THE PLAN
TO VOUCHER OUT PUBLIC HOUSING:
AN ANALYSIS OF THE CHICAGO EXPERIENCE AND
A CASE STUDY OF THE PROPOSAL TO
REDEVELOP THE CABRINI-GREEN PUBLIC
HOUSING AREA

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The Nathalie P. Voorhees Center for Neighborhood and Community Improvement

The Nathalie P. Voorhees Center is an applied research and professional assistance unit within the Center for Urban Economic Development of the College of Urban Planning and Public Affairs at the University of Illinois at Chicago. Its mission is to improve the quality of life for all residents of the metropolitan area through assisting organizations and local governments in efforts to revitalize the many and varied neighborhoods and communities in the City of Chicago and its suburbs.

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EXECUTIVE SUMMARY

After years of neglect and mismanagement, public housing in Chicago faces a crisis. Over the years, at least 9,000 units have been vacant and not maintained by the Chicago Housing Authority. Security problems have caused an untenable situation for a number of residents. The Cabrini Green Development is presently the initial site of a major policy shift. As the Federal Government suspends the requirement that public housing units that are demolished must be replaced, the City of Chicago proposes to eliminate 1,000 housing units in Cabrini Green and redevelop the area into a "mixed income community." Displaced residents will be given Section 8 certificates or vouchers which supposedly will enable them to seek housing throughout the Chicago area in the private market. The Cabrini redevelopment is projected to be the first of other similar redevelopments throughout the city. It is estimated that as many as 20,000 units may be eliminated.

We believe that these policies are both unwise and unfair. The policies are unwise because they will further deepen the affordable housing crisis in Chicago. They are unfair because the redevelopment plans for public housing will benefit private developers at the expense of very low income families. Our research points to a number of reasons for this conclusion.

For one thing, these policies will likely result in increased homelessness and more people living in substandard housing. Our research reveals the following facts that lead to this conclusion.

- The public housing policy shift comes on the heels of a broader crisis in shortages of affordable housing in the Chicago Area. Chicago lost 40,000 housing units in the 1980s and most of these were lost to low income families. Presently, there are simply not enough suitable affordable housing units in the private market to absorb all the families in need. There are approximately two lower income families looking for every affordable housing unit in the six county Chicago region.

- Those families presently using the Section 8 certificates and vouchers are clustered in communities with Black populations over 90% and where there are also large concentrations of poverty. If families were to move outside of areas of concentrated poverty, the housing gap increases to three people for every unit.

- As the city, CHA and HUD begin to eliminate public housing units, the numbers of people seeking housing, already in short supply will increase, making the housing gap even larger.

- Discrimination based on race and the presence of teenage children in the household make the housing shortage worse. In Chicago 30% of the Section 8 participants return their
certificate or voucher because they can not find a suitable unit. Research shows that some of the returns are due to discrimination in the housing market. With more public housing residents forced to participate in the Section 8 Certificate and Voucher program, discrimination is likely to make the housing gap worse.

- Interviews with residents of Henry Horner Homes and Cabrini Green who are being relocated reveal that the process is not working well. Applications have lengthy processing periods; new apartments are in areas of high crime and poverty concentration; and the tenants are having serious problems with the payment of utility costs.

- In addition, changes in the Federal Government's Section 8 Voucher and Certificate Program will make the above findings even worse. Basically, these changes give greater latitude to landlords which can result in lease terminations, caps on Section 8 tenants in particular buildings, unaffordable security deposit requirements, and tenant difficulties meeting utility costs.

Given this analysis of the existence of an affordable housing gap, we also did a case study of the Near North Redevelopment Plan which proposes to turn the area in and around Cabrini-Green into a "mixed income" community. Among the key findings of the case study are the following.

- Two years ago, a redevelopment plan for Cabrini Green which was endorsed by the Local Advisory Council was discarded. A new plan resulted from a process that effectively excluded Cabrini-Green residents and proposed more demolition of public housing units, less replacement of those units, and more higher income units.

- Simultaneously, private developers began acquiring land around Cabrini Green and a high level of building activity which is driving up real estate values is occurring in the area.

- Despite the well documented affordable housing gap, the new plan for Cabrini Green will result in a net reduction of 974 public housing units for very low income tenants.

- Furthermore, there are no plans or adequate financing available to rehab or maintain the remaining public housing units on the Cabrini Green site, setting the stage for further demolition of units in the future.

- Despite these problems, the City of Chicago is offering $281 million in Tax Increment Financing (TIF) to implement the plan. In addition, the City is actively assisting private developers in land assembly in the area.

- Profits to the private developers are conservatively estimated to be $100 million.
The ultimate question in all urban development proposals are who benefits and who pays. The costs of the redevelopment are most directly being born by Cabrini Green public housing residents and indirectly by all citizens in need of affordable housing. This is because the City is taking public housing units without replacement or an adequate plan to house those displaced. One could argue that taxpayer benefits will result from higher land values and increased property tax revenues. But the most immediate and direct benefits will go to private developers who are lined up to implement the Near North Redevelopment Plan.
INTRODUCTION
WHERE ARE POOR PEOPLE TO LIVE?

The University of Illinois at Chicago Nathalie P. Voorhees Center for Neighborhood and Community Improvement (VNC) has been requested by the Chicago Association of Resident Management Corporations (CARMC) of public housing developments to study two sets of questions. One set is related to the Section 8 certificate program and its reliability to provide long term affordable housing for low-income households. The other set is related to the physical and financial analysis of the Cabrini Green redevelopment plans.

These two sets of questions are related. The redevelopment of Cabrini Green represents the pulling back of direct government involvement in the provision of low income housing and the implementation of new policies of mixed income development, privatization of federal housing programs and the devolution of programs and planning to the local level. While the federal and local governments are experimenting at Cabrini Green in dismantling previous federal commitments to low income families and testing these new policies, the Section 8 Voucher and Certificate Program plays an important role in this process. This program represents the privatization of the government’s commitment to low-income housing provision and represents an alternative policy to the continued government support of public housing.

Instead of the government continuing to build and manage public housing, with the Section 8 Certificate and Voucher Program, low income families are being turned out to the private market to find affordable housing. The policy debate of publicly owned housing versus private market programs is being played out in several pieces of legislation passed by the Congress in the past year. Most notably, part of the 1996 annual spending bill for the federal department of Housing and Urban Development (HUD), mandated the Chicago Housing Authority to hire a private consultant to do a viability test for all of its developments which have a vacancy rate higher than 10% and more than 350 units. The viability test will compare the cost of maintaining the existing public housing units in these developments to the cost of using a Section 8 voucher or certificate for a unit in the private market over a 20-year period. Based on this criterion, given the years of neglect and lack of maintenance at most of the public housing developments in the city, it is estimated that as many as 20,000 units out of the 41,000 public housing units in Chicago are at risk of demolition. The contract to do the viability test for Chicago was awarded to the private consulting firm, TAG, Inc. and their report is expected to be completed by Fall, 1997.

The following chart 1 shows the vacancy rates and number of units for each of the 20 Chicago Housing Authority developments. As you can see, seven developments and the scattered site program have vacancy rates greater than 10% and would be candidates for the vouchering out process.

### Vacancy Rates at Chicago Public Housing Developments

<table>
<thead>
<tr>
<th>Development</th>
<th>Vacancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABLA (3,505)</td>
<td>26.3%</td>
</tr>
<tr>
<td>Altgeld (1,996)</td>
<td>3.0%</td>
</tr>
<tr>
<td>Cabrini-Green (3,608)</td>
<td>33.3%</td>
</tr>
<tr>
<td>City-State (1,045)</td>
<td>4.4%</td>
</tr>
<tr>
<td>Dearborn (809)</td>
<td>3.6%</td>
</tr>
<tr>
<td>Hilliard (345)</td>
<td>2.8%</td>
</tr>
<tr>
<td>Horner (1,777)</td>
<td>4.4%</td>
</tr>
<tr>
<td>Ickes (1,283)</td>
<td>5.1%</td>
</tr>
<tr>
<td>Lathrop (925)</td>
<td>5.1%</td>
</tr>
<tr>
<td>LeClaire (414)</td>
<td>3.7%</td>
</tr>
<tr>
<td>Madden Ph (487)</td>
<td>4.3%</td>
</tr>
<tr>
<td>Rockwell (1,311)</td>
<td>12.3%</td>
</tr>
<tr>
<td>Scattered Sites (1,555)</td>
<td>10.5%</td>
</tr>
<tr>
<td>Senior Housing (9,048)</td>
<td>4.2%</td>
</tr>
<tr>
<td>Stateway (1,644)</td>
<td>10.5%</td>
</tr>
<tr>
<td>Taylor (4,014)</td>
<td>21.0%</td>
</tr>
<tr>
<td>Trumbull (560)</td>
<td>2.2%</td>
</tr>
<tr>
<td>Washington Ph (1,677)</td>
<td>2.2%</td>
</tr>
<tr>
<td>Wells (3,728)</td>
<td>2.5%</td>
</tr>
<tr>
<td>Wentworth (422)</td>
<td>5.3%</td>
</tr>
</tbody>
</table>
Due to continued neglect and lack of maintenance, the vacancy rates have increased at many of these developments. The demolition of many of these vacant public housing units has already begun. Between March, 1995 and February, 1996, 949 units have been demolished at Washington Park Homes (187), Cabrini Extension (398), Horner Extension (346) and scattered sites (18).¹ Only the units lost at Horner are being replaced one for one with scattered site units and Section 8 certificates and vouchers.

Is demolition of public housing units and offering public housing tenants vouchers and certificates in the private housing market the solution to the deterioration of the housing stock and the concentration of poor families in public housing? How much can we rely on the private market approach of the Section 8 Program to provide affordable housing to low income families in Chicago? How does the redevelopment process at Cabrini Green represent a new approach and solution to the problems we have had with public housing in the city? Who are the winners and losers as public housing developments like Cabrini Green are being redeveloped? In this report, we will try to answer these questions and clarify the issues and assumptions underlying these policy and political shifts and their consequences for the many families in Chicago in need of decent, affordable housing.

¹Chicago Housing Authority, “List of Demolished Properties As of 7/1/96.”
PART ONE

SECTION 8 VOUCHERS AND CERTIFICATES: CAN WE RELY ON THIS PROGRAM TO PROVIDE LOW INCOME FAMILIES DECENT, AFFORDABLE HOUSING IN THE CHICAGO AREA?

In this section of the report, we will look at how the Section 8 Certificate and Voucher Program is working in Chicago and how effective it is in relocating and finding housing units in the private market for public housing residents at Cabrini Green and Henry Horner. We will begin with a description of the overall Section 8 Voucher and Certificate Program.

Description of Section 8 Program

The Section 8 rental voucher and rental certificate programs are the federal government’s major programs for assisting very low income families, the elderly, and the disabled to rent housing in the private market. In general, the family’s income may not exceed 50% of the median income for the Chicago metropolitan area. At this time, the median income for the Chicago metropolitan area is $55,800. According to a study completed by the Harvard University Joint Center for Housing Studies, it is estimated that there are 315,000 Chicago rental households with incomes less than the 50% Chicago area median income and 142,000 of these low income rental households are paying more than 50% or more of their household income on rent.²

Eligibility for Section 8 is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. Under the new welfare laws, illegal or unqualified immigrants are barred from public and assisted housing. Legal immigrants who now live in public or assisted housing will not be evicted.

However, according to a legislative summary prepared by the Center for Community Change, the new welfare law is ambiguous on the question of whether legal or “qualified” immigrants will be denied future admission to housing assistance programs.

In Chicago, the Section 8 Program is administered by a private firm, CHAC, Inc. It is affiliated with a Washington, D.C. consulting firm which also manages the public housing authorities in Bridgeport, Connecticut and East St. Louis, Illinois. This firm took over the management of the Chicago Section 8 Program in December, 1995. Up until this time, the Section 8 Program was administered internally by the Chicago Housing Authority. But, when HUD took over the CHA in May, 1995, it decided to privatize the management of the Section 8 Program. This decision was made because the Section 8 Program was seriously mismanaged by the CHA. In the request for proposal for the administration of the Section 8 Program, a summary of program deficiencies stated that the annual recertification of participating families and inspection of units were not occurring, decisions on rent levels and utility allowances were based on outdated information, program controls on the waiting list were inadequate, and the issuance of certificates and vouchers had ceased. 3 No vouchers or certificates were being issued despite the fact that there were 40,000 households on the waiting list. It was estimated that there were 1,700 certificates budgeted and not being used. 4 Consequently, the first four months of the CHAC, Inc. takeover of the program was spent cleaning up records and recertifying all the participants of the program.

Currently, there are 17,115 Section 8 vouchers and certificates allocated to Chicago. Some of these units, 1,863, are designated to the Mod Rehab Program which is a subsidy program to private developers who are rehabilitating units in abandoned and deteriorated buildings. These units are then made available to people on the Section 8 waiting list. So, there are 15,252 Section 8 certificates and vouchers available for use in the private market. This count includes the voucher and certificates designated to the Moving to Opportunity Program (285) which is a special program for families willing to move to low poverty areas, and the Veteran’s Program (50) which is a voucher/certificate set-aside program for low-income veterans in need of housing. This count also includes the vouchers and certificates available to public housing residents who are being displaced and relocated due to the demolition and redevelopment of public housing across the city.


4Ibid.page 9.
Lease-Up Rate

The goal of Section 8 Voucher and Certificate Programs throughout the country is to have at least a 95% lease-up rate. This means that 95% of the certificates and vouchers are in use, leased up. In February, 1997, the overall lease-up rate for Chicago was 88.4%. When CHAC, Inc. took over the Section 8 Program in December, 1995, the lease-up rate was higher, 89.3%. The reason for the drop is that CHAC, Inc. has been spending so much of its time recertifying people already in the Section 8 Program. This has meant taking people off the program who no longer qualified. According to Mr. William Reilly, CHAC, Inc. Executive Director, the recertification process has brought the lease-up rate down. CHAC, Inc. is anticipating reaching the goal of 95% lease up in September or October, 1997.

TABLE 1

<table>
<thead>
<tr>
<th>Section 8 Program Leasing Status Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Available</td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>Certificates</td>
</tr>
<tr>
<td>Vouchers</td>
</tr>
<tr>
<td>Mod Rehab</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: CHAC, Inc. February, 1997

Section 8 Program Waiting List

In December, 1995, when CHAC, Inc. took over the management of the Section 8 Program, there were 47,680 households on the waiting list. One of the tasks outlined by HUD for CHAC, Inc. was to “purge” the waiting list.

To do this, CHAC, Inc. contracted with a mailing house and sent out an updated form to everyone on the mailing list with a return envelope. The mailing went out in June, 1996 and the households on the list had until August 2, 1996 to return the form. There was one mailing.

There were 14,670 households that returned the form by August, 1996 and consequently were retained on the Section 8 waiting list. This is 30.7% of the original mailing list. Another 14,907, or 31.3%, of the forms came back as undeliverable. The remaining 18,103, or 37.9%, households that were on the original waiting list did not respond.
In addition to the mailing, the CHAC, Inc. sent out notices to social service agencies and aldermanic offices. Press releases and public announcements were sent to radio and television stations. CHAC, Inc. had their phone lines open to 8 p.m. during the period between June and August, 1996, to answer questions on the form. Since the closing of the process in August, 1996, there have been some people who have called to try to get back on the list. If they can submit evidence about why they did not respond, CHAC, Inc. has been as accommodating as possible.

CHAC, Inc. is calling in approximately 2,000 households a month off the waiting list. In March, 1997, CHAC, Inc. had called in 5,000 households. Households are called according to their registration number. At this rate, CHAC, Inc. is planning to reopen the waiting list sometime during the summer of 1997.5

Finding a Unit with a Section 8 Voucher or Certificate

When a household receives their Section 8 voucher or certificate it is up to them to find an apartment in the private market. Once a household finds a unit, however, it will be inspected by CHAC, Inc. and must meet the housing quality requirements of the program.

To begin the process, the head of household goes down to the CHAC, Inc. offices and attends a briefing on the Section 8 Program. At this briefing, the participant receives their certificate or voucher and is given an overview of the program. Once the participant receives their voucher or certificate, they have 60 days to find a suitable unit. If the participant does not find a unit within 60 days, they can ask for an extension for another 60 days. The majority of participants request an extension. The average days it take a participant to find a suitable unit is 90 days.6 See Chart 2 which shows the steps a tenant must go through in the Section 8 Voucher and Certificate Program.

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6Ibid.
CHART: Section 8 Voucher/Certificate Process

1. Application selected from the Waiting List
2. Section 8 Eligibility Determination
3. Briefing/CHAC Issues Certificate or Voucher (term not exceed 60 days)
4. Search for Housing Unit
5. Find a Unit within term of Certificate or Voucher
6. CHAC determines whether to extend term
7. Extension Granted
8. Extension Denied
9. Certificate or Voucher term expires/family must reapply
10. Family and Owner Sign the Request for Lease Approval
11. Family submits the Request for Leave Approval and Lease to CHAC
12. Housing Quality Inspection
13. Unit Passes Inspection
14. Unit Fails Inspection
15. Owner does not correct Family seeks new unit
16. Owner corrects Seeks reinspection
17. Owner and Family Sign the Request for Lease Approval
18. CHAC prepared HAP Contract, Lease and related Documents
19. CHAC and Owner Execute the HAP
20. Owner and Family execute the lease
21. Rent Payment Begin

For Housing Vouchers/Certificates: CHAC:
1. Approves Subsidy
2. Computes Total Tenant Payment (Rent Plus Utility Allowance)

Source:
CHAC Participant Guidebook, August, 1996.
In Chicago, at least 30% of the participants return their certificate or voucher because they can’t find a suitable unit. This is a 70% success rate compared to an average 87% success rate for other U.S. cities. Chicago is rivalling New York City which has a 65% success rate.

One has to look at why this is happening. The reasons are multiple. There are not enough suitable housing units in the private market to absorb all of these families. Rent and utility allowances under the Section 8 Voucher and Certificate Program are too low. Also, racial and family discrimination still prevail and makes the situation worse.

**Not Enough Units**

According to a study completed by the Metropolitan Planning Council, the housing gap for the six county Chicago region was 117,200 units, representing a ratio of 1.8 low income renters to low-cost units. Between 1980 and 1990, the region’s occupied rental units decreased 4%, a loss of more than 36,000 units, due mainly to the dramatic loss of units in the city of Chicago.

If you look at just targeting Section 8 participants to available rental units in areas of low poverty, the situation is worse. Low poverty areas are defined as areas with less than 10% of the population living below poverty levels. In a 1995 study of the potential supply of fair market rent units in low poverty areas, the findings were that if efforts were made to encourage existing and new Section 8 participants to move to these areas there would be almost three times as many families as there are vacant units. These estimates do not take into consideration whether the unit would pass the HUD quality standards nor whether the landlord would be willing to rent to a Section 8 family. Only in the city of Chicago is source of income for housing a protected class.

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7 Moving To Opportunity Program Evaluation Statistics, Telephone interview with Judith D. Feins, Abt Associates, March 14, 1997. Abt Associates is doing a study of the Moving To Opportunity Program in Chicago. The control group in the study is all public housing residents who do not receive any assistance in finding a unit. This group has a return rate of at least 30%. In addition, in our interview with William Reilly, CHAC, Inc. Executive Director, he estimated that only 25% of the households that go through the Section 8 briefing end up leasing an apartment. Consequently, the 30% return rate is probably very conservative.


10 Ibid. page 9.
This means that landlords can be sued for discrimination for turning down a tenant solely because they are a Section 8 holder. But, in the rest of Cook County and the other collar counties, tenants are not protected in this way.\textsuperscript{11}

**Increasing Rents**

Even if there was more vacant units available for Section 8 holders, increasing rents in all areas and particularly low poverty areas, make units unaffordable. A recent study completed by the real estate firm Grubb and Ellis described the rental market in Chicago and its suburbs as “a landlord’s market” with rents increasing faster than they have in the past five years. They attribute this tight rental housing market with increasing rents to a combination of condominium conversions, lack of construction of new apartments and rising property tax assessments.\textsuperscript{12}

\textsuperscript{11}Interview with Zeva Schub, Fair Housing Project, Lawyers’ Committee for Better Housing, April 17, 1997.

In the following Table 2, we compare the 1997 maximum fair market rent levels allowed for the Section 8 Voucher and Certificate Program to the average rent levels in the Grubb and Ellis survey of 109,852 apartments in January, 1997. The areas which Grubb and Ellis surveyed are the more racially integrated and low poverty areas of the city of Chicago and suburban areas. Admittedly, these are also some of the higher priced areas in the metropolitan area. But, the squeeze on rental housing has driven rents up in most areas of the city. For example, in the south side community of Beverly, the median rent for two bedrooms ($752) and three bedrooms ($1,171) and in Edgewater, the two bedrooms ($722) and three bedrooms ($1,410) are also more than the fair market rents allowed by CHAC, Inc.\(^{13}\)

**TABLE 2**

<table>
<thead>
<tr>
<th>Area</th>
<th>0 Bedroom</th>
<th>1 Bedroom</th>
<th>2 Bedroom</th>
<th>3 Bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHAC, Inc. FMR Maximum</td>
<td>$492</td>
<td>$591</td>
<td>$704</td>
<td>$881</td>
</tr>
<tr>
<td>Central Chicago</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SouthLoop, Loop, Gold Coast</td>
<td>$726</td>
<td>$1,031</td>
<td>$1,519</td>
<td>$1,942</td>
</tr>
<tr>
<td>Near North and River North</td>
<td>$728</td>
<td>$987</td>
<td>$1,662</td>
<td>$2,773</td>
</tr>
<tr>
<td>Armitage to Irving Park</td>
<td>$643</td>
<td>$880</td>
<td>$1,392</td>
<td>$2,100</td>
</tr>
<tr>
<td>Northwest Cook County</td>
<td>$629</td>
<td>$695</td>
<td>$886</td>
<td>$1,036</td>
</tr>
<tr>
<td>Dupage County</td>
<td>$732</td>
<td>$796</td>
<td>$1,045</td>
<td>$1,056</td>
</tr>
<tr>
<td>Lake County</td>
<td>$468</td>
<td>$610</td>
<td>$813</td>
<td>$851</td>
</tr>
</tbody>
</table>


In the three bedroom rents, three out of the six areas have average rents 200% or more of the CHAC, Inc. fair market rent. These kind of rent differentials make it difficult and near impossible for Section 8 voucher and certificate holders to move to low poverty areas of the city and suburbs. In Dupage County, where a 1995 study\textsuperscript{14} showed that this was the only Chicago suburban county with a surplus of entry level jobs, the rents are between 20%(3 bedroom) to 48% (2 bedroom) more than the fair market rents that the CHAC, Inc. will pay.

The reduction of the maximum fair market rent CHAC, Inc. can pay has made it more difficult to find affordable apartments in many parts of the city but particularly the areas of low poverty. We discussed this issue with the Leadership Council for Metropolitan Open Communities staff who direct the Gautreaux Program, which has been successful in using Section 8 Vouchers and Certificates to place low income families in low poverty areas in the city and suburbs of Chicago. They reported that their placement rates have been going down along with the decrease in maximum fair market rents that CHAC, Inc. has been willing to pay\textsuperscript{15}.

**Increasing Utility Costs**

Utility costs are adding unexpected costs to the housing budgets of public housing tenants who have moved into private market apartments. The utility allowance is determined by CHAC, Inc. based on a survey of local rates and pro-rated by number of bedrooms in a unit, the type of building, and the number and type of utilities the household pays for, excluding phone. If utilities are not included in the rent for an apartment, an estimated utility allowance is calculated and subtracted from what the tenant is expected to pay as her share of the rent. For example, the total tenant payment for their share of the rent is 30% of the monthly income adjusted for family size and other deductible expenses such as child care, medical and handicap expenses. Once the total tenant payment is calculated, the utility allowance is then subtracted from this amount to give the amount the tenant must pay towards the rent. CHAC, Inc. will then pay the balance with the Section 8 housing assistance payment to the landlord.

What we have found with our interviews of Section 8 tenants, CHAC administrators and housing counselors who have worked with Section 8 holders is that the utility allowance often underestimates the utility costs to the tenant. This means that the Section 8 tenants are having to pay out of pocket more than they expected and often more than they can afford for utility bills. This is a particularly important issue because if a tenant has their utilities cut off for lack of payment, they can be terminated from the Section 8 Program.


\textsuperscript{15}Interview with Aurie Pennick and Mary Davis, Leadership Council for Metropolitan Open Communities, April 8, 1997.
All of these factors add up to a tight rental housing market with not enough units, rents out of reach in the job-rich and low-poverty areas, and higher than expected utility costs throughout the city.

**Discrimination and Segregation Prevails**

Several studies completed in the last few years have documented the continued discrimination in the housing market for families and particularly low income Black families. One study completed by the Metropolitan Tenants Organization, Lawyers’ Committee for Better Housing and the Leadership Council for Metropolitan Open Communities found that “58% of the time families with children experience discrimination ranging from outright refusal to steering to other buildings and units.”\(^{16}\) This study also found that many landlords stipulate that they will only accept a maximum of two children and, that teenage boys in a family usually make it impossible to find a landlord to take them.\(^{17}\) In a 1994 study by the Metropolitan Tenants Organization, it was stated that when they considered the variables of race, gender and size of family, they found that Black and Hispanic households, specifically female headed and low income, were hardest hit by familial housing discrimination.\(^{18}\) Based on recent familial status complaints at the Fair Housing Project at the Lawyers’ Committee for Better Housing, these trends continue.\(^{19}\)

In a study of the Gautreaux program which assists Black families to move to low poverty white areas in Chicago, 52% of the families reported racial harassment in the first year after their move. The harassment was characterized as name calling and avoidance. Over time, the harassment decreased to 25% of the families reporting such incidents.\(^{20}\) So, despite nearly thirty years since housing discrimination laws having been passed, racial discrimination continues in the Chicago metropolitan area. This is most strongly evidenced by the continued segregation of Black and


\(^{17}\)Ibid. p.ii.


\(^{19}\)Interview with Zeva Schub, Lawyers’Committee for Better Housing, April 17,1997.

White families in the city of Chicago and its suburbs. Although more Black households have moved to the suburbs in the eighties, Chicago still ranks highest among the fifty largest U.S. metropolitan areas in being racially segregated, area. In metropolitan Chicago, 71% of all blacks live on a block with 90-100% Black residents. 

It is not surprising then to see the clustering of Black families using Section 8 into predominantly Black communities.

**Clustering of Section 8 Certificate and Vouchers**

Using the Subsidized Housing Data Base housed at the University of Illinois at Chicago, we mapped where households have found housing with their Section 8 vouchers and certificates. This data base has 12,767 certificate and voucher locations, which is approximately 84% of the available vouchers and certificates. The remaining 16% are either located outside of the city or not in use. (See map.)

The top five community areas in the city of Chicago where Section 8 voucher and certificate households are located are South Shore (1,708), Austin (1,196), Rogers Park (696), West Englewood (506), Uptown (490) and Woodlawn (490). All of these communities except Rogers Park and Uptown have Black populations near 90%. Rogers Park and Uptown have Black population near 25%. The percentage of households below the poverty level in these six areas range from a high of 37% (Woodlawn) to a low of 20% (Rogers Park).

Section 8 holders are finding apartments in these areas because the median rents are below the maximum fair market rents allowed by CHAC, Inc. except for the three bedroom median rents in Rogers Park and Uptown. In addition, four (Rogers Park, South Shore, Uptown, Woodlawn) of the top six Section 8 areas are between 77% and 85% renter occupied units compared to the city-wide 60% renter occupied. South Shore, Austin, Rogers Park and Uptown have similar housing stock which is managed by larger real estate companies who can better navigate the Section 8 bureaucratic process than smaller Realtors and owners.

The clustering of Section 8 families is not unique to Chicago. A study was completed in 1993 of the distribution of Section 8 certificates and vouchers in Cook County, outside of the city, and similar clustering has occurred in the predominantly Black south suburbs.

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of our other metropolitan areas (Washington DC, Wilmington, Delaware, Seattle, Washington, and Oklahoma City) similar special concentrations of Section 8 voucher and certificate holders was found. In this same study, black certificate holders were three times as likely as comparably assisted white households and twice as likely as other minority households to live in high poverty areas.\textsuperscript{24}

The reasons for this clustering in Chicago and in other urban areas throughout the country are multiple. A 1995 Report to Congress on this issue highlighted several areas as possible causes for clustering. This report stated that “racial segregation and economic isolation is not simply the result of recipients preferring to live with others of similar race and income: a combination of social, market, and policy factors constrains the choices open to them (Section 8 holders).”\textsuperscript{25} They further delineate in this study that racial discrimination, the limited search experience of Section 8 holders, lack of housing search assistance, and the existence of local submarkets which prohibit choice are variables that contribute to clustering of Section 8 units.\textsuperscript{26}

As we have already discussed, many of these conclusions apply to what people are experiencing in Chicago with trying to use their Section 8 vouchers and certificates. We would now like to discuss the use of the Section 8 Voucher and Certificate Program and how well it works in the relocation process for public housing residents who are being displaced due to redevelopment of public housing developments.

**The Section 8 Program and Relocation of Public Housing Residents**

The redevelopment plans for public housing in Chicago have meant the displacement of public housing residents. Thus far, at Henry Horner and Cabrini Green, 431 households have been relocated due to the redevelopment plans. In this public housing redevelopment process, both Henry Horner and Cabrini Green residents are protected by the federal Uniform Relocation Act. This Act provides aid to individuals and families being displaced by federally funded initiatives. It requires that displaced families be given services which include referral to comparable and suitable replacement units, payment for moving expenses, and replacement housing assistance in the form of a Section 8 voucher or certificate, scattered site unit, or other replacement housing.

\textsuperscript{24}US Department of Housing and Urban Development, Office of Policy Development and Research, “Promoting Housing Choice in HUD’s Rental Assistance Programs, A Report to Congress,” April, 1995.

\textsuperscript{25}Ibid.

\textsuperscript{26}Ibid.
This Act was a direct result of community protests against Urban Renewal in the 1960s. Initially, Urban Renewal programs did not require any relocation benefits. Only after community groups in several cities protested the unfair displacement of residents, did the Relocation Act become part of federal law and procedures.\(^27\)

In addition to the Relocation Act, Henry Horner residents have a consent decree governing the planning and implementation process. This gives Horner residents additional protection under the law. This process is explained in more detail below.

Many public housing residents who are being displaced are being offered Section 8 certificates and vouchers to find replacement units. At both Horner and Cabrini Green, residents are taking Section 8 vouchers and certificates either on a temporary basis, until replacement units are available to them as part of the redevelopment, plan or as a permanent housing choice. As part of this research project, we talked to Henry Horner and Cabrini Green residents about their experiences with the Section 8 Voucher and Certificate process. First, we will give the background information on the Henry Horner redevelopment and then a summary of our discussions with both Horner and Cabrini Green residents.

**Henry Horner Homes\(^28\)**

At Henry Horner, the redevelopment process was instigated by a lawsuit by the residents against the Chicago Housing Authority and the U.S. Department of Housing and Urban Development. The suit alleged that CHA and HUD had failed to maintain the development to such an extent that de facto demolition had occurred, in violation of the United States Housing Act. The Horner residents filed this lawsuit in 1991 and the CHA and HUD fought it for four years. Right before it was going to court, a settlement was reached. Under the settlement, CHA and HUD must revitalize the Horner development over a five year period at a cost of $200 million. In the first phase of this redevelopment, which runs from April, 1995 through April, 1998, 466 units in two Horner Extension highrises and three Horner extension midrises are to be demolished and replaced on a one-for-one basis. Another 109 units will be built for working families and the Horner Annex will be rehabilitated. In later phases, the two remaining Horner Extension highrises will be rehabilitated and four additional highrises will be fully or partially demolished. In addition, the seven Horner midrises will be rehabilitated and rented to mixed income families.

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\(^28\)Wilten, William P., Memorandum to West Haven Revitalization Community Meeting Participants, March 27, 1996. The background information on the Henry Horner redevelopment has been summarized from this document.
Horner residents were given four relocation choices in the redevelopment process. They are as follows: 1) a newly constructed unit on the Horner site 2) a newly constructed or rehabbed unit in the adjacent Near West Side community 3) a newly constructed or rehabbed scattered site apartment located in the city of Chicago in an area less than 30% African-American (Gatreaux areas) and 4) a Section 8 voucher or certificate which could be used anywhere in the city or suburbs.

In June, 1995, 199 Horner residents who would be affected by the first phase of redevelopment selected their choice for replacement housing. Eighty-seven of these households selected Section 8 certificates and vouchers as their permanent housing choice. In January, 1997, only 28 of these residents had gone through the Section 8 Program and had found an apartment. The Voorhees Center worked with the attorney for the Horner residents to contact these 28 families to ask them about their experiences with the program. After two mailings, 8 households responded to our survey. Two of these Horner households had attempted to use a Section 8 voucher to find an apartment and failed. They both then opted to select a scattered site unit.

The eight heads of household we interviewed had lived in Henry Horner an average of 7 years before they were relocated to a Section 8 apartment or a scattered site. Most had now been living away from Henry Horner for 18 months.

The search for housing outside of Henry Horner had not been an easy task. On average, they had looked at 7 apartments and 3 had looked at as many as 15. One woman had her application for an apartment rejected 7 times but most were not rejected once they found an apartment and applied for it.

The six respondents who ended up with a Section 8 unit looked for their apartment for an average of 105 days before finding the one they moved into. This is 15 days longer than the average 90 days it takes for a Chicago Section 8 Program participant to find an apartment. The two residents who opted for a scattered site unit looked for 3 weeks at 15 apartments before giving up on the Section 8 process.

Three of the Section 8 families found apartments on the west side and the other three found apartments on the south side of the city. Only one of the households found their apartment in a low poverty area, West Pullman. The other areas, Washington Park, South Shore, Near West and Austin, have an average of 88 percent Black residents, and average poverty levels of 36 percent. The scattered site families were on the city’s north side in the West Town area, which is 50 percent African American and has a 32 percent poverty level.

When asked if they encountered any unexpected costs with their Section 8 apartments all six reported that their gas and electricity bills were higher than expected. Two of the families are keeping their apartments cold in order during colder months to pay their utility bills. The residents of the scattered site units reported similar problems. They also have to pay their utilities separately. One respondent said that her utility allowance is only $19 a month and her utilities have ranged from $74 to $200 a month. The utility bills have taken up a large part of
their monthly incomes and as one woman stated, “has made it difficult to buy clothes and shoes for my children.”

Other problem areas that came up were safety in their new neighborhoods and the difficulty of transferring their children into new schools. One family was having a particularly difficult time because drug dealers were operating right on their block. Another family who was in one of the scattered site units and has had difficulty with her 12 year old son in his new school. She attributed this to the fact that the students and teachers in the school are mostly Latino and her son is one of the few black students at the school. He has been suspended several times and misses a lot of classes. The woman is planning to transfer him to a different school next year.

Half of the women we interviewed said the main advantage of taking the Section 8 certificate or scattered site is that they feel safer. The women said that there are fewer gangs to deal with and they feel less harassed. One woman said that it had gotten so bad at Horner that she was afraid to leave her apartment. However, one woman who had lived in Horner for 14 years, said it had not always been that way. She remembered many years living at Horner when she felt it was a safe and good place to raise her family. Things changed dramatically around 1990 and conditions continually went down hill after that.

In addition to the high cost of utilities, of the six women surveyed in the Section 8 program, two reported serious structural or what surely are health code problems with their apartments. One woman reported that the apartment appeared to be in good shape on first inspection, but turned out to be infested with mice. This woman would like to move to a different building, but can not afford to move again, and the Section 8 program will not pay for a second move. She is moving to a different apartment in the same building, but believes there will still be mice. A second woman has experienced very serious problems with her apartment. The ceiling in her kitchen fell in and was not fixed for eight months. The ceiling in her bedroom is cracking. Her kitchen and bathrooms flood wall-to-wall when it rains, and the sewage drains by her front and back doors get very backed up. This apartment did not pass re-inspection so she found another apartment and is moving. Given the problems this woman has been having in the private market, she said that she would like to move back into the Horner replacement housing. A third woman in the Section 8 program reported that her landlord repeatedly accused her of not paying her rent, but she has kept receipts from her rent money orders to prove that this is not true. She is still worried about being evicted.
Cabrini Green

The redevelopment at Cabrini Green has relocated 232 families thus far. There were 50 households out of these 232 who were evicted for non-payment of rent or abandoned their units without informing CHA of their destination. These families were all living in three buildings at 1158 North Cleveland, 1150 and 1160 North Sedgwick. The following chart shows where all these families moved.

**TABLE 3**

<table>
<thead>
<tr>
<th>Address</th>
<th>Sec 8</th>
<th>Scattered Site</th>
<th>CHA transfer</th>
<th>Abandon/ Evictions</th>
<th>Other</th>
<th>Neighborhood Units*</th>
<th>Totals</th>
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<td>28</td>
<td>6</td>
<td>7</td>
<td>99</td>
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<tr>
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<td>3</td>
<td>47</td>
<td>50</td>
<td>11</td>
<td>12</td>
<td>232</td>
</tr>
</tbody>
</table>

Source: Chicago Housing Authority Hope VI Program/Cabrini Green Resident Relocation, as of 4/7/97.

*CHA worked with HUD to receive commitments from owners and managers of four privately owned developments in Near North area to set aside units for Cabrini residents displaced by the redevelopment process.

According to CHA statistics, 155 families were issued Section 8 vouchers and certificates but only 126 (121 plus 4 families who used Section 8 for neighborhood units) found and moved into a Section 8 unit. This means that 19% of the Cabrini families returned their Section 8 certificate or voucher and decided on another replacement unit within Cabrini, another public housing development unit or a scattered site unit. This 19% return rate is lower than the 30% for the entire Section 8 certificate and voucher program most likely because the Cabrini families received housing search assistance through their Relocation Act benefits.

The relocation benefits at Cabrini Green are that each household should receive $1,250 for their relocation costs. Up to $350 is deducted for their security deposit in a replacement unit and the CHA pays the difference which is often as high as $900 for a security deposit. If a tenant has been delinquent in rent, the CHA will deduct up to $500. The cost of a credit check, $25, is also deducted. Each household gets a narrative explanation of its relocation benefits. CHA has contracted with an accounting firm to do these statements. CHA pays for the moving costs.
The CHA has contracted with a private firm, American Marketing Services (AMS) to assist Cabrini Green residents in their relocation. This firm also has the contract to assist Horner residents in their relocation. AMS assists the tenants in making appointments with landlords, provides transportation for tenants to go see apartments and makes the security deposit payment to the landlords. At Cabrini, AMS assisted 119 residents to view 393 apartments, an average of 3.3 apartments per resident. On average, Cabrini residents applied for 1.6 apartments and had a 23% rejection rate on their applications. AMS assisted 102 resident moved into their apartments and 62% of these apartments were 3 bedrooms or more.

To learn how the residents’ experience the relocation process, the Voorhees Center interviewed 20 families living in 1150 and 1160 North Sedgwick who were in the process of using the Section 8 Program to find their replacement housing. All of the residents we interviewed had been given 90-day move-out notices at the end of November, 1996. The CHA gave the residents these notices because the heating system in both buildings had failed and CHA did not want to spend the money to fix it. These buildings had been slated for demolition as part of the redevelopment plan.

Most of the residents had been living in Cabrini for all or most of their lives. The average length of time the residents lived at Cabrini is 21 years. Sixteen of the families included children under the age of 18.

Nearly all indicated they were trying to find an apartment quickly and wanted to get out of the building as soon as possible because everyone else was leaving. There was a lot of concern about what would happen if they did not find an apartment before the weather got colder. Some indicated they did not think the building would “hold up” through January. One woman had not had heat for two months and her electricity went out early in December and had still not been restored.

Some indicated a willingness to live in shelters before they would settle for an apartment that did not suit their needs. One woman, who had accepted an apartment in the Edgewater area, said she wanted to remain in Cabrini but was moving out because she was “tired of the frustration.” There was confusion as to whether accepting scattered site or Section 8 housing would mean the residents forfeited their right to return to Cabrini if replacement units became available.

The residents were asked what their first housing choice was when they were originally told that Cabrini would be redeveloped. Nearly all said they originally wanted to move back into the new Cabrini development, but that they now do not believe replacement units will be available for them. At least one woman was told by CHA staff that she would not be able to afford the replacement housing. Most indicated they had no hope of moving back into the area once they moved out. Several stated they were so bitter that they no longer wanted to move back to the area. They felt the message had been that they were no longer “good enough” for the area.
Nearly all of the residents who were moving indicated strong preference for finding apartments on the Near North Side, their current neighborhood. Only four found housing in this area. Most of those with Section 8 were told there was no housing available with Section 8 certificates or vouchers on the Near North Side. The women were primarily being offered apartment showings on either the South Side or the Far North Side (Edgewater and Rogers Park). In lamenting having to move out of the neighborhood, one woman talked about being active in the Near North community, and reported that her teenage daughter was a good student attending Lincoln Park High School.

Among those working with an agency to find housing, there was a lot of confusion as to which agency was helping them. Several women reported getting “the runaround” from CHA. Most did not recognize the name American Marketing Services.

Of those that knew that AMS had been hired by CHA to assist them in their relocation, there was a lot of dissatisfaction with AMS. One woman complained she informed AMS about a Section 8 apartment she saw advertised in Oak Park, and AMS did not follow up on this lead for her. Others complained of a general lack of follow-up by AMS. Several women said they gave up on AMS and started looking for apartments on their own because AMS was showing them apartments in what the women considered to be predominantly Latino areas or in areas that were too far north or south for them.

There were several complaints by these residents of long delays in processing applications for Section 8 certificates. One woman reported all her information was requested “piecemeal” by Section 8 staff --- first her social security card, then later her birth certificate, etc.

There was a lot of concern among the residents about the safety of new areas, particularly as it pertained to their children. The women indicated they felt safe in Cabrini and worried that their children would be unsafe in the areas they were being offered apartment showings. One woman with four young children (three of school-age) believed that the Rogers Park area, where she was being shown apartments, would be unsafe for her children. There was also concern about moving children to new schools.

Most of the women had heard that they were entitled to some money to help with moving expenses, but most did not know how much they were entitled to or how they would receive the money. Most did believe the money could be used to pay for moving and security deposits. Some knew that money owed for back rent would be deducted from the base amount. They did not know, however, whether they would be given the balance of the funds by CHA after these expenses were paid out, or if they would be expected to pay these expenses and then be reimbursed.
As a general observation, there is a lot of confusion among the Cabrini Green residents as to what housing choices and benefits they are entitled to. The interviewers sensed that there was a lot of anxiety among the residents as to where they were going to end up, as well as a sense of being intimidated by those with whom they were working as part of the relocation process.

Our interviews and discussions with Henry Horner and Cabrini Green residents who have been relocated out of public housing to the private market found a process that is not working very well for these families. At Horner, it took an average of 105 days for these families to find apartments, many of which are in areas with similar conditions of crime and high poverty as the public housing they left behind. Several families also complained that these apartments are of poor quality. Most troubling are the additional costs that these families are facing with their utility bills. This means that the families have to cut back on other basic essentials like food and clothing. In the worst scenario, if families are not able to keep up with their utility bills, they will be evicted and could find themselves among the homeless population.

We would like now to turn to a discussion of the recent changes in the Section 8 Program which have made the Section 8 Program and its housing search for an apartment more difficult for tenants.

**Recent Changes in Section 8 Make the Housing Search Process for Tenants More Difficult**

There are recent changes in the Section 8 Voucher and Certificate Programs which aimed to make it more attractive for landlords but consequently make it a program where tenants have less rights and housing guarantees. Congress enacted several changes in 1996 and extended them through 1997 which gave Section 8 voucher and certificate landlords greater flexibility. The flip side of this is that tenants are now more vulnerable in this program. These changes are important to note because as one public housing leader has said, “We have been told for years that Section 8 is the answer to our problems. That is why so many public housing families are taking these vouchers and certificates without knowing all the facts and changes with this program.”

The most notable changes and problems in the revised Section 8 Voucher and Certificate Programs are the suspension of the endless lease and take-one-take-all provision. In addition, tenants now have to pay their own security deposits.

**Suspension of Endless Lease**

Previously, a Section 8 lease could not be terminated except for serious or repeated lease violations, violation of laws, or other good cause. The initial lease had to be for one year and the lease had to be automatically renewed after the initial one year term. HUD eliminated these provisions of the Section 8 Program what had become known as the “endless lease.”
Now, current and future Section 8 leases may be terminated, without cause, by the landlord at the end of the initial lease and at the end of any term extension. After the initial lease, which is usually one year, a landlord may opt to renew the lease for one year or is allowed to put the Section 8 tenant on a month to month lease. It is up to the individual landlord to decide on the lease agreement beyond the initial lease.

In the past, landlords were required to provide written notice to the family, Section 8 administrator and HUD in no less than 90 days before a termination of a lease. Now, the landlord does not have to give this prior notice and can inform the tenant at the end of the lease. For example, if the tenant is on a month-to-month lease, the landlord can terminate without cause at the end of each month.

**Take One Take All Provisions Suspended**

Previously, once a landlord accepted a Section 8 tenant in one of his/her buildings they could not refuse to lease other units in any of their multi-family buildings on the basis that the tenant was a Section 8 certificate or voucher holder. It is believed that this practice led to many landlords not wanting to participate in the program. In addition, it might have contributed to the clustering and concentration of Section 8 families into certain buildings and areas. From the tenant’s point of view, suspending the take-one-take-all provision gives more power to landlords to limit the apartment choices of Section 8 holders.

**Security Deposits**

Prior to December 1, 1995, CHA paid damage claims, vacancy loss and unpaid rent claims to landlords participating in the Section 8 Program. CHAC, Inc. will continue to pay these costs to landlords who have contracts with CHA which began prior to December, 1995.

All contracts with landlords after December 1, 1995, do not have these provisions. This means that the Section 8 tenant is responsible for paying the security deposit and any damages that happen during their tenancy. For leases after December 1, 1995, “the security deposit for all new leases is based on what the landlord chooses to charge.”

If Section 8 holders do not have the money for the security deposit, CHAC, Inc. suggests that the landlord collect it over a period of months. However, is up to the landlord to decide whether he/she will do this. In our interview with CHAC, Inc. administrators, they reported that many Section 8 waiting list families did not have the necessary money for the security deposit. This is becoming a major obstacle for families using Section 8 vouchers and certificates.

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More Incentives for Landlord Participation

Locally, CHAC, Inc. has been paying more attention to the concerns of landlords. Many landlords have refused to participate in the program because of late rent payments and overall bad management practices. CHAC, Inc. is in the process of improving the overall management of the program. They have also developed workshops for landlords on various issues like lead paint and the housing quality standards which a unit must pass to be approved for a Section 8 family.

CHAC, Inc. has developed an outreach program to encourage more landlords to participate in the program. As part of this outreach, CHAC, Inc. has developed a listing of landlords who have volunteered to be in the program. This list is published monthly and distributed at CHAC’s main office. These listings had 3,100 units through December, 1996. We examined two months of these CHAC listings, October, 1996 and January, 1997, to look at where the units were located. In addition, we randomly selected 65 landlords from these two listings and were able to interview 19, a 29% response rate. We were interested in talking to the landlords about the demand for their apartments and their experiences with renting to Section 8 holders.

For the most part, landlords said their experiences with the Section 8 Program were positive. The most common complaint was that there is still too long of a delay between tenants moving in and the first rent payment from the CHAC, Inc. office. Another common complaint was that payments regularly arrive late, housing quality inspections take too long to set up, and it is difficult to communicate with the CHAC, Inc. office. One landlord said that things are improving since CHAC, Inc. took over but he was still owed money. In general, the landlords rated their experiences with Section 8 tenants as “good” or “fair”. The landlords reported receiving frequent calls inquiring if they will accept Section 8 certificates and vouchers. The rejection rate was high, however. On average, the landlords reported turning down one-half to two-thirds of the tenants who apply for their apartments. The reasons landlords most often cited were that the applicant had too many children, bad character reference, or housekeeping was rated poor after a home visit.

When we looked at the location of the landlord listings, not surprisingly, the community areas which had the most landlord listings mirrored the areas where our map shows people have clustered with their Section 8 certificates and vouchers. Austin, South Shore, Englewood and West Englewood, Humboldt Park, Greater Grand Crossing, Chicago Lawn and Woodlawn were the areas with more than 20 listings for each month we examined. These areas accounted for 43% of the listings in October and 53% of the listings in January. Only one out of these eight areas, Chicago Lawn, qualifies as a low poverty area.

There were only 26 suburban listings. All these listings were in low poverty areas except for the listings in Harvey and Waukegan. Several housing activists we interviewed criticized CHAC, Inc. for not trying harder to find more landlords in low poverty and suburban areas.
Conclusion

Our analysis and review of the Section 8 Voucher and Certificate Program lead us to the conclusion that the plans to voucher out public housing will further deepen the affordable housing crisis here in Chicago. Presently, there are simply not enough suitable affordable housing units in the private market to absorb all the families in need. There are already approximately two low income families looking for every affordable housing unit in the six county area. The plans to demolish and voucher out public housing will only make this situation worse. The results of these plans and policies will likely be increased homelessness, more people living in substandard housing and continued segregated communities. Our research reveals the following facts that lead to this conclusion.

Those families presently using the Section 8 certificates and vouchers are clustered in communities with Black populations over 90% and where there are also large concentrations of poverty. If families were to move outside of areas of concentrated poverty, the housing gap increases to three people for every unit.

Housing policymakers at the federal and local levels say that a goal of the Section 8 certificate and voucher program is to de-concentrate public housing residents. However, our research clearly shows that re-concentration of very low-income families in nearby communities, not de-concentration, is the result of the Section 8 program.

As the city, CHA and HUD begin to eliminate public housing units, the numbers of people seeking housing, already in short supply will increase, making the housing gap even larger.

Discrimination based on race and the presence of teen age children in the household make the housing shortage worse. In Chicago 30% of the Section 8 participants return their certificate or voucher because they can not find a suitable unit. Research shows that some of the returns are due to discrimination in the housing market. With more public housing residents forced to participate in the Section 8 Certificate and Voucher program, discrimination is likely to make the housing gap worse.

Interviews with residents of Henry Horner Homes and Cabrini Green who are being relocated reveal that the process is not working well. Applications have lengthy processing periods; new apartments are found in areas of high crime and poverty concentration; and the tenants are having serious problems with the payment of utility costs.

In addition, changes in the Federal Government's Section 8 Voucher and Certificate Program will make the above findings even worse. Basically, these changes give greater latitude to landlords which can result in lease terminations, caps on Section 8 tenants in particular buildings, unaffordable security deposit requirements, and tenant difficulties meeting utility costs.
PART TWO

CABRINI-GREEN AND THE NEAR NORTH REDEVELOPMENT PLAN

Background

Given this analysis of the existence of an affordable housing gap and the difficulties of the vouchering out program in closing that gap, this report now turns to a case study of the Near North Redevelopment Plan that proposes to turn the area in and around the Cabrini-Green Public Housing project into a “mixed income” community.

The Near North community area that houses the Cabrini-Green public housing development is located near the center of Chicago. The Cabrini-Green public housing development is about a mile away from the Chicago Loop and even closer to the North Avenue and Oak Street beaches of Lake Michigan. It is only blocks away from Michigan Avenue and the Magnificent Mile. The Rush Street entertainment district is a couple of blocks to the east. Its location and its proximity to the city center makes this area very valuable and desirable. The general area subject to the Near North Redevelopment Plan is located between North avenue on the north, Chicago Avenue on the south, Halsted and the Chicago river on the west and Wells Street on the east.

The Near North Redevelopment planning area is home to a fairly unique mix of people. U.S. Bureau of the Census analyses from 1990 exhibit the variation in median incomes from $5,000 per year in one census tract to over $44,000 in another tract several blocks away. Projections on the census data for 1996 show that in certain tracts, the income level remains far below the federal poverty line, while other tracts have become more prosperous. That the income mix in the general area is varied is illustrated by the following figures.

<p>| TABLE 4 |
| MEDIAN INCOME BY CENSUS TRACT IN THE CABRINI-GREEN/NEAR NORTH AREA |</p>
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<th>Year</th>
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<td>$4,999</td>
<td>$26,447</td>
<td>$29,506</td>
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*Source: Claritas Marketing Information, 1996.

The Cabrini-Green high rises are surrounded by both single family owner-occupied homes and multi-unit rental buildings. Substantial rehabbing has occurred over the years on formerly dilapidated single family frame homes, as well as multi-unit brick buildings, particularly in the area bordering North Avenue, which has also seen the new construction of single family homes and condominiums catering to middle income professionals. Most recently, new housing construction, attracting higher income tenants and home buyers, has been on the rise in the immediate vicinity of Cabrini-Green.
Cabrini-Green Area - Census Tracts
City of Chicago

Layers
- Chicago Layer
- 77 Community Areas
- Cabrini-Green Area

Compiled by the UIC Voorhees Neighborhood Center.
The Cabrini-Green public housing development originally had over 3600 units of housing developed in three stages (this number has been reduced by 398 units with the demolition of two high rises in 1995). The Cabrini Homes, 586 units of row houses and garden apartments were built in the early 1940s. The Cabrini Homes extension (1921 units) was completed in the late 1950s while the Green Homes north of Division street added 1096 units of housing in the early 1960s.

The Cabrini Green development houses a predominantly African-American population. The majority of households are female headed single parent (87%); the number of children per family is slightly higher than the city as a whole, with families having an average of 2.3 children under the age of 16. According to 1989 data collected by the CHA, public assistance serves as the primary income for 65% of the residents, generating very modest incomes of $6,000 per year. This is less than 25% of the metropolitan median income for a family of four. Only 17% of Cabrini-Green residents are employed, according to a report by the North Town Redevelopment Advisory Council, compared to 93.5% of Near North residents as a whole\(^{30}\). Rents in Cabrini-Green are directly tied to 30% of a tenant’s income; this is also true for those living in the subsidized units of Evergreen Tower and Homes, and the Marshall Field Apartments.

Deferred maintenance and years of neglect combined with age, have made living conditions in most public housing units very difficult. Most impacted by this phenomenon are high rises, in particular, the older ones. This is true of Cabrini-Green high rises. The Federal HOPE VI Program was launched in the early 1990s in order to provide some relief for public housing tenants. It was an initiative to provide funding to address the needs of severely distressed housing throughout the country.

**The First Major Sign of Change at Cabrini-Green: the HOPE VI Plan**

Former CHA Executive Director Vince Lane had submitted a proposal to HUD for funding under the HOPE VI Urban Revitalization Demonstration Program to finance improvements at Cabrini-Green. On May 28, 1993, the Chicago Housing Authority and the Cabrini-Green Local Advisory Council (LAC) entered into a memorandum of agreement concerning the redevelopment of a portion of Cabrini-Green by utilizing these HOPE VI resources. CHA, as the entity mandated to administer public housing in

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\(^{30}\) North Town Community Redevelopment Plan Phase I: Policy Issues, Goals, and Recommendations, 1990, p.26
Chicago, and the LAC, representing the interests of the Cabrini-Green residents, participated in a meaningful dialogue and endorsed a redevelopment plan for Cabrini-Green. $50 million in HOPE VI funding was requested. $40 million would go toward the new construction of 303 public housing replacement units. $10 million was to be earmarked for social service creation and expansion. In addition, Public Housing Development Funding for the remaining 190 replacement units was secured by CHA. The plan called for the demolition of three high-rises with 660 units; 1117-1119 N. Cleveland (262 units), 1157-59 N. Cleveland (136 units) and 1150-60 N. Sedgwick (262 units), 1158 N. Cleveland’s 60 units were to be rehabbed. Both buildings to be demolished on N. Cleveland were completely vacant. 1150-60 N. Sedgwick had a vacancy rate of 13% and housed 229 families; 1158 N. Cleveland also had a 13% vacancy rate and housed 52 families. The HOPE VI planning area where these buildings stood constituted 9.3 acres.

Under this plan, the 660 units slated for demolition would have been replaced one-for-one with 493 newly constructed units and 167 Section 8 vouchers and certificates thereby satisfying the one-for-one replacement required under federal law at the time (this requirement has subsequently been suspended by Congress). An agreement reached between CHA and the LAC in March 1995 stipulated that the CHA would not vacate or demolish 1150-60 N. Sedgwick before building adequate replacement housing for displaced families. In addition, the CHA would begin the process of vacating 1158 N. Cleveland to expedite the rehabilitation of that building.

Before this agreed upon plan was implemented, Vince Lane resigned from the Chicago Housing Authority in June of 1995. When Joseph Shuldiner assumed the position of Executive Director of the CHA in October, 1995, Cabrini-Green had lost two buildings with 398 units to demolition (1117-1119 N. Cleveland and 1157-1159 N. Cleveland, two buildings targeted for demolition earlier). Contrary to the agreement between CHA and the LAC, no replacement units have been built to date. Similarly, there is no rehabilitation planned for 1158 N. Cleveland which still lays vacant (this building is targeted for demolition in the latest plan). The same with 1150-60 N. Sedgwick which continues to deteriorate beyond the point of safe habitation (this building is also slated for demolition under the latest plan).

In order to implement the HOPE VI Plan, CHA issued a Request for Proposal (RFP) in October of 1995 for the redevelopment of the 9.3 acre HOPE VI planning area. The original plan of demolishing 660 units and replacing them with 493 hard units and 167 Section 8 certificates for public housing eligible families remained intact in this Request for Proposal. The RFP also required additional market rate units to be developed and financed separately in order to create a mixed income development. Proposals needed to demonstrate the following:
1. The creation of a viable mixed income community.
2. Low-density replacement housing indistinguishable from the surrounding community.
3. Replacement housing on or off-site.
4. A private management system and ownership for market rate and public housing units.
5. A financing scheme whereby private developers funded market rate units, and CHA, HUD, and Hope VI funds funded public housing.
A HOPE VI Screening Committee was formed in January 1996 to review the proposals and to make recommendations to CHA. Four of the nine members were representatives of Cabrini Green, appointed by the Local Advisory Council. There also were representatives from the city and CHA on the committee which was chaired by The Habitat Company.

About half a dozen proposals submitted by private developers were under consideration in early 1996. Some of the proposals (the MCL/Allison Davis proposal in particular) were notable in that they submitted plans that would substantially expand the redevelopment area to encompass surrounding properties. Additional Cabrini-Green buildings were also identified for demolition in order to reach the goal of creating mixed income communities. A number of these proposals would significantly limit the number of the on-site public housing units to a small percentage of total replacement housing.

At this point, the city was promoting the creation of a mixed income community in and around Cabrini-Green. The limited scope of the HOPE VI Plan became an issue. There was contention that more than 9.3 acres of CHA land was needed for the development of a mixed income community. According to city officials, the CHA’s original Hope VI plan showed an “inability to identify sufficient land and the private financing sources for the market rate component of the proposed mixed income development”31. The proposals received in response to the RFP were dropped for failing to meet the requirements of the RFP, and Screening Committee meetings were subsequently suspended.

By this time, the city has become a much more active participant and city officials and the CHA entered into private meetings to compose an alternative strategy. The representative of the residents, the Local Advisory Council, on the other hand, was not included in this new planning process, and was limited to looking in from the outside as plans that would potentially impact their constituency were being made. This was indeed a process that was quite different from the earlier HOPE VI planning process. Cabrini-Green residents voiced outrage and the LAC filed a Federal law suit when it became clear that what was being planned without their participation may be prejudicial to the interests of the residents (in early 1997, the judge enjoined CHA from undertaking any further demolition of Cabrini-Green buildings until further order by the court).

This planning process culminated in the new Cabrini-Green Redevelopment Plan which was jointly announced by the city and CHA in June of 1996. The plan has undergone some minor revisions and has now been renamed the Near North Redevelopment Plan. We will analyze the details of this plan a little later.

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In the meantime, a markedly progressive increase in the level of real estate acquisition and development activity in the immediate vicinity of Cabrini-Green began to take place. The following section demonstrates the extent to which recent real estate activities have targeted this area.

**CURRENT REAL ESTATE DEVELOPMENT ACTIVITIES IN THE CABRINI-GREEN AREA**

While rehab and new construction activities have been common place in other parts of the Near North community area for quite a while, no such level of activity has been evident south of North Avenue and so close to Cabrini-Green until recently. For example, building permit records indicate that over $150 million worth of construction activity has occurred in the Near North Side Community Area north of North Avenue between 1991 and 1996. In contrast, there was only $4 million worth of construction activity in the area adjoining Cabrini-Green south of North Avenue between 1991 and 1995.  

However, this picture has dramatically changed in the last two years. The following table shows recent construction activities in the immediate Cabrini-Green area south of North Avenue.

**TABLE 5**

<table>
<thead>
<tr>
<th>Dev.</th>
<th>Type</th>
<th>Number of Units</th>
<th>Price*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orchard Park</td>
<td>Town homes</td>
<td>80 units</td>
<td>$250,000</td>
</tr>
<tr>
<td>Cleveland Court</td>
<td>Row houses &amp; Town Homes</td>
<td>57 units</td>
<td>$300,000</td>
</tr>
<tr>
<td>Old Town Square</td>
<td>Single Family Town homes</td>
<td>30 units</td>
<td>$350,000</td>
</tr>
<tr>
<td></td>
<td>Town homes</td>
<td>54 units</td>
<td>$300,000</td>
</tr>
<tr>
<td></td>
<td>1 Bdrm Condos</td>
<td>24 units</td>
<td>$135,000</td>
</tr>
<tr>
<td>Mohawk North</td>
<td>Single Family Town homes</td>
<td>15 units</td>
<td>$398,000</td>
</tr>
<tr>
<td></td>
<td>Town homes</td>
<td>11 units</td>
<td>$300,000</td>
</tr>
<tr>
<td></td>
<td>1 Bdrm Condos</td>
<td>66 units</td>
<td>$150,000</td>
</tr>
<tr>
<td><strong>Total Units</strong></td>
<td></td>
<td><strong>337</strong></td>
<td></td>
</tr>
</tbody>
</table>

---

A total of 337 units are being developed in this recent construction activity in four projects (without taking into account some small scale rehab efforts). Most of these units are completed and others are under construction. These four projects would add 45 single family houses, 202 Town homes and row houses and 90 condominium units in the immediate vicinity of Cabrini-Green. Additional phases of residential development are also in the works. At an estimated per unit development cost of between $120,000 and $150,000, the total amount of investment made in the construction of these units during the last two years, ranges between $40 to $50 million. As shown by table 6, the investment level in the last two years in the Cabrini-Green neighborhood is about ten times the amount of investment between 1991 and 1995.

As can be seen from table 5, the sales prices for these new residential units target middle and high income buyers. Single family homes at $350,000 and up require minimum annual household incomes of $110,000 (at 8% interest for 30 years). Similarly, Town homes at $250,000 and up require minimum household incomes of $80,000. The minimum annual income needed to buy the least expensive one bedroom condos is $40,000. Even at these prices, the units are being sold as they are developed. The ease at which these units are sold indicates the high degree of interest to buy and move into the Cabrini-Green neighborhood.
This level of activity is occurring even though the area is not yet fully developed, and issues regarding the demolition of nearby Cabrini-Green high-rises remain unresolved. The materialization of the Near North Redevelopment Plan will further enhance demand in the neighborhood and real estate prices can be expected to rise as more and more development takes place.
Perhaps in anticipation of increased demand for housing in the area, some private developers have secured substantial plots of land. MCL Company, in particular, already owns large tracts of land in the area including the Oscar Mayer site north of Division by Clyborn (over 7 acres), the Spanjer site south of Division and west of Larabee across the street from Cabrini-Green high rises (about 9 acres), Mohawk North, Urban Renewal land transferred by the city where units are under construction (about 3 acres), and another 2 acres on Division. In addition, MCL has been in discussions with the Park District and the Board of Education to acquire additional land. Another 5 acres has been secured from the Board of Education adjacent to the Oscar Mayer site. This site is scheduled to house the anchor shopping center envisioned in the Near North Redevelopment Plan which will be developed by MCL and partners. MCL’s current holdings in the area add up to approximately 25 to 30 acres.

THE NEAR NORTH REDEVELOPMENT PLAN

The Chicago 21 Plan of 1973 contained one of the first redevelopment plans which proposed to transform Cabrini-Green by introducing home ownership strategies with expanded employment and commercial opportunities. But, not until this latest redevelopment plan did any such significant transformation proposal surface with such force.

This plan, presented by the City of Chicago and the Chicago Housing Authority in June, 1996, signifies a major redevelopment initiative of the Near North area in and around the Cabrini-Green public housing project. Much broader in scope than the previous Hope VI plan, the Near North initiative targets about 90 acres of land for redevelopment and requires a substantial influx of private capital and public funds. This plan calls for the construction of 2,300 units of housing, a new library, a police station, parks, commercial facilities, an SRO building, new schools, etc. The redevelopment is planned to be undertaken by private investors assisted by significant public funds. The bulk of the public funds, $281 million, is expected to be raised by designating the area a Tax Increment Financing (TIF) District.

The approximately 90 acres of land slated for development will be assembled from private and public holdings. The Board of Education and the Park District are lined up to transfer land, through exchange or sale, for the development. The 30 or so acres held by MCL are a part of this development. In addition, other private holdings are expected to be brought into the fold through private or public acquisition. The land for the 80 unit Orchard Park development was leased to the developer by CHA for $1.00 and is part of this development package.

In order to facilitate this redevelopment plan, the proposal targets a total of 8 CHA buildings for demolition (including the three targeted under HOPE VI). This will expand CHA land available for redevelopment from the original 9.3 acres to approximately 20 acres. Table 7 shows the buildings targeted for demolition and the number of units.
TABLE 7
CHA BUILDINGS TARGETED FOR DEMOLITION

<table>
<thead>
<tr>
<th>Buildings To Be Demolished</th>
<th>Height</th>
<th>Total Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1015-1017 N. Larrabee</td>
<td>10 stories</td>
<td>136</td>
</tr>
<tr>
<td>1121 N. Larrabee</td>
<td>7 stories</td>
<td>65</td>
</tr>
<tr>
<td>1159-61 N. Larrabee</td>
<td>10 stories</td>
<td>136</td>
</tr>
<tr>
<td>500-502 N. Oak</td>
<td>7 stories</td>
<td>262</td>
</tr>
<tr>
<td>1117-1119 N. Cleveland*</td>
<td>19 stories</td>
<td>262</td>
</tr>
<tr>
<td>1157-1159 N. Cleveland*</td>
<td>10 stories</td>
<td>136</td>
</tr>
<tr>
<td>1150-60 N. Sedgwick</td>
<td>19 stories</td>
<td>262</td>
</tr>
<tr>
<td>1158 N. Cleveland</td>
<td>7 stories</td>
<td>60</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>1,319</strong></td>
</tr>
</tbody>
</table>

*Buildings already demolished.

The demolition of these buildings will clear about 20 acres of land for redevelopment. The Cabrini-Green development originally had 3603 units. When the two North Cleveland buildings with 398 units were demolished in 1995, the number came down to 3205 units. With the proposed demolition of an additional 5 buildings with 921 units, the housing stock at Cabrini-Green will come down to 2284, a net reduction of 36.6% (before replacement public housing units are taken into account).

REPLACEMENT HOUSING UNDER THE NEAR NORTH REDEVELOPMENT PLAN

The latest version of the redevelopment plan proposes the construction of up to 2,300 units of housing within the redevelopment area. Approximately 1000 of these units will be built on CHA land on the proposed demolition site - 60 units per acre on approximately 10 Acres of CHA land between Elm and Division Streets, and 35 to 45 units per acre on the other 10 acres of CHA land between Oak and Elm Streets. CHA will lease this land to the developer (it is not known what the lease amount will be, if any). This would be the highest density development and the balance of the units will be built throughout the development area at lower densities. Public housing units are expected to be scattered throughout the development - about 20% to 30% on each site (30% on public land). The following table (table 8) shows the distribution of these 2,300 new units of housing among different income groups.
### TABLE 8
DISTRIBUTION OF REPLACEMENT UNITS AMONG INCOME GROUPS

<table>
<thead>
<tr>
<th>Types of Replacement Unit Proposed (Phase I):</th>
<th>Income Limits*</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Rate</td>
<td>None</td>
<td>1,150</td>
<td>50%</td>
</tr>
<tr>
<td>“Affordable” (80-120% Median)</td>
<td>$44,000-66,000</td>
<td>450</td>
<td>20%</td>
</tr>
<tr>
<td>“Working Family” Public Housing (50-80% Median)</td>
<td>27,500-44,000</td>
<td>350</td>
<td>15%</td>
</tr>
<tr>
<td>Very Low Income Public Housing (0-50% Median)</td>
<td>under $27,000</td>
<td>350</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Total Units Developed</strong></td>
<td></td>
<td><strong>2,300</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: City of Chicago, “Near North Redevelopment Initiative.” *Assuming a Family of Four

This table shows the distribution of units among income groups. 1150 units, or half of the total number developed are targeted for market rate customers. There is no limit as to what the prices of these units may be. The price is a function of the market. If the demand for the already developed units in the area is any indication, the price for these units is likely to be high, and is expected to go even higher as development proceeds. The single family homes priced at $350,000 and up as well as the Town homes priced over $200,000 would target this market.

Twenty percent, or 450 of the units, are reserved for households making between 80% to 120% of the area median income, which is between $44,000 to $66,000 per year. Households in this income range will be able to afford units that sell for under $200,000 (assuming they spend 30% of their income for housing expenses and secure mortgages at 8% for 30 years).
The balance of the units, i.e., up to 700 units or 30% of the total development, are designated as public housing units. Public housing units are units that serve public housing eligible households. Any household that makes under $44,000 (which is 80% of the area median income) is eligible for public housing. Half of these units, or 350 are reserved for households making between $27,500 to $44,000 while the other half, or up to 350 units is reserved for households making under $27,500.

This housing stock will be acquired by CHA which in turn will rent units to tenants who will pay 30% of their income (note that the higher the income of CHA residents, the higher the rental revenue for CHA). The amount CHA will pay for these units, which is based on the maximum Total Development Cost (TDC) limits set by HUD, depends on the type and size of each unit. CHA will use $40 million of the earlier HOPE VI funding and an additional Public Housing Development Grant to buy 493 of these units. It has not yet identified the funding source for the acquisition of the remaining 200 units. Another round of HOPE VI funding has been mentioned as a possible source. Table 9 shows the current Total Development Cost limits set for Chicago by HUD.

### TABLE 9
Current HUD Total Development Cost Limits for Chicago

<table>
<thead>
<tr>
<th>Bedrooms</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Housing type</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Detached &amp; Semi</td>
<td>62,050</td>
<td>86,350</td>
<td>107,750</td>
<td>131,450</td>
<td>158,600</td>
<td>172,350</td>
<td>189,800</td>
</tr>
<tr>
<td>Row Dwelling</td>
<td>56,250</td>
<td>77,650</td>
<td>96,250</td>
<td>117,400</td>
<td>142,100</td>
<td>154,450</td>
<td>169,850</td>
</tr>
<tr>
<td>Walkup</td>
<td>48,650</td>
<td>65,350</td>
<td>82,150</td>
<td>107,350</td>
<td>132,400</td>
<td>149,100</td>
<td>165,850</td>
</tr>
<tr>
<td>Elevator</td>
<td>54,700</td>
<td>76,600</td>
<td>98,500</td>
<td>131,150</td>
<td>164,150</td>
<td>186,050</td>
<td>207,950</td>
</tr>
</tbody>
</table>

As mentioned above, the 700 public housing units are divided in half, each half targeted to serve two different income groups - those earning between $27,500 and $44,000 per year (50% to 80% of median income) who are identified as “working families”, and those earning under $27,500 per year, the very low income.

In reality, however, the overwhelming majority of public housing tenants are very low income households, most of whom receive public assistance. Less than 1% of the entire CHA residents in Chicago make over $26,000. 77% of Cabrini-Green residents earn under $8,000, while 43% make less than $4,000 per year (supplied from CHA records).

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33CHA Comprehensive Report, 1996.
Although close to 20% of Cabrini-Green residents are employed, they don’t make anywhere near $20,000 and up. It would also be unrealistic to expect that new employment opportunities will provide decent paying jobs to reach the $27,000 mark any time soon. Approximately $15.00 an hour is required to reach this mark.

It is therefore evident that only up to 350 units of the 2300 units proposed under the Near North redevelopment Plan will constitute replacement housing for current Cabrini-Green or other very low income families. Table 10 shows the net loss of very low income units under the terms proposed by the Near North Redevelopment Plan.

### TABLE 10

**NET LOSS OF VERY LOW INCOME UNITS UNDER THE CITY/CHA PLAN**

<table>
<thead>
<tr>
<th>Net Loss of Public Housing Units:</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Very Low Income Units Demolished</td>
<td>1,324</td>
<td>100%</td>
</tr>
<tr>
<td>Total Very Low Income Public Housing Units Replaced</td>
<td>350</td>
<td>26%</td>
</tr>
<tr>
<td><strong>Net Loss</strong></td>
<td>974</td>
<td>74%</td>
</tr>
</tbody>
</table>

As demonstrated above, while a net loss of public housing units will occur as a result of the proposed Near North Redevelopment Plan and current public housing eligible low income residents will lose the benefits of nearly a 1000 units of housing, no plan or commitment is in the horizon to repair and maintain the remaining Cabrini-Green units for the long term. The Cabrini row houses and garden apartments were built in 1943. This was 15 years prior to the Cabrini extension high-rises most of which are now targeted for demolition. All of the exiting units are indeed in need of major rehabilitation. Demolition of additional Cabrini-Green buildings may not be too far off unless a definite commitment is made to preserve this housing stock. No repair funds appear to be forthcoming from the federal government and local plans do not allocate sufficient resources, if any, for this purpose. As unfortunate as the net loss of nearly a thousand units may be, the lack of commitment to maintain the remaining more than two thousand units of public housing is even more concerning.

### LOCAL GOVERNMENT BACKING OF THE NEAR NORTH REDEVELOPMENT PLAN

The city, as the primary sponsor of the Near North Redevelopment Plan, has thrown its weight behind the initiative. It has made urban renewal land available for the Mohawk North Project. It has brought the Chicago Park District, the Board of Education and CHA to the table in order to facilitate land assembly for the development. It is committed to assist in the acquisition of additional land to facilitate the development initiative.
LEGEND
- TIF BOUNDARY

FIGURE 1
BOUNDARY MAP
Near North Redevelopment Project Area
Chicago, Illinois
Federal CDBG and HOME funds from the city Department of Housing are planned to be used in the development of a single room occupancy building, while New Homes for Chicago funds may subsidize some of the “affordable” (80% to 120%) units.

The single most important funding mechanism to provide financial incentive for this development is the city’s proposal to designate the redevelopment area as a Tax Increment Financing (TIF) District. “Tax Increment Financing is a municipal financing technique that can be used to renovate declining areas or develop blighted areas while improving the tax base of such areas. TIF allows a community to capture the increase in various state and local taxes that result from a redevelopment project to pay the costs involved in the project.”34 The rationale for TIF designation is to spur development in a blighted area which otherwise would not experience any development activity if not for the TIF designation.

TIF designation of an area requires a finding of “blight” and that this condition would not change without government incentives. The consultant for the city, Camiros, Ltd., has determined that the Near North Redevelopment Area is a blighted area. According to Camiros’ findings, “improved property” (meaning structures) in the subject area meets 10 of the 14 factors for eligibility as a blighted area where only 5 are required by the relevant legislation. Similarly, vacant land in the area meets 5 blighting factors where only 2 are required by law to qualify for TIF designation.35

**FACTORS FOR ELIGIBILITY AS BLIGHTED AREA AND FINDINGS**

- Age *
- Deleterious land use or layout *
- Depreciation of physical maintenance *
- Dilapidation *
- Deterioration *
- Excessive land coverage
- Illegal use of individual structures
- Excessive vacancies *
- Inadequate utilities
- Lack of community planning *
- Lack of ventilation, light or sanitary facilities
- Obsolescence *
- Overcrowding of structures and community facilities *


Presence of structures below minimum code standards *
* Factors that have been met to qualify the Near North Redevelopment Area as a blighted area (refer to Camiros’ report for detailed discussion).
Public housing areas have indeed been neglected for a long time by those mandated to look after them. It is no surprise that these conditions exist at Cabrin-Green. However, this is true of most, if not all, public housing projects in Chicago. If public housing areas are eligible for TIF designation based on a finding of blighting conditions, most (if not all) public housing projects would be entitled to this incentive. And if lack of development activity is a condition for TIF designation, other public housing areas in Chicago would be better candidates for such designation, for the Cabrini-Green area has seen more development activity than other public housing areas in Chicago in the last two years.

It appears that there are other reasons for targeting the Cabrini-Green area. Its location and capacity to attract higher income residents is most notable in this regard. That the area is already attractive to market rate home buyers is demonstrated by the speed at which the homes built in the area are being sold.

The TIF designation of the Near North Redevelopment area is projected to raise $281 million. The process for TIF approval has been put in motion. A public hearing has already been conducted by the Chicago Development Commission which is scheduled to hold a meeting to consider the plan at the end of May, 1997. A date is also set for the Chicago City Council to discuss the proposal. Table 11 (taken from the Near North Tax Increment Redevelopment Plan and Project prepared by Camiros, Ltd.) shows the project costs to be covered with TIF funds.
TABLE 11

USES OF TIF FUNDS IN THE NEAR NORTH REDEVELOPMENT PROJECT

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning, Legal, Surveys and Related Development Costs</td>
<td>$8,000,000</td>
</tr>
<tr>
<td>Property Assembly</td>
<td>65,000,000</td>
</tr>
<tr>
<td>Rehabilitation</td>
<td>35,000,000</td>
</tr>
<tr>
<td>Public Improvements</td>
<td>75,000,000</td>
</tr>
<tr>
<td>Job Training and Retraining</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Financing Costs</td>
<td>18,000,000</td>
</tr>
<tr>
<td>Capital Costs Incurred by Tax Districts</td>
<td>35,000,000</td>
</tr>
<tr>
<td>Relocation</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Payments in Lieu of Taxes</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Job Training, Retraining and Education Costs</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Interest Costs</td>
<td>20,000,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$281,000,000</strong></td>
</tr>
</tbody>
</table>

The most notable uses of TIF funds includes the $75 million allocated for the construction of public facilities, infrastructure and other improvements, which will not only enhance property values in the area, but also reduce the cost of development to be incurred by private developers in repairing sidewalks, streets, etc.

Another $65 million is allocated for property assembly, preparation, environmental clean up and other costs. These activities will also help to reduce private development expenses that otherwise would have been incurred by developers.

Twenty million dollars is allocated to reimburse private developers for interest costs they would incur in the development process.

These combined $160 million provide direct or indirect benefit to the developers by offsetting a portion of the total development cost and/or by enhancing demand for housing. As discussed elsewhere, proximity of the neighborhood to the center of the city and the message that public housing is being scaled down also increase the demand for upscale housing in the area.

There is a $35 million line item set aside for rehabilitation, reconstruction, repair or
remodeling of existing public or private buildings and fixtures. Although repair of public housing was not specifically mentioned in the report, it has been mentioned at the public hearing held by the city in May 1997 that the rehab of CHA buildings is an eligible cost. While this is good news, it is not clear how much of these funds, if any, will be set aside to repair some of the remaining public housing units. Not even the entire $35 million would be sufficient to address the repair needs of the remaining public housing units.

THE DEVELOPMENT OF REPLACEMENT HOUSING

As mentioned earlier, 2,300 units of housing are planned to be built in the redevelopment area in several phases. Substantial local government assistance in general, and the use of TIF resources in particular, will lower development costs of these units.

In this section, we undertake financial analysis of the housing development of the Near North Redevelopment Plan in order to arrive at an estimate of potential profit margin. To this end, we reviewed comparable residential developments in and around Chicago. Price surveys have been conducted in order to determine differences in sales prices between those homes and the homes developed in the Near North Redevelopment area. The following two tables provide sales price information for homes in the Chicago land area and in the redevelopment area while the graph that follows the tables shows price variations between the two.
### TABLE 12
COMPARABLE NEW HOME SALES IN THE CHICAGOLAND AREA

<table>
<thead>
<tr>
<th>Single Family</th>
<th>Size</th>
<th>Square Footage</th>
<th>Sales Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elgin</td>
<td>3-4 Bedrooms, 2 ½ Baths</td>
<td>Approximately 1,700-2,100</td>
<td>$140,000 and up</td>
</tr>
<tr>
<td>Aurora</td>
<td>3-4 Bedrooms, 2 ½ Baths</td>
<td>Approximately 1,800</td>
<td>$140,000 and up</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Townhomes</th>
<th>Size</th>
<th>Square Footage</th>
<th>Sales Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wadsworth</td>
<td>2 Bedroom, 1 ½ Baths</td>
<td>Approximately 1,000</td>
<td>$100,000 and up</td>
</tr>
<tr>
<td>Plainfield</td>
<td>2 Bedroom, 1 ½ Baths</td>
<td>Approximately 1,400</td>
<td>$95,000 and up</td>
</tr>
<tr>
<td>Mundelein</td>
<td>3-4 Bedroom, 2 ½ Baths</td>
<td>Approximately 1,800</td>
<td>$140,000 and up</td>
</tr>
</tbody>
</table>

Source: Chicago Tribune Real Estate Section, May 17, 1997

### TABLE 13
NEW HOME SALES IN THE CABRINI GREEN AREA

<table>
<thead>
<tr>
<th>Single Family</th>
<th>Size</th>
<th>Square Footage</th>
<th>Sales Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mohawk North</td>
<td>3 Bedrooms, 2 ½ Baths</td>
<td>3,100</td>
<td>$397,000 and up</td>
</tr>
<tr>
<td>Old Town Square</td>
<td>3 Bedrooms, 2 ½ Baths</td>
<td>3,100</td>
<td>$350,000 and up</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Townhomes</th>
<th>Size</th>
<th>Square Footage</th>
<th>Sales Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mohawk North</td>
<td>3 Bedrooms, 2 Baths</td>
<td>Approximately 2,475</td>
<td>$300,000 and up</td>
</tr>
<tr>
<td>Old Town Square</td>
<td>2-3 Bedrooms, 1-2 ½ Baths</td>
<td>2,070-2,358</td>
<td>$270,000-$350,000</td>
</tr>
<tr>
<td>Cleveland Court</td>
<td>2-3 Bedrooms, 1-2 ½ Baths</td>
<td>1,600-3,000</td>
<td>$195,000-$370,000</td>
</tr>
<tr>
<td>Orchard Park</td>
<td>2-3 Bedrooms</td>
<td>1,527-2,000</td>
<td>$204,900-$265,000</td>
</tr>
</tbody>
</table>

Source: Sales Brochures and Marketing Information
The price variation between homes in the redevelopment area and elsewhere are substantial. Sales prices in the redevelopment area are approximately $50,000 to $100,000 higher than prices of other homes. Besides those listed in the table, we have looked at prices of units developed by Cambridge Homes in the Chicagoland area. Three, four and five bedroom single family homes in Grayslake are priced at an average of $200,000. Similar size single family units in Huntley are between $140,000 to $160,000. Three and four bedroom attached homes with 2 car garage are priced between $140,000 to $180,000 in Mundelein. Two and three bedroom townhomes in Mokena sell for $130,000 to $150,000, while similar units with two car garage are priced at $100,000 to $140,000 in Waukegan. Here in Chicago, The Resurrection Project sells 1300 sq. ft., three bedroom, one and a half bath units for about $90,000 (after a $20,000 New Homes for Chicago subsidy). For 2000 sq. ft. two unit homes with a total of 5 bedrooms, two and a half baths, it charges under $115,000 (after a $32,000 New Homes for Chicago subsidy). Similarly, three bedroom units are sold for under $140,000 in Homan Square.

Most, if not all, of these developments are carried out as profit making ventures. These prices obviously reflect a mark up for profit. Even a conservative 10% mark up for profit reduces the total development cost by almost that much. The total development cost for units built in the Near North Redevelopment Area should not be much higher than comparable units developed in the region, although there may be marginal differences to account for quality.

*36* Chicago Tribune, Real Estate Section, May 1997.
The other major item that would affect total development is land cost. While land prices may be higher in the redevelopment area, it should be noted that almost half of the 2300 homes are going to be built on CHA land (almost 1000 units on land to be available after demolition of 8 buildings, and 80 units on Clyborn east of Halsted - Orchard Park Homes). These land will be leased to private developers. It is not known if there will be payment for the land. The rest of the units will be built on private land. We are estimating the average per unit land cost component for these 2300 units to be less than $10,000 per unit. Consequently, the total development cost for units developed in the redevelopment area should only be marginally higher than the total development cost of comparable units in the region.

One thousand one hundred and fifty market rate units are being built in the redevelopment area. Accounting for the different sizes, the quality level and some additional amenities, we estimate that the total development cost would range between $100,000 for the one bedroom condos to $200,000 for the single family homes. The average development cost of units for this income category is estimated to be $150,000 per unit. The development cost range for the affordable units, i.e., for the income group between $44,000 to $66,000, is estimated to be between $100,000 to $160,000. The average total development cost for this category is estimated at $130,000 per unit. Taking into account the HUD Total Development Cost limits for public housing units shown in table 9, we estimate an average total development cost of $110,000 for the public housing units. Table 14 shows the total development cost estimate for the replacement units.

<table>
<thead>
<tr>
<th>Units</th>
<th>Average Cost per Unit</th>
<th># of Units</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Rate</td>
<td>150,000</td>
<td>1,150</td>
<td>$172,500,000</td>
</tr>
<tr>
<td>Affordable Units (80-120%)</td>
<td>130,000</td>
<td>450</td>
<td>58,500,000</td>
</tr>
<tr>
<td>Public Housing Units</td>
<td>110,000</td>
<td>700</td>
<td>77,000,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>$307,000,000</strong></td>
</tr>
</tbody>
</table>

Table 14 indicates a total cost of $307 million to develop 2300 units. The sales prices of units already built and sold in the area are the basis for the following estimate of total sales revenue for replacement units. The demand for housing in the area has been very high and units have been selling as they are developed. This trend is expected to continue with demand growing and prices increasing as more development takes place.
Here again, we will approach sales price estimates based on the breakdown of units set aside for different income categories. Most of the single family units and townhouses are going to be among the 1150 units targeting market rate buyers, although there may be some one bedroom condos in this category. One hundred twenty two of the 202 townhouses built in the redevelopment area are selling for $300,000 and up. The other 80 Orchard Park Homes, which were built on CHA land leased for free, are sold for approximately $250,000. 30 of the 45 single family homes are marketed for $350,00 and up while the other 15 are going for $397,500 and up. Condos are selling for an average of $140,000. Based on this range, a conservative estimate of the average sales price in the market rate category would be $250,000. The $44,000 to $66,000 income group can qualify for mortgages to buy homes priced between $120,000 to $200,000 homes. The average sales price in this category would be $160,000. For the public housing units, the price is capped by the HUD total development cost limits. The average HUD ceiling for three bedroom units in different types of buildings is close to $122,000 per unit. $120,000 is used as the average price to acquire public housing units. Table 15 shows the estimated total revenue from the sale of 2300 replacement units.

**TABLE 15**

SALES REVENUE ESTIMATES FOR REPLACEMENT UNITS

<table>
<thead>
<tr>
<th>Unit</th>
<th>Average Sales Price Per Unit</th>
<th>No. Of Units</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Rate</td>
<td>250,000</td>
<td>1,150</td>
<td>$287,500,000</td>
</tr>
<tr>
<td>Affordable Units (80-120%)</td>
<td>160,000</td>
<td>450</td>
<td>72,000,000</td>
</tr>
<tr>
<td>Public Housing Units</td>
<td>120,000</td>
<td>700</td>
<td>84,000,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>$443,500,000</td>
</tr>
</tbody>
</table>

The analysis above and the accompanying two tables show estimates of total development cost and estimates of total sales revenue for the 2300 units of replacement housing proposed in the Near North Redevelopment Plan. The estimates indicate a potential profit margin of approximately $136 million. Accounting for unforeseen factors, though conservative, $100 million would be a good estimate of the potential profit margin (note that the development of the proposed replacement units is taking place in phases). This does not include developer’s fees and general contractor’s profits which are included in the total development budget. This is indeed a substantial margin of profit and is largely attributable to the location of the Cabrini-Green area.
Conclusion

As proposed, the Cabrini Green redevelopment plan does not meet the needs of the very low income residents because it results in a net loss of close to one thousand units of public housing. At a time when the affordable housing gap is increasing, the loss of these units means even less housing for very low income families. Over 80% of the proposed replacement housing is out of the reach of current Cabrini-Green families or other very low income households because of the income restrictions.

At the same time, there is no relief in sight for the remaining Cabrini-Green units which are in dire need of repair; the further loss of units appears imminent with the likelihood of demolition increasing as units continue to deteriorate. These are fears that are felt and expressed by the Cabrini-Green residents and leadership. Any attempts to allay these fears should start with genuine consultation with the elected representatives of the residents of Cabrini. They too have a vested interest in creating a healthy, vibrant and successful community, and can become strong allies in building a strong city.

With development generated resources and revenue from the TIF available to provide flexibility and room to maneuver, one would hope that there is still an opportunity to achieve the goals of the city to revitalize the area while replacing or preserving public housing units so that Cabrini-Green and other low income residents may also fully benefit from the revitalization of the community.

Increasing the number of very low income units through the development of additional homes and relaxing income restrictions are two potential mechanisms to replace units that would be lost by demolition at Cabrini. The commitment to a long term preservation of the remaining public housing units is also paramount in generating support from public housing residents. Good will and meaningful dialogue among the concerned parties would increase mutual trust which would in turn guarantee better results in the effort to build a successful community for all.
PART THREE

PROBLEMS AND POLICY ISSUES RELEVANT TO OUR FINDINGS

Based on our inquiry over the past six months, we have identified several problem areas and housing policy issues related to the public housing redevelopment process in Chicago. The following is a discussion of these problems and policy issues.

Problems

1. The Chicago area continues to have an affordable housing crisis which is being deepened by the demolition and loss of public housing units.

The loss of public housing units has to be viewed as part of the continuing crisis of affordable housing for the Chicago area. In 1993, the Voorhees Center worked with a coalition of housing groups to bring attention to the housing crisis in the city. Chicago had lost 40,000 housing units in the 1980s and most of these units housed low income families. The organizing of housing groups, concerned residents and elected officials resulted in the city expanding its housing budget for the next five years and making a commitment to provide $750 million for the financing for 17,774 affordable rental units. Three years later (1994-1996), the crisis continues and the city has only been able to fund private for profit and not for profit developers to develop 8,122 rental housing units. Only 3,440 or 42% of these units are affordable to families making less than $16,000 a year. Also, many of these units are non-family sizes of studio and one bedroom.

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The public housing units projected to be lost as part of the vouchering out plan are primarily units that serve families. If the projections for the vouchering out of Chicago public housing units is correct, it means the loss of as many as 20,000 units which serve the low income families of the city. This loss of public housing units will wipe out the gains of the city’s proposed five-year efforts to build or rehab 17,774 rental units. In fact, these two conflicting policies will alone potentially create a 2,300 unit loss of affordable housing units in Chicago during this decade.
Meanwhile, Chicago continues to have over 60,000 homeless people over the course of a year. And, although the “purging” of the Section 8 voucher and certificate program waiting list has reduced the number of waiting list households from 47,680 to 14,907, the reopening of the waiting list before the end of the year will surely surge the numbers of people in need of housing assistance up again. The present Chicago allocation of 17,115 vouchers and certificates, along with other housing assistance programs, does not begin to meet this need.

In addition, our research has found that the private rental housing market has tightened with increasing rents and more competition for fewer units. The few units available are mostly not affordable to the families being displaced by the public housing redevelopment. And even if there were more affordable units available, the persistence of discriminatory practices of the private housing market against low income families of color prevails.

All the facts, statistics, and previous studies reviewed in our report point to a deepening housing crisis, with more households in need than the government housing programs and private housing market can provide.

2. The Section 8 Voucher and Certificate Program does not work well for very low income families.

Our discussions and interviews with residents at Cabrini Green and Henry Horner lead us to believe that the Section 8 Voucher and Certificate Program does not work well for very low income families. Families with incomes of less than $15,000 have little latitude in their budgets to pay for unexpected housing costs like utility bills. This is even more true for most of the families being displaced by the redevelopment plans at Henry Horner or Cabrini Green. Most of these families are living on incomes less than $10,000. While the 20 year Gautreaux Program has been successful at using the Section 8 vouchers and certificates to place low income public housing tenants in private market units, this success is due to the housing counseling and support each of the 6,000 (or 300 families a year) Gautreaux families have had in this model project. However, the recent changes in the Section 8 Voucher and Certificate Program and the upcoming welfare changes will probably also take its toll on the success of the Gautreaux Program. The reduced rent levels allowed under the Section 8 Voucher and Certificate Program are too low for many of the low poverty, suburban areas targeted for families in the Gautreaux Program. In addition, Gautreaux Program staff have already received calls from Gautreaux Program families who are worried about losing their public aid check before they can find a job to

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pay their portion of the rent. Private landlords participating in the Section 8 Program should also be concerned about these changes and the ability of many Section 8 holders who are also on public assistance to pay their share of the rent. The combination of the welfare changes and the push to move public housing families into the private housing market is putting many families in more vulnerable, potential homeless situations.

**Issues**

1. There is a need for the continued role of government to provide decent, affordable housing for all residents.

According to the Harvard University Joint Center for Housing Studies, “American households are increasingly divided--both economically and spatially--between high income homeowners living in prosperous suburban or outlying communities, and low income renters living in deteriorating center cities or depressed rural communities.”\(^{41}\) Plus, half of all these low income renters are paying more than half of their incomes to live in these substandard conditions. Worse yet are the ranks of the homeless, who have swollen to 600,000 on any given night and 1.2 million over the course of the year.\(^{42}\) Given these continually deteriorating housing situations, it is necessary for the U.S. government to acknowledge that every person and household has a right to decent housing and take the necessary action to fulfill that right for everyone.

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\(^{41}\) Meyer, John, “The State of the Nation’s Housing,” Harvard University Joint Center For Housing Studies, 1996.

Community organizations and individuals in inner city and rural communities are willing to take on the challenge of rebuilding and revitalization. The problem is that they do not have the necessary resources to do so. The federal government has not given local governments or inner city residents and organizations the needed resources to rebuild their communities. Since the 1980s, cutbacks in social expenditures have had the greatest impact on central city and low income populations. Programs aimed at the poorest communities have faced the severest cuts or have been terminated. Grass roots initiatives are essential, but they are not sufficient to address the many causes of poverty that are external to these communities. The government needs to continue to play a role in the equitable distribution of resources in our society to insure that all people can live a decent and humane life. In the area of housing resources, for example, there is much inequity between the government subsidies given to affluent homeowners compared to the government budget allocation to housing programs to low income households. In 1995, for example, the homeowner mortgage interest tax deduction cost the U. S. government $58.3 billion compared to the Housing and Urban Development budget of only $19 billion. According to a recent article,

“Only 21.3 percent of all taxpayers take the mortgage interest deduction, but this varies significantly with income. For example, 82.5 percent of taxpayers with incomes over $200,000 took the mortgage interest deduction with an average benefit of $9,763. In contrast, only about one-quarter of those in the $40,000-50,000 bracket took the deduction; those who did so saved an average of $952 on their taxes. Among those in the $20,000-30,000 income category, only 6.6 percent took the deduction; those who did received an average benefit of only $502. Very few low income homeowners benefit from the mortgage interest deduction.”

These inequities related to the distribution of government subsidies for housing need to be reexamined and changed. The government must play a stronger role in making sure every citizen and resident has a decent place to live.

2. The concept and policy of mixed income community needs to be better defined.

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44 Ibid.
“Mixed income” has become a fashionable notion which is hollow and abstract until it takes a concrete form in the politics of development. From the perspective of low income people, mixed income is good if it means they can stay in their community. But to private developers, the mix of income is only okay as long as the number of low income people does not exceed some perceived “tipping point.” Bringing middle and upper income people into a community that is predominantly poor can and has meant that the mixed income composition disappears as the poor are driven out by higher taxes and higher rents. In this case, the “tipping point” works the other way. How many upper class people will it take to drive up land values and drive the poor out? The real point is that the notion of mixed income provides a convenient political screen for other agendas. As one historian accounts, the creation of concentrated public housing developments in the past was used to free inner city land Black families occupied for private development.  

It was called urban renewal. Once again, poor Black families are in the way of private development. The Cabrini Green public housing is on land deemed too valuable for poor people’s housing. As the government offers subsidies, like the tax increment financing district in the Near North, for upscale development, public housing is left to deteriorate and few of the new replacement units will be affordable to the present residents of Cabrini Green. Ultimately, the important question is, *where are poor people to live?* There is little or nothing in the proposed plans for the Near North to guarantee the continued presence of low income housing. It can be argued that the banner of mixed income is the anti-poor people, urban removal program of the 1990s. Historically, architects and urban planners involved in public housing policy have often searched for panaceas that end up threatening public housing. The high rise developments scorned today when first developed won awards and were heralded as model communities for the future. As another urban historian has suggested,

“...history suggests that the best guide to the future of public housing and related programs rests in simply concentrating on providing decent housing to as many low-income people as possible. Although not as lofty a goal as modern housing for everyone, creating a high-rise civilization, or enforced social heterogeneity, it is just as worthy, perhaps even more so.”

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APPENDIX A
METHODOLOGY

In the preparation of this report we did the following tasks.

1. Review of relevant literature on the status of the Section 8 Voucher and Certificate Program nationally and in the city of Chicago. Please see bibliography.

2. Personal and telephone interviews with 15 housing activists in the city of Chicago and elsewhere.

3. Interviews with 28 public housing residents at Henry Horner Homes (8) and Cabrini Green (20) who are tenant participants in the Section 8 Voucher and Certificate Program. We worked with the Poverty Law Project to contact the Henry Horner Section 8 holders and the Legal Assistance Foundation to contact the Cabrini Green residents. The interviews were completed over the telephone (24) and in person (4).

4. Telephone interviews with 19 landlords who are participants in the Chicago Section 8 Voucher and Certificate Program. We randomly selected 65 landlord names from the CHAC Landlord listings for October, 1996, and January, 1997. All 65 landlords were called at least once. We interviewed 19 landlords, a 29% response rate. We had one refusal. We left messages for the rest but were unable to reach them within the time frame of the report.

5. Personal interviews with 2 Chicago Housing Authority officials and 2 CHAC, Inc. officials who oversee the public housing redevelopment process and the Section 8 Voucher and Certificate Program.

6. Attended numerous public meetings with public housing residents where their experiences with the public housing redevelopment process and the Section 8 voucher and certificate program were discussed.

7. Interviews with attorneys representing the Cabrini-Green Local Advisory Council in the law suit challenging the planning process that culminated in the Near North Redevelopment Plan.
8. Interviews with real estate agents and survey of the real estate market from publications and newspapers.

9. Discussions with architects, developers and planners including in the City Department of Planning and Development.
APPENDIX B:
DRAFT NEAR NORTH REDEVELOPMENT INITIATIVE LAND USE PLAN