

# Chicago Housing Authority refuses to provide housing assistance while homelessness grows

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A new report released by the Center for Tax and Budget Accountability (CTBA), a Chicago-based think tank with close links to the Democratic Party, sheds light on the true nature of the Chicago Housing Authority (CHA), which should be more appropriately understood as an organization hostile to public housing and whose goal is restricting access to it rather than providing it. Under cover of the Clinton-era Moving to Work (MTW) program that allowed CHA to circumvent normal housing agency practices, CHA officials have essentially funneled federal housing money to banks while waiting lists swelled and homelessness in the city increased.

Among the more despicable details are that CHA has for years failed to provide all the Housing Choice Vouchers (popularly known as “Section 8” vouchers) to qualified residents for which it received funding from the federal Department of Housing and Urban Development (HUD). The voucher utilization rate averaged 73.2 percent between 2004 and 2014, though it increased to 89 percent in 2015 as CHA attempted to keep up with a HUD-imposed requirement of 90 percent to stay in the MTW program. This underutilization of vouchers amounted to 13,534 fewer housing vouchers per year, on average, that went unused.

CHA also failed to meet its goal of rebuilding, replacing or rehabilitating 25,000 public housing units by 2009. As of the end of 2015, CHA had completed 89 percent of the units, and now expects the rest to be completed by the end of 2017, eight years behind schedule.

D. Bradford Hunt, author of the 2009 book *Blueprint for Disaster: The Unraveling of Chicago Public Housing*, spoke to the WSW. Hunt believes that one reason CHA fell behind on construction is that it “can’t get developers to do mixed-income.”

One of the cardinal rules of recent CHA development has been that two-thirds of new developments should be set aside for “market-rate” renters, with one-third for recipients of public housing assistance. But, underscoring the complete failure of capitalism to meet social needs, it can be difficult to secure enough market-rate renters to make the whole

project financially worthwhile for developers.

Hunt also recognizes that “there is a tremendous amount of need” in the city, and yet there is “no real call for more affordable housing or helping low-income residents,” which he attributes to a “failure of vision and no sense of what’s next” among public housing leaders.

The “savings” from the underutilization of vouchers was used to build up enormous cash reserves, which grew to a high of \$471 million in fiscal year (FY) 2011. The single largest expenditure of this money came when CHA spent \$184.3 million to pay off bond debt that was not scheduled to be paid off until 2026. With this, CHA total bond debt fell to \$40.3 million from \$224.6 million. By the end of FY 2015, this was further reduced to \$18.4 million. In other words, CHA opted to pay banks off years earlier than required, instead of providing housing vouchers or rehabbing and building new public housing units.

According to usual HUD requirements, many of the practices CHA has engaged in are not allowed, as HUD funds are required to be used specifically for the purpose for which they are given. But in 1996, the Clinton administration and Congress, with the avowed aim of pushing people out of public housing and reducing costs, established the MTW program. This program freed participating public housing agencies from many of these HUD regulations. In particular, it allowed CHA to “spend” money on so-called “non-cash outlays,” such as the debt payments and build-up of reserves. Excluding these “expenditures,” CHA effectively ran an annual surplus of \$90 million each fiscal year from FY 2004 to FY 2012.

According to the CTBA, CHA applied to join the MTW program in 2000, following its exit from federal government receivership and its return to mayoral control under Mayor Richard M. Daley’s “Plan for Transformation.” The Plan for Transformation was a public housing privatization initiative designed to destroy thousands of public housing units and replace some of them with market-rate “mixed-use” development, in order to transfer even more public housing funds to developers, as well as force thousands of CHA

residents out of public housing and even out of the city.

Even though CHA's voucher utilization increased in recent years, the CTBA expects that this commitment to providing vouchers will not last. CHA was supposed to be up for renewal of its MTW agreement in 2018, and faced a HUD-imposed requirement that public housing authorities give out 90 percent of funded vouchers in order to stay in the program. But this requirement was eliminated in the 2016 federal appropriations act, removing CHA's incentive to give out vouchers. The federal budget act also apparently extended CHA's MTW agreement through 2028, with no changes unless those changes are "mutually agreed upon" between HUD and CHA.

CHA's commitment to spending money on anything besides housing can also be seen, perversely, in CHA's decision to overfund its pension plan. In FY 2012, CHA contributed \$28.9 million to the CHA Employee Retirement Plan and Trust, when the legally required contribution was only \$2.8 million. In other words, according to the report "CHA elected to fund its retirement system in FY2012 by an amount that was over nine times what was required." The retirement plan had in fact been underfunded, being only 39.74 percent funded in FY 2009, similar to the criminally-low funding level of most state and city pension systems. It is now 102 percent funded.

The effect of all this financial trickery has been a growth in CHA waitlists and homelessness. In FY 2012, 91,591 households were on the CHA waiting list, up from 34,336 in FY 2007, though slightly down from a high of 102,667 in FY 2010. Meanwhile, the total number of households receiving assistance has remained nearly steady through that time, and stood at 55,783 in FY 2012. Though the average wait for housing assistance is from one to five years, according to CHA, news reports indicate that some can remain on the waitlist for decades.

CHA's failures have also likely contributed to the net population decline the city has seen in recent years, as a combination of housing costs and lack of jobs has contributed to workers migrating away from the city to more remote suburbs and even to other regions of the country. Out of all large cities in the country, only Detroit has experienced a higher decline in population.

Blame for CHA's policies lies squarely on the Democratic Party, which has controlled city government since the CHA was created in 1937, during the New Deal. Consistently opposed to the concept of public housing that would compete with private real estate interests, CHA built and maintained public housing for much of its history in such a way as to discourage better-off workers from remaining in CHA, instead pushing them into private housing, leaving public housing projects for the poorest of residents and

concentrating all the problems of poverty.

Under Richard M. Daley, CHA then used the problems it had largely created through its own policies to argue for the demolition of those projects, most notably Cabrini-Green and the Robert Taylor Homes. The areas those projects once occupied have since been seized by developers and are now unattainably expensive for the average worker.

Underscoring the class-based—as opposed to racist—hostility of Democrats to public housing, as well as the utter corruption they presided over, is that even African-American Chicago Mayor Harold Washington considered CHA a lost cause, telling his press secretary Alton Miller, "Nobody can make the CHA work... The only solution is just to get rid of it." Daley, whose own father, Richard J. Daley, presided as mayor over the construction of many CHA housing projects and the neglect and indifference towards its residents that began in the 1960s and 1970s, would begin to do just that, in close coordination with developers and the banks.

Meanwhile, the CHA under the administration of Rahm Emanuel has continued with the Plan for Transformation. The mayor, a former investment banker, and the Democrat-dominated city council have been in charge during the recent criminal divergence of public housing funds towards banks and private interests. In keeping with Emanuel's continuation of Clinton-era attacks on welfare and other social programs—anti-working class policies which Emanuel helped to develop—in November CHA announced it would pilot a program imposing an eight-year time limit on public housing vouchers for 100 families, with plans for wider implementation.



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