

# THE NETWORK BUILDER



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## The New Public Housing Issue

### Working With Tenants: Peter Holsten Helps Rebuild Cabrini Green

In 1994, CHA won a \$50 million HOPE VI grant to redevelop a portion of Cabrini Green, and by 1996 the plans had been expanded to create the Near North Redevelopment Area. This September, Peter Holsten surprised Chicago by beating out big name developer Dan McLean for the contract to redevelop a portion of Cabrini Green called Halsted North. Now that he's got one of the biggest jobs in town, we asked Peter what role he thought tenant participation and support services would play in making this mixed income project work. He asked staff members Virginia Pace and Candice Howell to help answer the questions. They said the tenant participation began before Holsten Real Estate Development Corporation and Kenard Corporation even won the contract.

#### Why did you take on this project?

"We've always searched out niches and pursued them. One of our earlier niches was doing rehab in lower income neighborhoods and trying to do real good management so we would have high occupancy and decent economics."

That experience has positioned Holsten to take on the kind of mixed finance, mixed income project required at the Cabrini Homes Extension.

Peter: "We've done multi-layered financing on most of our deals over the past several years. That's

what you have to do if you're going to spend a lot of money and still deliver affordable rents. With Virginia's expertise we are able to take 4 or more layers of financing, each one of which have their peculiarities, and figure out how to make them all work together.

"The other big part that we knew we could bring to this project was our ability to relate to low income folks. We know what it takes to do this management; we know when to be firm and when to be empathetic.

"It was funny, Virginia and I wrestled with responding to the RFP, because it was going to take some

money to get us to where we could even submit an application, much less win it. It was a risk.

"And we figured the only way we were going to overcome the closed door, behind the scenes wheeling and dealing that was typical of our competitor was to have a strong ground-swell of public opinion in our favor. The proposal would have to be something that conveys our integrity and our willingness to work with community folks.

"So that's what we did. We decided to get out there and meet everybody and take seriously their comments and concerns. And that did prevail."

#### What part of Cabrini Green will you re-develop?

Peter: "The RFP we won is for Halsted North: 7 acres near Halsted and Division. In fact, across the street from our office. We are going through final numbers with the city. I think our final unit count will be 261 units.

"We were given the income breakdown: 30% of the units will be public housing; 20% will be affordable [meaning they will be a mix of tax

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# Executive Director's Letter

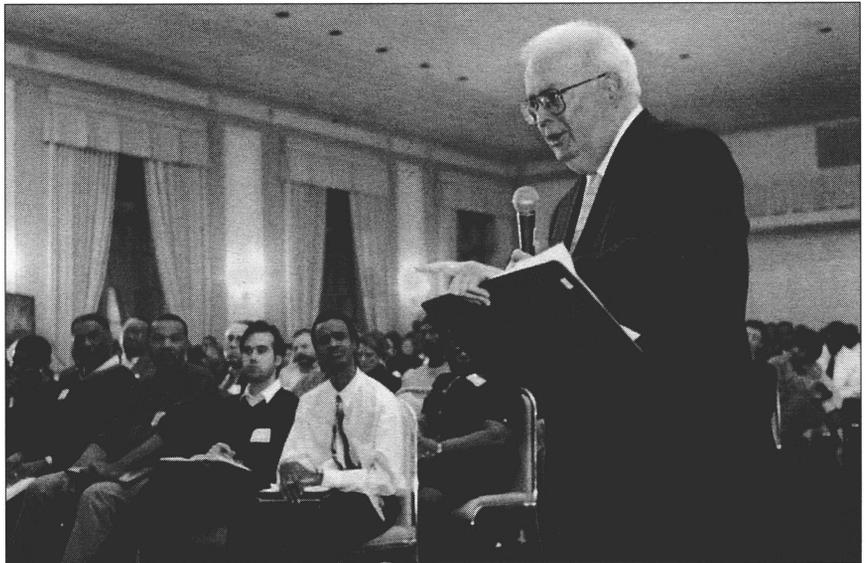
CRN has twenty years of advocating for the policies that contribute to the development and preservation of affordable housing. Equally important is our reliance on our members and networks to provide the technical assistance for community development and housing that is sustainable.

Our success is not ours alone. We have commitments from the corporate sector and public sector that make a difference. LaSalle National Bank, ABN AMRO, has been a leader through Gary Washington's support of our property tax initiative and our recent 20<sup>th</sup> Anniversary gala. With the Chicago CRA Coalition, CRN negotiated a \$4.1 billion 6 year agreement with the new Banc One that will mean new residential and small business lending.

In the public sector, with Commissioner Julia Stasch's leadership, the City of Chicago recently adopted a second 5 year Affordable Housing Plan, with a \$1.29 billion commitment. And in our property tax initiative the Commissioner responded to a good idea and made it happen.

It is that type of stepping up we believe needs to happen around public housing. It is that stepping up with corporate and public leadership in support of non-profit community development that makes effective policy. We need leadership and we need each of you to participate in that call for leadership.

As you read this Network Builder, think about the housing that is available in Chicago. Is there enough? Is it affordable? Is it quality? Will its owners accept a Section 8 voucher? A rental market analysis will be carried out in the



Chicago metro area in 1999. When it confirms what we already know to be true, that there isn't enough affordable, quality housing, that discrimination based on family size, race and source of income prevents many families from having housing choice, what will we do? Will we have the courage to revisit one-for-one replacement to ensure that there are enough units? We need to start preparing today for the study's findings.

If we can all agree to commit to providing quality, affordable housing for all Chicagoans then redeveloping public housing will be a success. Some of this housing will be public housing, some will be private assisted housing, some will be private housing subsidized through Section 8, and some will just be private housing. It is less important what kind of housing it is than that families and individuals have a stable, affordable, quality home from which to raise their families and build their lives.

Public housing's new inclusion in the overall housing community makes us all responsible for ensuring that restructuring works. We can only be part of the solution if decision making is brought out from behind closed doors and there are regular reports on activities and progress under restructuring. We look forward to the newly constituted CHA Board to issue regular public reports on their activities and progress and create opportunities for public input. We call on the media to continue covering this pressing issue.

-- Kevin F. Jackson

# CHA Redevelopment and Gautreaux

by Alexander Polikoff

Alexander Polikoff is the Executive Director of BPI and lead Gautreaux plaintiff's counsel.

For decades public housing- dominated neighborhoods in Chicago, such as Robert Taylor Homes, have been places of concentrated poverty and racial segregation amounting to awesomely bad living environments. Beginning in this decade, major shifts in public policy and law have made it possible to begin to dismantle these places and to replace them with mixed-income communities designed to provide their residents with better living environments. The furthest along of these efforts is at the Henry Horner public housing development; Cabrini-Green, Robert Taylor, ABLA and others are beginning, or waiting in the wings for anticipated funding.

Under the best of circumstances, redeveloping an entire public housing-dominated neighborhood would involve the pain of uncertainty and change for present residents, and – because of the scope and complexity of the undertaking – major challenges to planners and developers. In Chicago there have been two additional challenges, both related to Chicago's long-running Gautreaux public housing desegregation case.

The first is uncertainty over whether the Chicago Housing Authority, or The Habitat Company, as court-appointed Gautreaux Receiver, has the authority to develop the new housing that is to replace the demolished high-rises. CHA has taken the position that Gautreaux orders do not apply to redevelopment activities funded by its "HOPE VI" urban revitalization programs. After a year of guerrilla warfare it filed suit in September 1997 for a court ruling supporting that view. CHA lost, and is appealing to a higher court; pending a final ruling it is cooperating grudgingly with Habitat.

This is not just a turf war. What is at stake is whether the

desegregation thrust of Gautreaux will apply to the redevelopment of places such as Taylor. As Gautreaux Receiver, Habitat is bound to see to it that the potential for achieving desegregation through mixed-income communities is kept in the forefront of redevelopment planning. Were it to be freed from Gautreaux, CHA might well opt for the maximum possible number of public housing replacement units on the site of the demolished high-rises, risking the substitution of low-rise ghettos for the demolished high-rise ones.

The second challenge is how families who receive Section 8 rent vouchers are treated. Many families displaced from to-be-demolished high-rises are offered and accept these vouchers rather than transferring to other CHA buildings or waiting for replacement housing to be constructed.

Families receiving Section 8 vouchers should be enabled to move to communities that would improve their life opportunities through better job access, better schools, etc. Such "mobility" moves don't just happen; they require personalized counseling

and intensive housing search assistance, as well as extra search time compared to what is needed for a family which chooses to stay put by moving, say, three blocks away. Yet CHA recently gave just 30 days' time – an absurdly short period within which to make a Section 8 mobility move – to families being forced to leave a CHA building slated for demolition. And an investigation by *The Chicago Reporter* (July/August 1998) found that of the 30 Chicago census tracts receiving the most CHA Section 8 families, only six have per capita incomes of more than \$10,000, and all but two are at least 97 percent black. There is also a growing concern that CHA's Section 8 program may reconcentrate Section 8 families in a few previously non-poor neighborhoods, thereby creating new clusters of poverty.

Last year the Gautreaux judge refused to extend the Gautreaux rules to cover Section 8, but left the door ajar to reconsider his decision on the basis of further evidence. As an alternative to returning to court, CHA and the Gautreaux plaintiffs, along with other interested parties including the city of Chicago, are exploring whether arrangements for administering Section 8 can be agreed to that will satisfy the requirement to offer realistic housing mobility opportunities as part of the offer of a Section 8 voucher.

In a key respect the goals of Gautreaux desegregation rules and of Section 8 housing mobility are the same – to enable families who have been living in neighborhoods of concentrated poverty and racial segregation to live instead in mixed-income communities. The argument is

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# Where Will All the Vouchers Go?

## From the LaSalle Banks / CRN Forum

"Families that are going through the pain and suffering of displacement need to be treated with compassion," Alex Polikoff told the audience at CRN and LaSalle Banks' December 8<sup>th</sup> panel discussion on public housing, and with the pace at which the redevelopment of public housing is proceeding, that does not appear likely to happen. That was one point on which the panelists and audience alike seemed ready to agree. In fact, moderator John Callaway managed to coax out numerous points of agreement from this potentially explosive event. Provocatively titled "Into Thin Air or Into Community," the forum was designed to open up a public discussion of a difficult topic: if nearly 19,000 units of Chicago's public housing are taken down in the next 10 years as HUD insists, what will happen to the thousands of families who live in them? Will their rent vouchers be enough to enable them to find a place in our communities, or will they simply disappear from view, deflected by an impenetrably tight rental market?

Wanda White, the panelist representing the CHA's redevelopment and supportive services efforts, reported that 1,400 CHA families would face "transition issues" in the next year alone, and that CHA had 20 people working on relocating them – out of a staff of numbering in the thousands. "CHA has a staff of thousands and only 20 of them are working on one of the most difficult jobs in the city?" Callaway asked her incredulously. The point does not reflect on Wanda White of course, but on the contrast between the magnitude of the task, and the resources available to do it well. What is it you need to do this job right? Callaway

asked her. "The time to plan, the resources to carry it out." Wanda said. And from a conversation that could have devolved to an exchange of accusations, Callaway had wrested the first point of understanding:

The process needs to be slowed down.

"But remember," Wanda added "when we slow the process down, we will need to request the resources to make the buildings habitable just to allow people to stay." Last summer, CHA's Joe Shuldiner estimated "near term funding costs" for 12 developments that failed a federally mandated viability test would add up to \$1.02 billion.

"What do you need?" Callaway asked. "A Democratic Congress," said 5<sup>th</sup> Ward Alderman Toni Preckwinkle. The second point of understanding was that much of what we do locally has been mandated federally. It is Congress who enacted the "viability" test – to determine if it would be cheaper to voucher out and demolish the nation's \$100 billion portfolio of public housing. And it is HUD, acting on this mandate, that is pressing CHA to eliminate the 19,000 units in 10 years. When more resources are needed just to allow people to stay, it is Congress that must be convinced that dispersing the problem will not solve the problem. "Poor people will be just as poor over there as they are here," as panelist



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**"Families that are going through the pain and suffering of displacement need to be treated with compassion"**

Wordell Yotaghan put it.

Yotaghan is a resident of the ABLA development and a leader of the Coalition to Protect Public Housing. He agreed that many of the hard decisions were being determined by Republicans in Congress, "But let's be real. We live in a Democratic city. For 30 years Democrats have allowed this situation to develop." Panelists Mary Davis from the Leadership Council for Metropolitan Open Communities and Alderman Preckwinkle reinforced the point: racism shaped the way it has been built and where it was built, concentrating poor blacks in isolated high

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# Standing Up for Tenant Ownership

With the HOPE VI program, the federal government has spurred a sweeping re-invention of public housing in cities like Chicago in an effort to improve the conditions for the families who live in it. By reintegrating them into the city at large, reformers believe public housing tenants will have a better chance to succeed in society. The idea that this can be accomplished by changing the physical environment they live in is encouraged by accounts of how their current isolation was also engineered by manipulating their physical environment. Some of the engineering may have been a result of bad intentions, but not all of it was. The extent to which the failures were *not* intentional should make the worst public housing a cautionary example: evidence that changing the environment is not the most fail-safe way to change people's lives.

The alternative would be to make the physical engineering a part of a larger plan that focuses on the empowerment of tenants through social services, job creation and tenant organizing. The history of public housing includes examples of both alternatives, and HOPE VI, with its emphasis on better development plans *plus* tenant empowerment, is designed to draw on each of them. But as Chicago struggles to implement that process at real developments like Cabrini Green, local dynamics get in the way.

Before the Wagner Steagall Housing Act (1937) and its subsequent amendments authorized public housing as we more or less know it today, the federal government engaged in several intriguing experiments in rural and urban housing development that were meant to assist workers stricken by the Great Depression. In urban areas the Public Works Administration (PWA) built housing through a program whose housing creation function was thoroughly

infused with its job creation one. Interestingly, it seems to have been during the early years when federal housing creation was conceived as another way to assist workers – the “submerged middle class” – who were not easily distinguishable from the regular housing consumers that the real estate industry actively lobbied against it.

In the early years, the PWA would give grants for up to 30 percent of project costs to limited dividend or non-profit corporations who would sponsor the homes. The sponsorship foreshadowed today's community development corporation — including its emphasis on tenant associations, many of which were organized with the assistance of social workers. Labor unions were frequent sponsors of PWA housing, and some of their tenants association “advocated participatory socialism,” according to Gwendolyn Wright, a social historian who describes the development of public housing as a gradual retreat from this ideal of organizing and empowerment toward a generally

benevolent, but increasingly paternal vision of housing as a tool for improving people.

The first step in this direction may have been the one that placated the building industry as well – the determination that public housing should serve families whose incomes were 20 percent below the level that could sustain the lowest market rents, effectively identifying a separate class of families for improvement. Wright marks the progress of the social improvement agenda from careful selection criteria that targeted “complete” [two parent] families, and called for social worker interviews, employment verification, background checks and home visits, to the strict rules that governed behavior when tenants moved in. Tenant screening and rule enforcement are often cited as factors that helped early public housing succeed, but the fact that they extended to design features — like doorless closets that were meant to encourage neatness — highlights the distance that separates them from the tenant associations and labor leanings of some of the old PWA housing.

When the Housing Act of 1949 added massive powers of slum clearance to the machine that built public housing, it meant channeling government investment through extensive rebuilding and relocation of people rather than investment in the people in their communities themselves. Between 1949 and 1968, slum clearance had leveled 425,000 homes of low income and minority families, replacing them with 125,000 new units, over half of which were luxury apartments.

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# More Than Pyrotechnics

by Joel Simon

Joel Simon is Community Consultant at Jewish Council on Urban Affairs and Technical Assistance Provider to Coalition to Protect Public Housing.

Hundreds of Chicagoans flocked to the South Lakefront to witness the implosion of four buildings once known as the Lakefront Properties. While many came to witness the feat of physics which brought the hulking structures down in a mere 24 seconds, many were there to bear witness to the end of a severely flawed public housing system. The throngs cheered as the buildings tumbled to the earth, hopeful for a new mode of public housing, one that creates mixed income communities in more humane, less-stigmatizing arrangements. Yet the implosion, while dramatic, does not erase the fears of displaced residents, or those threatened with displacement in the coming years. The new beginning so anticipated and celebrated at the implosion contains harsh realities for residents, including broken agreements, delayed and often absent relocation units, and the demolition not only of obsolete and vacant buildings, but of communities and crucial relationships.

As we undertake the most significant urban revitalization effort in Chicago's history, we must be wary of replacing one form of inadequate, inhumane housing with another. Great efforts, not to mention public resources, are being expended to change a system that is clearly troubled. Those efforts and resources, however, stand to increase insecurity and eventually homelessness for those most vulnerable citizens in whose name the "redevelopment" is being promoted. No matter how well reasoned, how theoretically sound, solutions which ignore the practical realities and assets of communities in the CHA are doomed to failure and will only

reconfigure our housing problem, not solve it. As we redefine the public housing system, more than pyrotechnics are required for success, including respect for community relationships, approaches to integration goals, and an honest assessment of who will benefit from the changes.

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**Public housing communities are often viewed as places of disorder ... as devoid of resources, yet that is far from the truth.**

**In the absence of economic resources, families in public housing depend on one another to meet their daily needs.**

Redevelopment is being approached from many angles. Certainly the financial aspect is of paramount importance, as are the general planning issues. Of greater concern to the Coalition to Protect Public Housing and its supporters, however, are the potentially severe consequences for the thousands of families to be relocated, reconfigured, and affected by the redevelopment process. Regardless of the desire to correct past mistakes, or change the public perception of public housing, many families realize that they will suffer once again at the hands of a housing authority which has no track record of respecting the integrity of

the communities that exist in public housing, or the families who comprise them. Many families who have suffered under the mismanagement, corruption and neglect will again be those who are forced to pay for the unproven remedy, this time with their homes.

Public housing communities are often viewed as places of disorder that need to be disassembled. The density of poor people, the theory goes, causes problems. The communities are seen as devoid of resources, yet that is far from the truth. In the absence of economic resources, families in public housing depend on one another to meet their daily needs. If the communities are dispersed, given vouchers and spread throughout the region, then the resource of a neighbor or a relative who helps with childcare, for instance, is lost. Families being relocated to enhance their opportunities in other communities may in fact find themselves more isolated and less able to fill their daily needs because their new communities isolate them from the personal and familial relationships they relied on in public housing communities. The re-isolation does not cure the former problems because many relocatees are moved into communities as economically isolated, as racially segregated, and as physically dangerous as the public housing communities from which they are forced to move. Are we proposing to move families from a situation of community isolation to one of individual isolation and calling it progress?

Self-determination more than physical arrangement effects the success of a community. So often we are told that to have "stacked up the poor" in these high-rise buildings was

a mistake. We are told that the public housing system which put these families together was a failure, and that we should now disperse families among those with greater incomes and regular work schedules. The primary question may not be whether we should put people together or spread them apart, create vertical arrangements or horizontal, but rather whether we should so cavalierly put them anywhere at all, as if they were objects to be acted upon. Such an approach removes a family or an individual from the process of their own growth and development, relegating them to passivity. Building communities depends not on an academic notion of integration or density but on a family's ability and inclination to make a positive, active choice about their future, and determining which aspects of choice are most applicable to them. Should it not be the affected residents themselves who determine the value of maintaining familial and social relationships versus living in an integrated area or being the guinea pig for a utopian ideal of an integrated society?

It is this notion of the ability to choose that is at the heart of the Gautreaux decree which wields so much power over the shaping of the CHA communities of the future. African Americans were denied choice in seeking housing because the CHA developments were put only in African American neighborhoods. Gautreaux attempted to remedy that by enforcing integration of public housing units into non-impacted or redeveloping areas. But what about the choice to stay in a black neighborhood or among neighbors or relatives who are familiar even if poor? Regardless of what we may view as the positives of integrated communities, many families are more comfortable among those of their own race, be they of European, African, Asian, or Latino decent. Why do we attempt to fulfill our integrationist goals by forcing the poor to live in communities that may be uncomfortable to them

and that do not necessarily provide the cultural, religious or commercial opportunities that allow them to feel membership in the community?

This social engineering often appears based more on profitable use of increasingly valuable land than on achieving racial and economic mixing. Is it not curious that efforts to encourage mixed-income communities only occur in areas where poor or working class people live? Where are

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**Let us bid out redevelopment based on economic feasibility, quality construction and achievement of the social goals of housing availability and resident empowerment. These are the criteria on which development proposals should be judged and on which potential developers should compete.**

the mixed-income proponents in Lincoln Park? Is economic integration a goal in Wilmette? Gentrification and displacement continue in Westtown despite achievement of economic and racial integration there. And does proximity at all correlate to increasing opportunity, or even interaction? Will those poor African American residents of a new mixed income community become further isolated because there is no opportunity for interaction between them and their wealthier neighbors? Will the children of this new mixed-income community attend the same schools as the children of their wealthier counterparts, or participate in any other shared aspect of civic life?

The successful redevelop-

ment of CHA communities is also crippled by the singularity of the receiver, a private corporation who exerts tremendous control over how redevelopment happens. When Cabrini-Green residents reached a settlement with the CHA and the city, agreeing to more replacement units and resident control over redevelopment, it was the receiver under the Gautreaux decree who stymied the process. They stated, among other objections, that quality developers will not participate in the project if the resident organization has controlling interest in the general partnership. But why not let the market decide? Let the CHA and LAC issue the request for proposals and then evaluate the quality of the applicants. Several developers with impressive track records have indicated their willingness to participate. Would it then be better to institute a competitive process on all receiver activity? Let us bid out redevelopment based on economic feasibility, quality construction and achievement of the social goals of housing availability and resident empowerment. These are the criteria on which development proposals should be judged and on which potential developers should compete.

The current political will to change the often harsh reality of public housing offers a unique opportunity. We do ourselves a great disservice, however, if we ignore the needs and resources of the affected families and their ability to make sound decisions when provided with proper information. However well intentioned or thought out, plans that do not substantively engage residents in the shaping of their futures will likely be met with skepticism and even hostility. Development of a new and successful paradigm will depend on valuing communities and working to enhance self-determination. We can either make changes to benefit our communities, or simply rearrange them. Let us not miss this opportunity to make real change.\*

*Forum, continued from page 5*

rises. And racism and classism are determining the way it is being redistributed.

The day the forum asked “Into Thin Air or Into Community?” *The Chicago Tribune* came out with another installment of its occasional series on the same question, this time showing that the bulk of CHA’s “scattered site” housing have been built in just 12 predominantly minority wards. Mary Davis described how the Leadership Council has helped make the Gautreaux program a model of integration for the country, placing thousands of families with rent vouchers in non-minority suburbs. But she believes racism will make it much harder to replicate that success in the city of Chicago itself. In fact, the concentration of scattered site housing and rent vouchers in Chicago’s poor minority neighborhoods is well documented.

“If Mayor Daley were here, what would you tell him he needs to do?” Callaway asked. Alderman Preckwinkle began her answer a little circumspectly. She gave Mayor Daley credit for taking on some of the quality of life issues the city’s leadership had long ignored. It was Mayor Daley who took on the public schools, and who was willing to recognize that public housing projects like the Robert Taylor Homes were a bad idea, and he was willing to do it, she noted, “even though they were his father’s bad idea.” Considering the Mayor’s record she concluded that what she would ask for both nationally and locally would be to have 10 percent of all new development set aside for public and affordable housing.

In 1966, Alexander Polikoff filed a lawsuit for Dorothy Gautreaux and 40,000 residents of public housing, charging that the CHA had used public housing to build isolated ghettos in poor minority neighborhoods. The courts agreed and

charged the CHA with taking steps to reverse that isolation by building new housing in non-minority areas and by placing other tenants in such areas with Section 8 vouchers.

If racism and classism are

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## **“If Mayor Daley were here tonight, what would you tell him needs to be done?”**

limiting the very programs designed to reverse the segregation of public housing to poor minority neighborhoods, is it time to file a new lawsuit?

“Yes,” said Alexander Polikoff.

“No,” said the Leadership Council’s Mary Davis.

And here was a point on which the forum would not reach consensus. Polikoff reported that a motion was filed to expand the scope of the Gautreaux program to cover the use of Section 8 vouchers beyond the original goal – which has been reached. The court refused, but not with finality, according to Polikoff. “We’re currently negotiating with the city and CHA,” he said. “We’ll either get an agreement, and slow the process down, or go back to court.”

Tenants in the audience criticized Gautreaux for restricting the ability of CHA to replace demolished public housing with new public housing units in the communities they considered their homes. “Gautreaux needs to be revised,” says Izora Davis, leader of a group of former tenants of Lakefront Properties who have struggled for years over the development of replacement housing – whose location in a minority area would make it subject to Gautreaux. “Mr. Polikoff did a good thing, but

everything changes with time.”

Other tenants raised questions about tenant involvement in the redevelopment process. And here the tone of the discussion changed. Most participants would probably agree on tenant involvement in principal, but as tenants raised questions about the details of that involvement – which tenants, and how involved – the reserved agreement that marked the first half of the forum dissolved over the difficulties raised by the specifics.

When Callaway asked Wordell Yotaghan to put his finger on why it was important to listen to the tenants in the redevelopment, Yotaghan said tenant participation was to ensure against repeating the injustices of the past, and because the tenants know what ought to be done. His answer is a difficult one. If you did not already believe in tenant involvement, would you believe tenants really have the answers?

Then again, it seems inconceivable the authorities would have been able to carry out the disruptions of massive urban renewal in rich white neighborhoods with the impunity that they did in poor black ones 40 years ago – the residents would have spoken up for themselves, and they would have made sure they were heard. Today, as Chicago prepares to renew public housing, starting with demolition and clearance the way the last bout of renewal did, the main difference might be whether the voices of the tenants are heard when we work out the hard specifics.\*

“More important than the numbers,” Wright claims “was the mood of these people, who had been evicted from their homes and who had few places where they were allowed to live... [Although the Supreme Court struck down racially restrictive covenants in 1948, blacks were still effectively prohibited from renting in

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**“More important than the numbers was the mood of these people, who had been evicted from their homes and who had few places where they were allowed to live...”**

most white residential areas by neighborhood resistance]. Public housing was no longer seen as a temporary community for families who would improve their condition and move back into conventional homes. Rather, it had become the last refuge for people who were disheartened and hostile.”

More important still, from the point of view of the present was that the massive upheaval and “change in scale” was orchestrated intentionally because it was thought it would “discourage regression” to the old habits of the slums.

CHA’s Elizabeth Wood, generally remembered for her enlightened commitment to the racial integration of public housing, wrote this about public housing plans in 1945. “[They] must be bold and comprehensive – or it is useless and wasted. If it is not bold, the result will be a series of small projects, islands in a wilderness of slums, beaten down by smoke, noise and fumes.” She was making this argument for the 80 plus

acre public housing super-blocks where neither cross traffic nor public transportation lines would be allowed to disrupt the community, the same super-blocks that we are taking apart today. But the imperative on the bold and comprehensive, the fear that anything smaller will be swallowed by the immensity of the problems, is the same.

The difference, we hope, is that *our* big plans will accomplish an economic integration that those big plans did not attempt. Nevertheless, our big plans have other qualities in common with theirs. One is that there has been little thought given to those people who will be evicted from their homes and who will have few places where they are allowed to live. The other is that planners still find it easier

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**More important still, from the point of view of the present was that the massive upheaval and “change in scale” was orchestrated intentionally because it was thought it would “discourage regression” to the old habits of the slums.**

to envision tenant improvement through environmental controls than tenant engagement and community building.

Today, these themes are being elaborated in the long process of the redevelopment of the Cabrini Homes Extension. Chicago won a \$50 million HOPE VI grant to replace it with a mixed income community in 1994. Trying to calculate how many public housing residents will be allowed to remain is complicated, but

when the development is done, Cabrini will lose 1,324 units. Those will be replaced by 2-3,000 new units, but only 650-700 of them will be for public housing tenants. That number is comparable to the 544 units that were actually occupied before the demolition, but then again, new federal income targets, which CHA managed to mitigate into employment targets for Cabrini Green, mean only half those units would be available to Cabrini tenants (14% of tenants at the Extension are employed according to CHA’s own viability analysis). These numbers suggest about 200 families will leave for good, unless they find jobs fairly quickly. The proposed displacement is more controversial because the new plans that call for it were made in violation of HOPE VI’s demand that tenants participate in the process.

Why does it matter if tenants participate in the plans anyway? When John Callaway asked that question at the LaSalle Banks/CRN forum, Wordell Yotaghan of the Coalition to Protect Public Housing answered it’s the only way to prevent bad history from repeating itself. The other half of that answer is that tenant participation has a history of helping public housing work.

Lakefront Properties exemplifies the bad history Cabrini tenants want to avoid. A 600 unit public housing high-rise complex located in another revitalizing area of Chicago, Lakefront Properties was vacated for renovations in 1985. At that time, tenants signed a memorandum of understanding with CHA that assured them they would return to the renovated high-rise. By the time CHA was assembling an application for a HOPE VI grant to redevelop Cabrini Green, the tenants of Lakefront Properties were still waiting to return. Plans had changed from rehabbing the existing buildings to replacing them with a new community, and negotiations continued over the number of replacement units and whether they

could be built before the demolition began. About 2 years ago, CHA and a tenant group from Lakefront Properties worked out an agreement that would include 80-100 subsidized units on the site after demolition, another 341 units scattered through the neighborhood and the city at large. Mistrustful that these promises would be realized, the tenants wanted to see the replacement housing built before the demolition began, or if they could not have that, they wanted the receiver responsible for building them to complete the replacement housing in 10 months. The court ruled this was not necessary, and the buildings were just imploded December 12<sup>th</sup>.

When the residents of the Cabrini Homes Extension were asked to participate in the HOPE VI process in 1993, they brought their realistic concern that revitalization would mean their removal, and they wanted assurances that neither relocation nor demolition proceed until they saw replacement housing completed on CHA land. Then CHA Chairman Vince Lane agreed, and the application was funded, but Lane resigned 2 months after submitting the implementation plan.

Today, the General Accounting Office (GAO) has made the Cabrini Extension a case study of the HOPE VI program – maybe because of the extraordinary delays in implementing it. Four years after the award, the participants have not been able to work together long enough for HUD to release the money, which may raise the danger of losing the grant altogether. After Lane's resignation, HUD stepped in to take CHA under control, and placed Joseph Shuldiner at the helm. Shuldiner brought an impressive resume from heading housing authorities in New York and Los Angeles where he worked closely with tenant groups and CDCs to develop innovative solutions. The GAO report says Shuldiner took time "to restore relationships with the community" before submitting the

implementation plan that would finally be accepted by HUD in 1997. What it does not mention is city officials, who had been involved all along, stepped in as the pre-eminent member of that community. In the summer of 1996, *The Chicago Tribune* announced Chicago Mayor Daley had decided to scrap earlier negotiations and would begin working out the new revitalization plan from scratch in closed door meetings among top city and CHA officials.

HOPE VI calls for the integration of public housing redevelopment into larger projects leveraging

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**Integrating public housing back into the fabric of the city at large is what HOPE VI is all about, but it is supposed to bring the tenants along.**

**In October of 1996, finding themselves closed out of the process, the Cabrini LAC filed suit against CHA and the city, arguing that the residents had not been allowed adequate participation in creating the new plan as required by HOPE VI.**

other sources of funds that will extend the impact into the surrounding community. It is this that encourages the city to play such an active role. CHA controls CHA land and CHA funds, but any plan that steps off CHA's turf to apply for TIF funds, for instance, or to spread public housing

densities over city owned land, enters the realm of local authorities.

Integrating public housing back into the fabric of the city at large is what HOPE VI is all about, but it is supposed to bring the tenants along. In October of 1996, finding themselves closed out of the process, the Cabrini Local Advisory Council (LAC) filed suit against CHA and the city, arguing that the residents had not been allowed adequate participation in creating the new plan as required by HOPE VI. In that sense, it fit right in with a whole history of benevolent plans to create social order through design improvements (in this case, low density low rises in a mixed income community) with little interest in including tenants in a participatory process.

In July 1998, the Cabrini tenant's Local Advisory Council, CHA and the city of Chicago reached an agreement on a proposed settlement that would help ensure residents significant participation through an ownership structure common to community development projects: the agreement would give the residents (through their LAC) 51% ownership of the general partnership that would develop residential units on CHA land. The ownership position would ensure the LAC a voice in the selection of the developer, some participation in the redevelopment process, and some share of development fees (all of which must be used for the benefit of the Cabrini Green development). The details (what kind of participation, and how much of the developers fees, etc.) will be worked out through the partnership agreement itself.

The media response to the proposed consent decree was explosive. The editorial board of *The Chicago Tribune* — one of whose members had already pronounced Cabrini a cluster of "high-rise hellholes," and dismissed the LAC as "the Coalition to Protect the Way Things Are," now denounced the

proposed consent decree as a “stupendously ill-advised deal.” No developer would want “to be held hostage to a tenant counsel,” the paper claimed.

In fact, the ownership model used in the proposed settlement is very common in community development: a community group, such as a church who sponsors a development may or may not have development expertise. If they do not, they will enter a partnership with a developer. The sponsor usually maintains ownership but the roles and responsibilities of each party are spelled out in the partnership agreement. Further, the ownership structure arrived at at Cabrini – one that was satisfactory to the city, the CHA and the tenants – was modeled on partnerships that have been used with success by other public housing redevelopment projects across the country. One of the most notable has been Boston’s Harbor Point – a redevelopment of the notorious Columbus Point public housing project. Architects across the country cite Harbor Point as one of the success stories of a design approach called new urbanism – but what probably differentiates Harbor Point from less successful new urbanism projects are its reliance on its tenants.

The Columbus Point tenants were a highly organized group from the 1960s when they responded to declining conditions in the project by forming The Columbia Point Community Task Force. In 1979, HUD committed \$10 million to rehab the development. After \$2 million had been spent, it was the tenants who recognized \$10 million would not accomplish lasting changes. They moved to stop the renovation, to put the \$8 million that remained in escrow, and lobbied for a more extensive process. The tenants selected the development firm of Corcoran Jennison because of the firm’s work with other tenants in other projects, and the tenants and developer worked

closely as co-equal partners throughout the development of Harbor Point. Together they mapped out a detailed social service plan to empower tenants and evaluate its success on a regular basis.

Today, the tenant task force continues to play an active role in management from its co-equal position on the board of directors. Furthermore, their commitment and active participation have been a key to

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**While Habitat goes through the agreement, determining which parts they are willing to accept, the tenants have filed a request that Habitat’s receivership be waived for the Cabrini redevelopment and that Corcoran Jennings Corporation be appointed development manager in Habitat’s stead.**

the project’s success. When Harbor Point won the Rudy Bruner Award for Excellence in Urban Environment, Jay Farbstein and Richard Wener reported “It was the tenants who provided the needed support and credibility for strict interpretation of building rules (such as no pets), even when they led to several evictions.”

Today, Corcoran Jennison Companies are involved in 4 HOPE VI projects, including Allequippa Terrace in Pittsburgh, which, like Harbor Point, is a 50/50 partnership with the residents. Joseph Corcoran of Corcoran Jennison Companies visited Cabrini this fall, and wrote a letter to the residents, calling the plan for the CHA parcels at Cabrini both “sound and quite viable,” and fit to make for

“an economic and social success at this site.”

The disapproval of *The Chicago Tribune* was not enough to undermine this late agreement among the city, CHA and tenants – one drawing in all the participants the HOPE VI process could ask for. But Chicago’s political landscape yielded someone else who could. In 1987, CHA was failing to fulfill a court order to develop new public housing in non-minority areas. At that time, a private developer, The Habitat Company, was appointed receiver of CHA’s new construction.

Habitat did not participate in the protracted negotiations around the Cabrini HOPE VI plans, and after everyone who did finally came to agreement, Habitat went to court to stop HUD from releasing the grant money, arguing legitimate agreement could not be reached without their participation as receiver. While Habitat goes through the agreement, determining which parts they are willing to accept, the tenants have filed a request that Habitat’s receivership be waived for the Cabrini redevelopment and that Corcoran Jennings Corporation be appointed development manager in Habitat’s stead. Corcoran Jennings is not only more comfortable with the agreement the other parties have reached, they have extensive experience in HOPE VI and resident participation to draw on in that management role. It sounds like a sensible way to effect change from the way things have been.\*

# Regional Policies = Community-Based Development Strategies = Improved Public Housing

by MarySue Barrett and Robin Snyderman

MarySue Barrett is President of the Metropolitan Planning Council; Robin Snyderman is MPC's Housing Director.

Chicago's recent successes with public school performance and accountability are the product of unwavering support from Mayor Richard M. Daley; a talented management team; committed parents; teachers; and consistent involvement from business leaders. What would it take to mobilize similar commitments, on a regional level, to reinvent public housing?

## Elevating the Dialogue

When people discuss public schools, they ask about teachers' skills, their pay, their morale, and the curriculum. They inquire about student-teacher ratios, after-school services, and the lunch and sports and arts programs. We all recognize the need for schools to dedicate non-academic resources to support the whole child, enabling that child to excel scholastically and building stronger bridges to a promising adult life.

But when people talk about public housing, they tend to gloss over the importance of property management standards, the skills, pay and morale of social service staff, tenant-staff ratios, adequate and flexible resources, and connections to the surrounding neighborhood and the region at large. Worse, much of this information is not easily accessible.

Community development corporations are uniquely poised to elevate and inform the discussion about public housing – and the sooner the better.

Chicago public housing high-rises cast shadows far beyond our region. Sadly, they are used as an

excuse at planning hearings nationwide to delay or defeat affordable housing developments. Security problems, crumbling infrastructure and high unemployment all contribute to a pervasive sense of hopelessness and cynicism.

## The Facts

Chicago's public housing stock is facing tremendous changes, as HUD relinquishes the oversight role it has played since mid-1995, and the CHA pursues redevelopment plans which include the demolition or renovation of 10,014 units in its 17 most distressed properties (defined as those containing over 300 units and higher than a ten percent vacancy rate). In response to HUD's requirement that housing authorities prepare "viability plans" regarding these distressed properties, the CHA submitted an aggressive proposal to demolish 11,182 units, renovate 6,298 units, and construct 4,321 new units. The Metropolitan Planning Council (MPC) has and will continue to monitor the progress of these redevelopment plans. At the time of its submission to HUD in April, 10,542 of 19,000 distressed units were occupied.

The realization that over 8,000 affordable units are slated to

permanently disappear from Chicago's already limited rental stock is as riveting a concern as the quality of relocation and mobility counseling available to existing public housing families and the availability of replacement units to current residents. (While the numbers are still evolving, about half of the units will rent at market rates and some subsidized units will require employment as a source of income, "screening out" many of the current tenants unless self sufficiency and employment programs are improved.) Those who don't stay within CHA properties will be offered Section 8 subsidies for the regional private rental market.

## Bricks, Mortar, Subsidies and Community Planning

Whether these changes will jeopardize or expand housing opportunities for CHA tenants, and whether they will revitalize the surrounding neighborhoods depends on the policies, programs and investment strategies established. MPC has long advocated that both successful asset management of the existing housing stock and mixed income redevelopment require a process of resident and community involvement that builds trust and secures a better future for all.

The evolving dialogue between MPC and the Chicago Rehab Network suggests that public housing redevelopment can be pursued most successfully through regional policies, community-based partners, and investment strategies which support them. Our challenge as a metropolitan community is to throw our weight behind innovative housing options that clearly benefits residents, while

creating healthier neighborhoods.

The future economic health of the metropolitan Chicago area is dependent on maintaining a competitive workforce. There are many ways to enhance workforce competitiveness, ranging from job training to improving transportation systems for better access to employment – but housing is often overlooked. The bustling employment centers throughout the suburbs are typically surrounded by communities that are not affordable to a growing new workforce. Commuting nightmares and resulting employee turnover and recruitment challenges are the price we pay for not providing housing for average families.

With “bricks and mortar,” it is easier to grasp that housing is a community development strategy. CRN members, together with supportive housing advocates, have increased this understanding. But with thousands of families using Section 8 certificates to relocate into the regional rental market, we need to ensure that is also deployed as a vital neighborhood and community resource.

Without built-in support services before, during and after a move, the Section 8 program does not (a) ensure families improved living conditions, with greater access to neighborhood amenities, transportation, jobs, quality education, and economic opportunity; or (b) respect the challenges and capacity of fiscally stressed neighborhoods with more fragile community supports.

Over \$7 million has been set aside over the next two to three years for programs which support public housing families in transition. There’s an effort underway to chart all the resources and programs addressing these goals, and to understand where there’s a need for better coordination, increased funding, or improved program design. Relocation dollars, mobility counseling contracts and self-sufficiency programs are just

three examples of existing complementary resources which can be better marshaled to serve CHA residents and Section 8 participants.

With asset management for existing and redeveloped public housing, as well as the Section 8 program, there has to be strong coordination among property owners, managers, tenant associations, neighborhood organizations, social service providers, vocational trainers, mobility counselors, city agencies, and private foundations. Whether housing authorities facilitate, contract out, or directly provide property management and human services is less important than whether the responsibilities and lines of communication are crystal clear and tied to the involvement of an informed tenant. The trick is to assemble the right team, ensure accountability and strive for sustainability.

### Regional Rental Market Analysis

Sustainability depends, in part, on sufficient rental units being available. The marked population growth that has taken place throughout the Chicago region since the 1990 Census has created concern about future housing affordability issues. Trends pointing to an increased affordability gap and decreased construction of new rental housing places metropolitan Chicago in a fragile situation. This is exacerbated by the public housing changes, which will convert many subsidized properties – both publicly and privately owned – into market rate housing.

MPC is serving as the Project Manager for a Regional Rental Market Analysis, working closely with CDCs and other stakeholders to ensure that critical policy, program and investment strategies are based on the most current housing data available. The analysis, available in mid-1999, will quantify the available which both threaten and bolster the regional rental market.\*

*Polikoff, continued from page 4*

that by adding working families to the population mix of public housing communities, and by enabling Section 8 families to move into neighborhoods where working families already predominate, enhanced life chances for public housing families will result.

Work, and all that goes with it, is of the essence, at least in our time, of decent, civic society. If too many of us are without work, the society comes apart – the larger society as in the Great Depression, or our ghetto societies of today. Evidently people must have the inclination, habit and opportunity to work if society is to work. Although the social science evidence is not yet conclusive, there is a growing consensus among researchers that concentrations of unemployed, impoverished families in inner-city neighborhoods are harmful both to residents and the larger community.

At bottom, this is the justification for the mixed-income policy prescription – it strives to enable people to live in working communities, thereby to increase the likelihood that they too, to society’s great benefit, and theirs, will go to work, or begin the process of equipping themselves – and particularly their children – to do so.

The opportunity to redevelop Chicago’s failed public housing neighborhoods is a rare second chance. Whether we get it right this time may depend to a considerable extent on whether CHA wins or loses its appeal, and on the outcome of the current Section 8 negotiations – or the renewed Section 8 court efforts should the negotiations fail.\*

# Neighborhoods Alive!

By Valerie Jarrett

Valerie Jarrett is the Executive Vice President of The Habitat Company.

Chicago has always had a reputation for being the “city of neighborhoods,” but even by its own standards, the last 10 years of community redevelopment have been exceptional. Unlike any other time in the city’s history, there has been an extraordinary collaboration of the city, residents, businesses, community development groups and private agencies working together to create and implement plans for revitalizing and improving the city’s diverse communities.

Although schools, commercial developments and public safety have been important issues, the critical foundation for creating a healthy community has been the development of a range of housing opportunities, particularly in Chicago’s most distressed neighborhoods. The development of thousands of units of well planned housing, whether intended to be affordable to low income families, to attract middle income families or to meet the needs of seniors or special needs populations, has provided the density and the diversity that is rebuilding Chicago neighborhoods from one end of the city to the other.

It is within this context and with the experience of being a premier developer of quality housing for every income bracket and as an observer of the work of community-based developers that The Habitat Company has approached its role as the Court appointed Receiver for the Chicago Housing Authority (CHA).

Before I describe what this has meant, it will be useful to clarify the role that The Habitat Company plays in the redevelopment of public housing. In 1987, The Habitat Company was appointed by the Federal Court to be the Receiver for the CHA, responsible for the development of all new public housing, pursuant to the

Gautreaux decree which mandates that all new housing for public housing eligible tenants be developed in a manner that ends the historic racial isolation that has typically characterized CHA developments.

In our role as the Receiver, The Habitat Company has responsibility for the the creation of housing for eligible public housing tenants in communities throughout the City of Chicago (referred to generally as scattered site housing). As we fulfill these responsibilities throughout Chicago’s neighborhoods, we have approached each task with general principles learned from our own experience and from observing the successful work of community based developers throughout the city. These principles are that:

- Affordable housing can and should be quality housing
- People should not be defined by how they pay rent and therefore housing for public housing recipients should be indistinguishable from any other housing
- To be successful, the housing built must enhance the life of the tenant and be an asset to the community in which it is built
- To be successful, public housing tenants must be integrated into the larger community and count

themselves among the many stakeholders in that community, therefore engaging in joint planning with other community residents.

- The most successful communities are diverse in their demographic makeup, and consist of a mixture of homeownership and rental patterns.
- Critical to success is excellence in property and tenant management.

That these principles do work and should guide future development of public housing can be seen in three examples of Habitat’s work.

The oldest program in which The Habitat Company has worked is the Scattered Site Housing Program. Beginning in 1989, our initial task was to create 1600 units of housing for public housing eligible families in areas of the city that were neither overwhelmingly African-American nor overwhelmingly poor. Of the 77 community areas in Chicago, The Habitat Company was allowed to build in 57 communities, according to the strict HUD and Court guidelines. And we have. In ten years we have completed the first 1600 homes and apartments mandated in the original order, building housing in every allowable community.

How has it worked? Just fine. Given the historic neighborhood resistance to public housing (which was one of the factors that prevented the CHA itself from complying with the court order for 20 years (since 1968) and therefore resulted in the appointment of the Receiver) there has been an initial fear and resistance to the placement of public housing in many communities, but once the housing has been built, the homes –

and the tenants – have been found to be community assets.

Why? Because of the principles mentioned above. In each of the areas in which we built, we employed a variety of architects and planners to assess the density, unique neighborhood architecture, and to create appropriate structures that blended with the surrounding community. To further integrate the public housing units into the neighborhoods, The Habitat Company fought and won the right to offer half of the units in any building to residents of the community (in fact residents of the census tract), ensuring neighborhood acceptance and reflecting every community's need for additional affordable housing. Finally, at an early stage of the program, The Habitat Company and the then-executive director of CHA, worked out an agreement whereby the buildings would be managed by nonprofit development corporations who were working in the broader community. Again, we were looking to ensure that public housing was part of the broader community fabric.

The second example is the redevelopment of the Henry Horner Homes on Chicago's Near West Side. Here, working with experience gleaned from the Scattered Site program from the beginning, we began to work with the broader community – specifically the Near West Development Corporation and the Central West Community Organization as well as with the Horner Tenants representatives, to plan a development that would anchor the redevelopment of the Near West Side as an economically integrated vital community. The public housing planning was incorporated into a broader community process.

Working with the community groups, the tenants the CHA and the city of Chicago, the Horner Redevelopment is a prime example of what can be done through collaboration. With 446 units of housing to be replaced, we have managed to achieve a design that accommodates the tenants' needs

while enhancing the community. Where bleak buildings once stood in isolation, attractive town homes now stand. What had been an isolated island of poverty is now a city neighborhood with a restored street grid and restored diversity among the tenants of this growing community. While court suits and other issues have made the redevelopment less

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than ideal, the former Horner community is now a part of a new community named "West Haven," and with its new parks, individual homes and yards, it is a step – a big one – in the right direction.

Another, successful example of what can be done is in North Kenwood-Oakland communities with the redevelopment of the Lakefront Properties. Although this development has taken nearly ten years to come to fruition, the planning process literally involved every element of the communities. When the first buildings of the Lake Front Properties were closed and the North Kenwood-Oakland Community Conservation Council (CCC) was formed to plan for the neighborhoods, including the redevelopment of public housing, the communities were still at its low point with more abandoned lots and buildings than occupied ones. Since that time, hundreds of units of

housing have arisen in the area, attracting new residents to the community from literally every income group (with many of the units being subsidized in one form or another). As each new resident moved into the community, they joined the discussion. In addition, while this made the process of public housing redevelopment a long one, in the end it was well worth the time spent.

Today, with the consensus of the CCC, the redevelopment of the Lakefront Properties is well underway. Nearly 100 homes are planned for construction throughout the communities integrated into blocks composed of affordable apartment buildings and \$300,000 single family homes. In addition, the demolition of the Lakefront Properties are being planned for this year [the demolition took place December 12<sup>th</sup> after this article was submitted], and a planning process for creating a mixed-income redevelopment of the communities, complete with parks, a community center and needed open space are underway. Again, another example of quality housing for low income families, indistinguishable from the housing around it that is integrating residents and not isolating them.

These developments, of course, are just the beginning. There is no CHA development that does not need rethinking, retooling, if not total rebuilding. We are committed to the change. The question for Rehab Network members to consider is this: CHA housing is a dominant force in many of the communities in which you work: How will you participate to ensure that the replacement housing that is created is an asset to your community? How will you ensure that public housing tenants become an integrated part of the fabric of the community that you hope to strengthen and create?

It is a challenge to all of us: one that we gladly welcome and one in which The Habitat Company as the Receiver welcomes your participation.\*

# Public Meets Private Assisted Housing

By federal mandate and by local determination, Chicago will rebuild much of its public housing stock in the next 15 years. The worst of the highrises will be demolished, and they will be replaced with low density, mixed income communities. The result will be to reintegrate public housing, the system that runs it and the people who live in it with the rest of the city.

In housing terms, this will mean breaching the divide that segregates public housing from the rest of the housing market. It will also mean blurring the less discussed, but equally artificial divide between public and private assisted housing. The physical integration will necessitate a political one. While public housing has been a province onto itself, the various tasks of governing it have been divided among a handful of public servants: from the housing authority that manages the property, to the reformers who first challenged its racial isolation, to the receivers charged with reversing it. As public housing is reintegrated into the rest of Chicago, the role of each of them will be re-described in the context of the interests of the city as a whole. In 1996, as the will to change public housing grew, the Chicago Rehab Network board resolved to find ways to extend their support to the tenants of public housing in the belief that the interests of the tenants should not be the ones compromised when the roles are re-cast.

There are numerous ways community based developers can reach out to tenants to further this goal. CRN can provide technical assistance to facilitate the participation of tenants in a complex redevelopment process, and join forces with them to advocate for local and federal policies that would impact the amount and quality of the housing available to them. But before anyone can be confident that this latest version of slum clearance and urban renewal will do more for the tenants than the last one did, this redevelopment process must be made visible to public scrutiny. Just as the Department of Housing is responsible for reporting on its administration of public dollars for assisted housing, the entities governing the distribution of public funds for the redevelopment of public housing should make quarterly reports on spending, production and the placement of tenants both with and without Section 8 vouchers.

A new body of rules created to transform public housing will re-shape neighborhood-based development too. The transformation started with the creation of HOPE VI in 1993, and will accelerate with the passage of the Quality Housing and Work Responsibility Act of 1998. The new rules have given housing authorities the flexibility to demolish and rebuild substandard units that would otherwise exhaust limited modernization funds without substantially improving them, and to use public housing dollars to leverage other sources of financing to create housing for a mix of incomes. They will also target more public housing toward families with higher incomes.

The result will be a net loss of units for existing public housing tenants as quantity is sacrificed for the anticipated quality improvements promised by the mixed income model. As thousands of tenants leaving public housing head for the neighborhoods with vouchers, CDCs, with their community service orientation, may be the most willing to be their landlords, and the best prepared to do it too. However, the success of tenants and landlords alike will depend on the will, on both national and local levels, to invent resources and programs to support them.

At the same time, more resources targeted toward public housing redevelopment may mean fewer resources for neighborhood based development. Conversely, more CDCs may now explore opportunities to include the long term public housing lease as a portion of their mixed finance developments.

These changes will further blur the divide that has long separated public and private assisted housing.

In fact, despite that traditional distinction, public and private assisted housing already have much in common. For one thing, both have been predominantly successful. The Center for Community Change points out that over 65 percent of public housing units are in good condition, yet that success has been overshadowed in the public perception by a few spectacular failures. To a less publicized extent, the same has been true of private assisted housing, where CDCs pay nervous attention to the publicity generated when a subsidized project fails, fearing that the development failures of non-profits are judged more harshly than those of their profit driven counterparts, and that this camouflages the real fact – that housing the very poor is very expensive.

When public and private assisted housing have failed, they have failed for similar reasons. In both cases, the initiative to do the job well in the first place was undermined by cost saving measures – by poor construction or unrealistic budgets or some combination of them — reinforced by the unanticipated expenses that can attend very poor tenants in deteriorating neighborhoods. There is an extensive literature detailing how these factors conspired to undermine public housing. The parallels among private assisted housing are less well known, but obviously relevant as public and private assisted housing are made less separate, and more alike.

In the case of failed public housing, some would argue persuasively that the will to spend was not the issue, but how the money was spent. In any case, its construction and maintenance were effectively undermined by dubious cost saving measures. Some of these measures saved money initially, but cost a lot in the long run, while others never saved money at all. *Chicago Tribune* architecture critic Blair Kamin describes how shoddy materials accelerated the decline of projects like Pruitt-Igoe; Devereux Bowley de-

scribes how decisions to spare expense by not enclosing elevator shafts left them exposed to the elements and by the mid 1970s, cost CHA about \$3 million a year in repairs. High-rise construction was sometimes seen as a way to save the cost of expensive urban land, even after the Chicago Chapter of the American Institute of Architects issued a report

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in 1964, documenting how these “savings” were belied by the expensive foundations, elevators and other elaborate systems the high-rise required.

Meanwhile, income restrictions limited public housing to the very poor. Gwendolyn Wright describes it as an early victory for the real estate lobby as well as reformers when public housing eligibility was

limited to families with incomes 20 percent below the income level that could afford the cheapest market rents. In the 1960s, the Brooke Amendment sought to keep rents affordable to low income families by pegging rents to tenants’ ability to pay – capping them at 25 percent (later 30 percent) of tenant incomes. But the new flexible rents effectively discouraged working families from living in public housing as their rental payments exceeded the market value of the units.

This unintended side effect spawned others. The disappearance of employed adults is said to have robbed the children who remained of role models. Unemployment and poverty multiplied the social ills that prey on the discouraged, which meant more vandalism and general wear and tear on the buildings they lived in. And it isn’t just social ills that wear out buildings. Families with lots of children who are at home more of the time are harder on their housing than the average childless career couple, simply because they use it more. This is one of the reasons many CDCs struggle to build family units with lots of bedrooms – to make up for the fact that many other developers avoid them (a fact that will add to the house-hunt challenge of families leaving public housing’s large supply of multi-bedroom units).

Income targets and rent caps also put a cap on the rental income public housing authorities could raise to meet operating expenses – at the very moment these expenses began to escalate. By 1969, Blair Kamin asserts in a 1995 series for the *Chicago Tribune*, shrinking rental income forced the federal government to intervene with operating subsidies, a necessity that rose each year thereafter, from \$6.5 million in 1969, to the \$2.8 billion budgeted for FY 1999.

This symbiotic relationship between tenant issues and physical disrepair is familiar to developers of private assisted housing as well. Here as in public housing, the problem has

not just been that the money spent was inadequate, but the way it was spent, suggesting some ambiguity in the goals of the program. When CRN did its preliminary analysis of problem properties it found that projects are sometimes undermined by inadequate rehab, but also by budgets unreasonably tight for low income apartments. Buildings developed as “mod-rehabs” once saved money by minimizing the extent of the rehab. But old systems left intact cost a lot of money to replace later on. And budgets squeezed to maximize the expensive private mortgages projected operating expenses that were too low, and rental increases that tenants couldn’t pay. Precarious from the start, these budgets toppled when the neighborhoods around them declined. They could not sustain the costs of extra security and maintenance. It was not uncommon for developers to add the fact that “the gangs controlled the building for awhile” to the list of woes that undermined a building.

The story of the private housing failures is relevant not simply because it echoes the more notorious problems of the public housing projects, but because the same measures public housing authorities will take to transform themselves – the stepped up tenant screening and new income mix — will effectively send thousands of tenants who the housing authority doesn’t want out into the neighborhoods (The numbers are moving targets, but the Metropolitan Planning Council cites 8,000 families in its article on page 13, and at one point CHA Director Shuldiner warned his Executive Advisory Committee it could be as many as 11,540 families in the next 10 years if HUD is strict about enforcing the viability test). It is not clear that any thought is being given to the service and supports the tenants will need to be successful in their new environments, or to the ability of their new landlords to support the new costs any better than CHA was able to do it.

The emphasis the new plans

place on sending problem tenants (tenants who have certain problems themselves, or tenants who are a problem simply because they throw off the new income densities) elsewhere will only amplify the need for these services: it will disperse the

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### “Industry participants perceive that public housing deals have the potential to consume the majority of tax credits in some states”

tenants who most need social services among private landlords who are likely to be less willing and less prepared to provide them; and it will add to the stigma the thousands of good tenants forced out of public housing must overcome to find a home. Without plans to address these issues, the revitalization of public housing projects will simply displace the problems identified with the failure of public housing out to the next ring of low income, minority neighborhoods. In fact, both *The Chicago Reporter* and the *Chicago Tribune* have documented that this is exactly what is happening with both the Section 8 and scattered site programs now.

The new federal rules that allow public housing authorities to leverage mixed income financing will go even further to mix the fate of public and private assisted housing – the question is whether they could be used to help build more stable buildings in the neighborhoods.

In 1998, all of the HOPE VI applicants who won grants anticipated using the low income housing tax credit (LIHTC) to add moderate “affordable” housing to their income mix. “Industry participants perceive that public housing deals have the potential to consume the majority of tax credits in some states,” according to a recent article in *Affordable*

*Housing Finance*. The LIHTC is one of the major federal tools available for CDCs to do development in their neighborhoods. Channeling more and more tax credits into the massive public housing redevelopment projects could stifle affordable housing development in the neighborhoods at the very time more tenants are looking for affordable housing there.

On the other hand, the new rules could allow CDCs to help create public housing units through mixed finance projects that include 40 year lease arrangements with CHA. Besides HOPE VI funds, housing authorities can also use their capital funds for mixed finance projects, such as the one St. Edmund’s Redevelopment Corporation is negotiating with CHA for the 56-unit development of Washington Park Scattered Site Homes. Meeting early with Alex

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### On the other hand, the new rules could allow CDCs to help create public housing units through mixed finance projects that include 40 year lease arrangements with CHA.

Polikoff, they determined that the Gautreaux restrictions on developing public housing in minority areas could be waived on the grounds that the redevelopment would occur in a revitalizing community. When complete, a quarter of the units will have entered 40 year leases with CHA, 20 percent of them will be market rate, and 55 percent of them will be made affordable with the LIHTC.

It is intriguing to imagine whether similar arrangements can add stability to private assisted housing projects. In addition to the operating

subsidies paid by the public housing authority over the term of the lease (they are relatively low — \$250-350 per unit per month — but CHA's land lease may exempt those units from property tax) the public housing authority pays a sum for the development costs of the units to be used for public housing. If these capital payments are adequate, they could help minimize the first mortgage, and hence the debt service that has helped undermine LIHTC projects in Chicago.

There are two limitations on the redevelopment of public housing that will impact the way CDCs participate in it. Both derive from the Gautreaux consent decree, and both are subject to interpretation — which appears to mean negotiations with Alex Polikoff and The Habitat Company. The decree charged CHA with reversing years of racial segregation by helping 7,100 families find housing in non-minority neighborhoods with Section 8 vouchers, and by restricting construction of new public housing in minority areas until an equal number of units were built in non-minority areas.

Named for Dorothy Gautreaux, who died before the decree was finalized, the original suit was filed by the ACLU on behalf of 40,000 residents. Alexander Polikoff represents the CHA residents in the Gautreaux lawsuit. Judge Aspen is the federal judge who continues to interpret the decree. The Leadership Council for Metropolitan Open Communities administered the Section 8 portion, and in 1987 The Habitat Company, a private real estate development firm, was made court appointed receiver for new public housing development because CHA was not living up to its obligation to build new units in non-minority neighborhoods.

Last year, Judge Aspen ruled that Gautreaux's Section 8 placement goals had been fulfilled, and that Gautreaux does not apply to the rest

of the Section 8 program. But he also ruled that Gautreaux's restrictions on "new" housing development will extend to the redevelopment of existing projects with HOPE VI until the distant day when a full half of all public housing in Chicago is in non-minority communities.

Polikoff applauds the second decision but is contesting the first — arguing that without Gautreaux, prejudice and the tight rental market will restrict families with Section 8 vouchers to low income minority areas. As this is already happening, he is plainly right. The question is, if Gautreaux were applicable, how would the pattern be reversed? To do it by restricting voucher holders to non-minority neighborhoods could well undermine the program.

The Leadership Council's success in placing 7,100 families in non-minority communities was accomplished with extensive counseling and placement services, and it took 20 years. CHAC, the private firm that manages the Section 8 program, has had limited resources to provide placement support. Recently, they have won HUD approval to convert 250 vouchers to a \$2.1 million mobility counseling program to provide individual counseling, referrals, and loans for security deposits. Hopefully this will help move toward the goal of racial and economic integration Polikoff has championed for over 30 years.

To approach that goal from the other direction, prohibiting the use of vouchers in non-minority neighborhoods, would be to put tenant at the mercy of an impossibly tight market. In a 1995 study, the Lawyers Committee for Better Housing concluded that if new and existing Section 8 participants were to move into low poverty areas, there would be about 3 times as many families as vacant units. At the LaSalle Banks/CRN forum, Polikoff said that redevelopment should be slowed down enough to do the replacement well. But a court decision

to extend Gautreaux to cover vouchers would have little impact on the pace of demolition being set by HUD and Congress.

The judge's decision to extend the Gautreaux restrictions on new public housing development to redevelopment of existing projects means that half of all replacement housing must be built in non-minority areas, and that The Habitat Company is still the receiver. The first has already undermined tenant approved plans at the Clarence Darrow Homes, where Polikoff blocked CHA from redeveloping according to a tenant-approved plan because the replacement housing would be surrounded by too much public housing, in violation of Gautreaux. The implications of Habitat's receivership are not clear. Some redevelopment has proceeded without Habitat's direct involvement. On the other hand, where Habitat does react, as in the case of Cabrini Green, it has been able to step in to determine its own terms.

As long as Judge Aspen upholds the authority of Gautreaux, it appears the redevelopment of public housing will depend on decisions defining revitalizing areas and who, in addition to the receiver, may take part in the development. Shuldiner told *The Chicago Reporter* that CHA would appeal Judge Aspen's decision to make redevelopment subject to Gautreaux. In the meantime, the unshaken discretion Polikoff, Judge Aspen and Habitat seem to hold over these decisions has raised complaints, and even rumblings about conflicts of interest. When Polikoff used his authority to block the tenant requested improvements at the Darrow Homes, Shuldiner told *The Chicago Reporter* that the tenants protested "We thought you represent us," and that the lawyer replied "I represent the not yet born."

In examining the progress of The Habitat Company as receiver for the scattered site program, The Chicago Tribune pointed out how

Habitat's commitments as a receiver, charged with building public housing in non-minority wards where the neighbors and the alderman don't want it, would complicate its work as a private developer, who may want to return to the same alderman for assistance to develop some other project later. Neighborhood resistance has made the scattered site program difficult to administer, and Habitat has maneuvered much of it to move forward on the scattered site program where the CHA had once been unable, or unwilling to do it. Further, as is evident from its article in this issue (page 15), the receiver prides itself on its efforts to reach out to community residents and CDCs.

Yet in the same article, Habitat reports developing only about 1,600 units in the 10 years of the program. Shuldiner suggests Habitat has over-looked creative options like taking out leases in apartments where the alderman manages to block construction. In the mean-time, federal pressure to voucher out or redevelop public housing continues to build, and Gautreaux's restrictions on re-building it in minority communities still apply. The pace of the placement and construction of the new public housing will have to proceed at a rate considerably faster than the scattered site program has. The Habitat Company is an able developer, but it is only one of the many able developers who could move the redevelopment forward.

The redevelopment of public housing will change community development too, both by bringing new tenants and by changing the environment for development. For that reason, CDCs and tenants will find more reason to work together as organizers and advocates, to address the new rules and to shape their implementation on both a federal and local level.

CRN's Campaign for Housing Justice is meeting with the Coalition to

Protect Public Housing to explore how the Campaign's federal policy work can interface with the Coalition's local efforts. Meanwhile, CRN staff have been working with the Coalition to impact the implementation of public housing redevelopment in Chicago, and will continue to do so.

Two opportunities for CDCs to make an impact locally were raised at the LaSalle Banks/CRN forum.

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## **The redevelopment of public housing will change community development by bringing new tenants and by changing the environment for development. For that reason CDCs and public housing tenants will find more reason to work together as organizers and advocates to address the new rules and to shape their implementation.**

CHA's Wanda White reported that CHA has been steadily improving its ability to include tenants in the planning processes, but added that when the plans involve the complexities of redevelopment it is harder for tenants to play a meaningful role. She suggests CDCs could reach out to tenant groups and help educate them about TIFs, LIHTCs, and other technicalities of the redevelopment process. In fact, CRN staff have played that role bringing development expertise to the negotiations that resulted in the proposed consent decree at Cabrini Green.

Second, 5<sup>th</sup> Ward Alderman

Toni Preckwinkle, known for her commitment to balanced development, proposed that the 10 percent set aside for affordable housing that she requires of all new development in her ward be replicated across the city and on a national level. Such a requirement would be a more proactive way to distribute affordable housing in non-minority wards than simply prohibiting it in minority ones.

Third, reversing CHA's years of isolation will not be accomplished merely by dispersing the tenants and spreading out the buildings. Much of the corruption that helped make CHA what it is today might have been avoided if the decisions being made weren't obscured from public view. Since CRN's 1993 Chicago Affordable Housing and Community Jobs Campaign, the Department of Housing is obligated to make quarterly reports on its spending and production, both to city council and the public. Those reports allowed CRN to document important gaps in the city's production for the first time, including lack of production in Latino wards and the counting of shelter beds as new units of housing. Equally important, DOH now uses information gathered and computerized for its own reports to better understand the impact of its own policies. As CHA makes decisions whose impact will reverberate throughout the city for the next 15 years, these decisions should be held to the same standards of accountability.

Specifically, the public needs to be able to watch the progress of the redevelopment in three areas: the demolition and creation of units and who they are targeted for; the sources and uses of the redevelopment financing, including per unit development costs, sale prices and rents, and developers fees; and the placement of tenants with Section 8 vouchers. Only then will tenants and the rest of Chicago know whether the massive clearance and redevelopment efforts are really being undertaken to benefit the tenants this time.\*

*Holsten, continued from page 1*

credit rental units and home ownership for people earning under 120% of the Area Median Income]; 50% will be market rate. They also wanted 40 units an acre; they also wanted so much green space; they also wanted so many parking spaces; they wanted it to look like a Chicago neighborhood as far as architectural diversity.

"They asked for the moon and we came as close as we could. And by the middle of next year we'll be underway with our construction."

**At DOH hearings last spring, Richard Baron described the HOPE VI project he developed at Techwood in Atlanta. He said that the project's income mix could allow the project to work without operating subsidies if federal support for public housing should dry up. Could mixed income development create a self sufficient project at Cabrini?**

Peter: "The thing with HOPE VI is that a \$50 million grant has to build a couple thousand units. That's about \$25,000 a unit, which is not nearly enough to construct a unit, let alone leave enough money for social services, and job placement. It's not enough money to do what you really need to do."

Virginia: "Our project is taking more than a proportionate amount of HOPE VI money, with the assumption that over time the market would come around enough to help build the rest — as people feel comfortable enough living close to public housing that they'll pay market prices. And the demand on HOPE VI money could lessen."

Peter: "We're really the first development here of substantial size. We're figuring on discounting our market rate for-sale prices fairly substantially to entice people to live where their neighbor is going to be a Cabrini Green tenant family. Higher income folk have a lot of choices — they can live where ever they want. So there has to be some kind of financial

incentive."

Don't be fooled by the fact the market rate homes at earlier, smaller scale parts of the Near North Redevelopment Area like Mohawk North and Orchard Park are selling for hundreds of thousands of dollars — Peter and Virginia say they're being sold at a discount too.

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**"We have a project that is pretty soft economically. However, if ours is successful, the next one will be able to charge higher prices. Maybe then it will subsidize itself internally, and it won't need the HOPE VI money at all."**

Virginia: "Orchard Park is selling at 30% below the market for what you would buy in a comparable area. They're selling those townhomes for \$135 a square foot. If you went to Old Town Square you'd have to pay \$180 a square foot. You'd have to pay \$100,000 more for that same townhome."

Does this mean the developer's aren't making the huge profits you might expect from the price tags?

Peter: "I don't know. We're not making a killing."

Virginia: "It's not that we're giving away money, but the standard developer fee for rental housing is about 10%, and we're getting maybe half that. And the standard developer fee for the for-sale housing is 15 to 20%, and we're not even getting half that. So our fees are far below the market.

"The way it would be possible to make a killing would be if you didn't have to pay for the land,

and didn't have to put in very many public housing units. At Halsted North 30% will be public housing and 20% will be affordable. That means half the development is restricted. That's a huge restriction."

Peter: "With the public housing units, the housing authority will pay a capital amount per unit. But that capital amount is below production cost."

Virginia: "It's about 60% of the cost to build the unit."

Peter: "They'll pay their operating subsidy."

Virginia: "That's \$350 a month per unit. But those units will be free from property tax, so it's a break-even venture operating it. Because property tax in the neighborhood is tremendous. The \$350 wouldn't even cover the property taxes."

Peter: "So when Virginia says we're going to take more than our fair share of HOPE VI money, that is probably right. Because we have a project that is pretty soft economically. However, if ours is successful, the next one will be able to charge higher prices. Maybe then it will subsidize itself internally, and it won't need the HOPE VI money at all."

**When the city and CHA went into closed door meetings to revamp the redevelopment plan for Cabrini Green and came out with the Near North Redevelopment Area, the tenants filed suit charging they were not included in the planning process as required by HOPE VI. The tenants and CHA reached agreement on a proposed consent decree that would give the tenants a 51% ownership in the development partnership. But *The Chicago Tribune* said the agreement was unworkable, and Dan McLean said he wasn't sure he'd be interested in doing the development under those terms. What did you think of the agreement?**

Peter: "We were interested all along, because we sort of knew,

from our experience as a co-developer with a tax credit equity partner, that the details would be negotiated. For instance, in a tax credit partnership, the Chicago Equity Fund may be a 99% partner, while we're a 1% partner, but we still get 50% of any profit when a project is refinanced or sold, and we have the final say in all sorts of decisions.

"Anyone who is familiar with these types of things would know that those details are all negotiated. But most people are not informed about how these negotiations work. And they look at this agreement and say 'Are you kidding me? You're going to put the tenants in the drivers seat?'"

"The entity calling the shots really needs to be experienced in the shots being called. To have the tenants call the shots on the financial structure of the deal would be risky. To have them call the shots on social service, job placement, tenant security patrols, how to get people involved in keeping the buildings up, how to get people involved in tenant ownership – that's a good idea.

"What they really should have come out saying is that the tenants are demanding significant participation in all phases of the development. We agree that tenants should have participation."

Candice: "I think the tenants feel like they are losing so much that the idea of co-development sounds important. But in the first conversation that I heard about tenants participating, nobody said anything about 'How do we get there?'"

Peter: "You can see where they are coming from. Some families are on their third generation, and there is no question that the conditions have gone downhill. So they have put up with all this crap, and now it looks like things are going to get turned around, and they want to be a part of it. And they should be a part of it.

"What's so important here is the temperament of the co-developer.

This may sound a little corny, but to the extent that the tenant group and the co-developer develop a mutual level of trust and understanding and respect, this stuff will flow.

"The reason we said yes to 51% ownership, and it got us some criticism too, was because we already know these people. And we knew we could work with them. We knew they wouldn't say 'Well, we're 51% owners so we're going to decide who gets in here and who doesn't, and we don't care if they're criminals or drug dealers.' They wouldn't do that to us.

"Now, they might do that to someone else if they were angry, or didn't trust them..."

**How is your relationship with the tenants working out now that you have been named as the developer?**

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**"The entity calling the shots really needs to be experienced in the shots being called. To have the tenants call the shots on the financial structure of the deal would be risky. To have them call the shots on social service, job placement, tenant security patrols... that's a good idea."**

Peter: "A lot of it is developing a relationship. They start out asking for a lot. Just to give you an example, there were some that said 'We want you to turn over the management to us, right from the beginning.' And we said 'You know what, we have a property management company, and we want to include you. Let's create a process where you start and define tasks with us, and to the

extent that you're good at what you do, over time, you may find yourself in a position where you take on a significant part of the management. And after some thought, they agreed that was okay."

Candice: "People start out with unrealistic expectations. But we're people-oriented enough to take them through that process. They're very distrustful over there. And if you don't acknowledge that before you make some major decisions, sitting down in the room together afterward is not going to be enough. The main thing is that they want to be informed and involved along the way.

"This is a very small thing, but in our job placement process, I have to figure out the best way to disseminate information to residents so that they don't come back and say 'You just went to the president of the LAC, or you just went to that building but you didn't do others.' Because access to information is a problem over there.

"I put it to the community, 'How do you want me to distribute this information?' They had a little conversation back and forth, and after about 5 minutes, they say 'We think that you ought to go to the buildings individually.' The decision itself wasn't as significant as the fact that they had something to do with that small decision. It's part of building trust."

Peter: "We also tell them repeatedly, and they understand, that there are going to be bumps. And we're not going to promise you that everything is going to be smooth. What we will promise you is that as problems arise, we will try to get them solved as quick as possible.

"Perfect example: someone wants to know 'How come this guy got laid off? You put him on your construction job and he just got laid off. What's going on?' We say 'I don't know, we'll look into it and we'll call you back this afternoon.' We go look into it, find what's going on, then

call back to say 'Well, this is what happened.'

"Well, all right, I don't like what I'm hearing, but I certainly understand it."

"It's all that hard work. But at least we return phone calls and don't blow people off."

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**"We're focusing on economic development and job placement for tenants. We're exploring public/private partnerships for education and training. We're working with some of the long term community based groups at Cabrini."**

**What sort of tenant services have you incorporated into your plans?**

Candice: "We're focusing on economic development and job placement for tenants. We're exploring public/private partnerships for education and training. We're working with some of the long term community based groups at Cabrini."

"There are long standing historical perceptions about public housing and the lack of motivation and training of the people who live there. One of the things I would have to do to convince an employer to slot a job for a tenant I might have is to make some agreement to pre-screen them - to agree that the tenant will be someone who understands what the realm of work is already."

"If a person has a skill and they need a resource - they may need daycare resources, so I'll advocate for that. If they need transportation, I'll

work for that. But if they have substance abuse, am I going to hand hold them through a substance abuse program? No, I'll run across some of those people and I'll refer them somewhere else."

Peter: "We're not in a position to do full case management, so we're going to take the people that are most readily available to work, but are unemployed. The folks that have serious problems, that are really going to need serious intervention, we're just not in a position to do that."

Candice: "A lot of it is attitude, too. I have a particular person who stands out, a guy that used to sell drugs. He has dependents and didn't want to get into that culture again. And he had some good skills also. He's going to be our star employee. Because his whole attitude has changed. He's paying taxes. He's making prevailing wage. He fits into the regular economy."

**Some CDCs are saying that it will be the tenants who are screened out of the redevelopment projects like yours who will be sent to the neighborhoods with vouchers to live in housing like ours. And we wonder what supports and services we can access to help them be successful in their new environments.**

Peter: "That's a good point. The social service agencies vary drastically. "It makes sense for your members to try to pick out the best agencies through track record or recommendation, and then to develop relationships with them so that when these folks with their vouchers come you can get them into a true supportive housing environment."

He is speaking from experience. Holsten Development Corporation has developed affordable housing in neighborhoods across the city, some of it for tenants with special needs.

"Otherwise they'll just move in, and then the bad news boyfriend moves in, the drugs move in - it can

take these buildings down in a month."

Virginia: "I think what you want to stress is that social service has to be on site. You can't rely on people to come in from off-site to deal with problems that happen at two or three in the morning."

Peter: "The trick is how to pay for them."

Candice: "There are funding sources out there but you need a creative mind to develop some new sources for resident initiatives outside of HOPE VI money. For instance, part of the TIF money [being used at Cabrini Green] was designated for job development."

Peter: "Funders are finally coming around and realizing that that support has to be there."

"When we visited Richard Baron down in St. Louis he pointed out that a not-for-profit can go straight out and fundraise for money to provide services. And to some extent, we could team up with a not-for-profit to raise money to provide services. Normally, a CDC would go and get a 3 year, \$50,000 a year grant from MacArthur for doing that. But if we realized we really need \$100,000 to do social services or human capital development, as a for-profit, we'd have to go around banging on doors, looking for a non-profit to partner with."

"Not that it would be easy because everyone will be after that money. But that kind of source is often overlooked. Richard Baron tells us he does that."

Such partnerships could be one way CDCs could participate in the redevelopment of the large HOPE VI projects. Peter suggests non-profits could work out similar partnerships to bring services to their developments in the neighborhoods.

Peter: "If you've got a group that's just got 3 six-flats to their name, then there's a budget issue. Where are they going to get the money? Now

*Continued on page 28*

# CHA Transition Underway

by Julia Stasch

Julia Stasch is the City of Chicago's Department of Housing Commissioner.

There is a consensus that the challenges for public housing are large and immediate. It is however, imperative that we view the transformation of the CHA within the context of a commitment to the future of the city. Mayor Daley has said that "We can only make a great city greater by working for every neighborhood and all of our citizens... (by) pulling together all of our efforts, large and small, to make every neighborhood a place families want to live." Quality of life and support for the self-sufficiency of public housing residents is undeniably one of those efforts.

Therefore, with the federal "take-over" of the Chicago Housing Authority (CHA) formally coming to an end in mid-1999, a number of important activities are underway. The new ten-member CHA board will need a full and sophisticated understanding of every working aspect of the organization, its strengths and weaknesses, the numerous immediate major issues and challenges it faces, and the larger context of community revitalization and stabilization within which it fits. The new board also needs to know how other cities, high-performing housing authorities and their leadership are meeting similar challenges across the country.

We have recruited a number of individuals and organizations to work with CHA, and independently, to compile and analyze information needed for a comprehensive orientation to the operations of CHA. Some of the components of that work include:

- Department-by-department report on functions and major issues

- Inventory of outside studies and reports prepared since 1995, with an analysis of status of the implementation of recommendations for improvement
- Review of the status of the Senior Buildings as to identify steps necessary to assure a high quality of life and an appropriate supportive environment
- Assessment of the asset management function, the use of private, third-party managers and the role of Resident Management Corporations
- Review of the social service and other support activities available to residents, to identify gaps and opportunities for new public/private partnerships

To help prepare the board of the policy decisions that lay ahead, we are also undertaking:

- A national review of best practices in areas such as mixed income replacement strategies, transition to home-ownership, Section 8, asset management, self-sufficiency, welfare-to-work and social services support, and senior housing
- The identification of any additional tools or powers needed for maximum flexibility and effectiveness in a transformed organization

In the next several months, we also plan to convene a series of meetings to explore, for the benefit of the new board, topics such as:

- The role of philanthropy in the transformation of public housing
- The potential of civic and

corporate leadership

- The special contributions to be made by faith-based organizations throughout the city
- How community-based organizations can be effective partners in the integration of public housing into the larger community
- The impact of potential contribution of our major colleges and universities.

An early, important invitation will be made to the new and continuing leadership of the CHA resident Local Advisory Councils to engage them in a broad discussion of what a transformed CHA must look like. Similarly, we will seek input from aldermen on their views of housing authority policy and practices and relationship with community development strategy.

We at the Department of Housing view the transformation of the CHA as central to our strategies for investing in stronger neighborhoods throughout the city. As we move forward with transition activities, we will be communicating regularly with the advisory group that assisted us in the development of the Affordable Housing Plan for 1999-2003.

I am confident that, with the can-do attitude so characteristic of Chicagoans and a commitment to seek support and counsel from a wide array of individuals and organizations, these transition activities and the broad-based input they entail will help new board members become the effective leaders they must be.\*

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*Holsten, continued from page 24*

some of these social service agencies have the money. But if the staff is going to be full time on site, then maybe the money has to be split between the CDC and the social service agency. In our elevator buildings, a social service agency might take a whole floor, and one of the apartments becomes an office that's staffed 24 hours a day, and keeps an eye on the whole floor. Because without that, people can really run amok."

**What sort of plans are you making to help make the income mix work at Halsted North?**

Peter: "Richard Baron very graciously invited us down to St. Louis to show us what he did [with St. Louis' HOPE VI award for the Murphy Park Development]. He was managing his projects to the high-end, even though they were low-income-mixed.

He perceived the high income people to have high expectations on service and amenities. By managing to the high-end the low income people are being held to a higher standard, and that is hopefully affecting their behavior in a positive way. And those low income folks are certainly going to benefit from better management. We learned a lot from that.

"Virginia and Candice went to another development out east in Washington D.C. to talk to the NOAH Group, who did a continuum of social services. They showed us how you can sort of grow a mixed income from within if you get jobs for the people who are living there.

Candice speaks of a natural division that the income mix will bring to the community.

Candice: "In some people's minds there is a land-grab going on; other people will come with preconceptions about what public housing tenants will be like."

One strategy for overcoming that division will be a storytelling project. Residents of all income levels will be brought together in a common environment where they will tell their own stories to one another. A similar model has been used to build community among different racial groups in Beverly, and among different income groups in North Kenwood-Oakland. Participants rave about the results. Peter and Candice say the storytelling project will be required of all approved applicants. And rather than a single event, it will be an on-going project.

Candice: "We're going to focus on cooperative, organizational efforts to try to zoom in on those people that want partnerships, that want to learn. The story telling project will be designed to be the foundation for that to happen. People will come in with preconceptions. It will help give people insight into who their neighbor is as a human being, and not just whether or not I happen to be on public assistance."\*



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