32
Warsaw	712.00	200.00	1	28
Warsaw	480.00	165.00	2	34
Warsaw	656.00	195.00	3	30
Warsaw	400.00	240.00	2	60
Warsaw	460.00	280.00	3	61
Warsaw	467.00	200.00	4	43
Warsaw	830.00	355.00	8	43
Warsaw	327.00	220.00	3	67
Warsaw	300.00	160.00	2	53
Warsaw	677.00	160.00	5	24
Warsaw	488.00	160.00	3	33
Warsaw	800.00	325.00	2	41
Warsaw	480.00	137.50	4	29
Warsaw	680.00	240.00	5	35
Warsaw	394.00	160.00	3	41
Warsaw	81.00	175.00	1	216
Warsaw	354.00	150.00	4	42
Warsaw	1042.00	280.00	5	27
Warsaw	220.00	20.00	1	9
Warsaw	480.00	270.00	1	56
Warsaw	1150.00	188.00	2	16

ANALYSIS OF RENTAL PAYMENTS AS A  
PERCENTAGE OF INCOME - BY CITY

CITY	MONTHLY INCOME	MONTHLY RENT	# IN FAMILY	RENT AS % OF INCOME
Warsaw	360.00	45.00	1	12
Warsaw	346.00	160.00	5	46
** Winona Lake				
Winona Lake	0.00	280.00	5	*****
Winona Lake	428.00	205.00	2	48
Winona Lake	0.00	260.00	1	*****
Winona Lake	0.00	440.00	7	*****
Winona Lake	960.00	235.00	2	24
Winona Lake	0.00	240.00	2	*****
Winona Lake	0.00	150.00	1	*****
Winona Lake	286.00	160.00	3	56
Winona Lake	360.00	200.00	3	56
Winona Lake	149.00	280.00	3	188
Winona Lake	246.00	260.00	2	106
Winona Lake	0.00	240.00	4	*****
Winona Lake	0.00	150.00	2	*****
Winona Lake	600.00	300.00	5	50
Winona Lake	0.00	275.00	4	*****
Winona Lake	0.00	260.00	1	*****