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"The Transformation of Chicago's Public Housing:
Challenges and Opportunities
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Introduction

I would like to thank Rebecca Riley of the MacArthur Foundation for the opportunity to come here and talk about one of my favorite topics in the world -- the transformation of public housing. It is also a real pleasure to be reunited with folks with whom I served at HUD -- Joe Shuldiner, Mindy Turbov, Val Piper and Helen Dunlap.

This has been an interest -- some would say obsession -- of mine since I started working at the Senate Housing Subcommittee in 1987. In these 12 years, we have seen a virtual revolution in national public housing policy. It has changed:

> from one that exacerbated the concentration of poor families in distressed neighborhoods to one that embraces economic integration in public housing developments;
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> from one that confined housing choices for low-income families principally to urban neighborhoods of high poverty to one that opens up housing opportunities for such families in the larger metropolitan marketplace;
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> from one that emphasized the role of public housing as affordable shelter to one that treats public housing as a means to rebuild communities and as a platform to help residents make the transition to work and self-sufficiency; and
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> from one that focused on rehabilitating troubled high-rise and other densely populated developments to one that calls for the demolition and replacement of 100,000 distressed units.

Because of this revolution, I do not believe public housing will ever be the same and -- if we do our jobs right -- people's housing choices will be enhanced, neighborhoods will be improved and cities and regions will be healthier.

What I would like to do today is to place what is happening in Chicago in a larger context.

I want to remind us of what motivated the transformation effort and recount how former HUD Secretary Henry Cisneros was able to articulate and implement a radically new vision of public housing.

I want to talk about what's at stake here and elsewhere for cities, for poor families, for the region and for national housing policy.

I want to discuss how the public housing strategies under discussion here connect to the new metropolitan thinking that is bubbling in the Chicago region and elsewhere in the country.

And, finally, I want to say a little about the strategies that Chicago can pursue to get the job done right.

One thing to say at the outset is that I recognize, more than I did when I was at HUD or the Banking Committee, the difficult nature of the path we've chosen.

The transformation effort carries with it risk. As we embark on demolition and replacement -- particularly in tight rental markets like Chicago -- we need to ensure that low-income families are given adequate housing choices and that public housing residents are not simply resegregated and reconcentrated in other parts of the city and region.

The transformation effort also carries with it controversy. The mixture of race and class and housing is a volatile one that continues to divide and polarize many American metropolitan areas.

But the transformation effort carries with it great promise and opportunity. You have the chance literally to alter the landscape of your city and region and to help low-income families reach wider economic, educational and financial opportunities.

The Road to Transformation

The transformation of public housing that is underway in Chicago today represents a marked and welcome shift from the thinking that dominated the federal discourse over public housing at the beginning of this decade.

As Counsel and then Staff Director of the U.S. Senate Subcommittee on Housing and Urban Affairs, I had a ringside seat to former HUD Secretary Jack Kemp's plans for public housing. Kemp took the structural reality of public housing -- its location, its design, its racial and income segregation -- as a given. His proposals (selling public housing buildings to the residents, for example) would have locked many public housing residents in neighborhoods and buildings that were isolated from the economic and financial mainstream.

Secretary Kemp actually went on record saying that he did not want to be known as the Secretary of Demolition. His tenure reflected a conventional wisdom in Congress and many cities that demolition was simply too charged and controversial an issue to contemplate.

By contrast, former HUD Secretary Henry Cisneros altered the conventional thinking about public housing and set national policy on a radically new course.

It is hard to underestimate how important Chicago and Chicago leaders were to the development and evolution of this new thinking. Chicago academics like William Julius Wilson and fair housing advocates like Alex Polikoff and Aurie Pennick helped place the Chicago public housing experience in the larger context of concentrated poverty and metropolitan housing patterns. Journalists like Nic Lemann and Alex Kotlowitz drove home the human costs of projects like Robert Taylor Homes and Cabrini Green.

At its core, the new thinking about public housing recognized how far many projects had veered from the 1949 Housing Act's pledge to provide "decent, safe and sanitary housing for low-income Americans. **First**, many public housing developments were unhealthy for the people who lived there.

Because of federal policies -- admission rules that set priorities for certain kinds of tenants, eligibility rules that limited the incomes that prospective tenants could have, rent setting policies that discouraged work and penalized residents with growing incomes -- many developments were serving as nothing more than warehouses for the very poor. The average income in public housing in the early 1990s was around $6500; in many developments, literally no residents held full-time jobs or actively sought work.

The absence of employed residents meant that children growing up in these environments had no day-to-day role models.

Parents living in these developments also were denied access to opportunity. Many developments were literally built on the "wrong side of the tracks -- increasingly isolated from the growing employment centers in the suburbs. The spatial isolation of public housing hindered the ability of residents to gain access to economic and educational opportunities readily available to others in the region.

In addition to their spatial isolation, many developments were poorly designed, poorly built and poorly maintained. Over time, they became havens for gang and drug activity. In Chicago as in other cities, it was a well known fact that gangs controlled whole buildings and developments.

Second, many public housing developments were unhealthy for the neighborhoods in which they were located. Cisneros called these developments "sinkholes of negativity, which depressed property values, undermined existing neighborhood businesses and discouraged new investment and business expansion. Researchers have also found a direct correlation between these neighborhoods of high poverty and such key social indicators as declining school performance and relatively high rates of criminal activity, family fragmentation, substance abuse and teenage pregnancy.

Third, many public housing developments were unhealthy for the cities in which they were located. The hyper-concentration of public housing projects meant that whole areas of America's cities were written off by public and private investors as economically unproductive. This

happened despite the fact that these areas had ready access to infrastructure like transit and highways and despite their proximity to central business districts and to fixed institutions like universities and hospital centers.

The costs of public housing also materialized in other ways. As researchers at Wharton have shown, concentrated poverty requires cities to boost their taxes -- to pay for both direct (e.g., homeless services, hospitals) and indirect expenditures (e.g., schools). On a less tangible level, the ills of public housing defined urban life for many potential city residents -- helping to cement images of crime and violence in ways that pushed working families out of the city and kept other families from moving in.

Finally, these public housing developments were unhealthy for the national housing agenda. This nation continues to face pressing housing needs. Some 5.3 million households now pay more than 50 percent of their income for rent or live in substandard housing; a number that has risen steadily since the late 1980s. The country continues to face a shortage of affordable housing, particularly in markets where the economy is healthy and jobs are plentiful.

Yet the ability to build bipartisan coalitions to address the affordable housing crisis in a meaningful way has been consistently blocked by the failures of past public housing policies. The images of Robert Taylor Homes in Chicago or Richard Allen Homes in Philadelphia -- blighted, crime-ridden, dilapidated developments -- have served to make housing programs a neglected area of domestic policy.

The Transformation Agenda

The genius of Henry Cisneros was to recognize that half solutions were not going to solve the public housing dilemma. That fixing up the projects -- with the same income mix, the same spatial isolation, the same social mix -- was a recipe for disaster. That only a radical departure from the norm could turn negatives into positives -- for families, for neighborhoods, for cities, for regions.

Cisneros pulled in essence a "Nixon Goes to China. A progressive Democrat championed and pushed a radical agenda to transform public housing, one of the mainstays of the New Deal and liberal orthodoxy. For purposes of this discussion, that agenda had four key elements:

> (1) tearing down 100,000 units of distressed public housing, an incredible 1/5 of which is located in this city;
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> (2) replacing some of the demolished housing with smaller scale housing that is economically integrated and designed to bolster public safety and neighborhood connections;
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> (3) helping other residents with housing vouchers, counseling and other supportive services, giving them maximum choice in the private rental market; and

(4) requiring the insular public housing agencies to pursue these various reform efforts in partnership with public, nonprofit and for-profit allies.

To do this, Cisneros pursued a thorough overhaul of some of the core rules that had defined public housing policy. With his urging, Congress repealed or substantially modified the rules governing public housing admissions, eligibility and demolition. These rules had greatly circumscribed the ability of local players to make intelligent, rational and cost-effective decisions on the future of their public housing inventory.

The boldness of the transformation agenda appealed to key constituencies in Washington, D.C. and beyond.

To Republicans in Congress, it appealed to their notion that public housing (and by extension the welfare state) was sending the wrong signals and incentives to families, that it literally had to be blown up.

To New Democrats in the Administration and Congress, it appealed to their notion of moving to the center on national issues in a way that could both recognize the mistakes and excesses of earlier programs as well as embrace the values of work and responsibility and accountability.

To Mayors and progressive PHAs and community and resident leaders, it put forward the promise of substantial revitalization funding that could help alter the very look and profile of distressed neighborhoods as well as improve the economic and educational opportunities of troubled families.

The results are dramatic. Since 1992, Congress has appropriated billions of dollars for the construction of thousands of new affordable housing units in central city neighborhoods -- a move that would have been unimaginable if it had not been part of a larger, more comprehensive vision to overhaul the public housing program. The bipartisan support for the HOPE VI program, a key element of the transformation effort, was particularly demonstrated in 1995 when Congress rescinded $7 billion of HUD funding but left the HOPE VI program largely unscathed.

The Connection to a Metropolitan Vision

If all HUD had done in the 1990s was transform public housing policy, that would have been enough given the checkered history of the program. Yet Cisneros also recognized the potential connection between the dominant growth patterns in metropolitan America and the concentrated poverty trends exemplified in public housing developments.

Cisneros said again and again during his tenure that the single most troubling demographic trend in the United States today was the growing concentration of poverty in central cities. The

numbers are striking. From 1970 to 1990, the number of individuals living in neighborhoods of high poverty (where poverty rates are greater than 40%) doubled from 4.1 million to 8 million. This is a highly racial phenomenon. Over 42 percent of America's African American poor live in neighborhoods of high poverty. White poverty, by contrast, is highly dispersed throughout metropolitan areas.

Cisneros also understood concentrated poverty to be the flip side of the decentralization of metropolitan areas -- to be the flip side, in essence, of suburban sprawl.

America's metropolitan areas are experiencing remarkably similar patterns of growth -- hyper, accelerated development on the exurban fringe coupled with slower growth or absolute decline back in the central core.

The outer suburbs are the population growth centers in the 1990s. Places that were home to 15,000 or 25,000 families a generation ago are now booming counties of hundreds of thousands of people.

The outer suburbs are also the employment growth centers in the new economy. These are the places that are benefitting from the repositioning of airports like O'Hare as the new hubs of packaging and distribution, the growth of high-tech firms and other office facilities in suburban clusters and the explosion of high-end retail malls to serve the new population centers.

Given these larger demographic and market shifts, concentrated poverty in the central cities is not the result of poor families moving back in; rather it is the result of the middle class, good jobs and ultimately regional wealth moving out.

Chicago fits these national metropolitan trends "to a T .

> In Chicago, the number of people living in high poverty census tracts grew from 50,000 in 1970 to over 350,000 in 1990, a remarkable 7 fold increase.
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> Chicago's population continued to drop during the 1990's. Over 50,000 people left the city from 1990 to 1997; meanwhile outer counties like McHenry, Kane, Lake Will and DuPage experienced huge gains.
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> In the Chicago region, jobs are decentralizing at a rapid pace. According to the Woodstock Institute, the City of Chicago lost 40,000 manufacturing jobs between 1990 and 1996. Outer suburban counties like McHenry, Lake and Will saw job growth of over 20 percent apiece during the same period.

The Chicago region also exhibits other characteristics of sprawling metropolitan areas.

> Your older suburbs (particularly the southern suburbs) look more and more like parts of

the central city -- skyrocketing school poverty, declining fiscal capacity, exodus of working families and decent jobs.

Your fast growing suburbs are grappling with the costs of unplanned growth -- school overcrowding, loss of open space, environmental degradation -- and a general feeling of many new residents that "this is not the reason we moved out here.

Your region is literally stuck in traffic, choking productivity and diminishing the quality of life for millions of people.

In the Chicago metropolitan area and elsewhere, these trends are sparking a new agenda. Some call it smart growth, others call it metropolitanism, and the Vice President refers to it as a new "livability agenda.

Whatever its label, the objectives of the new agenda are fairly clear:

to curb sprawl and manage growth at the exurban fringe;

to spur reinvestment in older communities; and

to enhance access to work and opportunity for those residents who have not benefitted from the prosperity of the new economy.

Few observers have explored the connections between the public housing transformation effort and the new smart growth agenda. Yet these initiatives meet and reinforce each other.

If smart growth is going to succeed, it will not be enough to buy open space at the fringe or stop outer beltway projects or even to push growth management legislation through state legislatures.

There is a need for cities and their older suburbs to become safe, attractive, desirable places to live. The transformation of public housing is central to making this happen.

There is a need for low income workers to have the option of living closer to employment and educational opportunities. The transformation of public housing is also central to making this happen.

Thus, overhauling public housing is not only one of the milestones on the road to restoring urban health. It is a key component of larger regional smart growth efforts.

Where does Chicago Go From Here?

The transformation of public housing, of course, will not just happen. As Mindy Turbov's excellent review of "best practices shows, cities need to act with care and discipline if the larger

potential of transformation is going to be achieved.

For Chicago, the stakes could not be higher. The housing authority has already identified 19,000 units for replacement efforts -- more units than most cities even have in their entire public housing inventory. The transformation effort in this city will remake a large portion of the State Street Corridor on the south side of the city and open up housing opportunities for thousands of low-income families.

Doing this well is a tall order. I have identified five separate tasks which I think the city, the housing authority and all of you should consider as you move forward on this monumental effort.

Task One: Develop a Clear, Bold Vision

All the partners in this effort should have a clear and concise vision of what public housing transformation means for the residents, for neighborhoods, for the city and the region. It is always easy to proceed with piecemeal plans -- a building here, a relocation effort there. But proceeding in this way will not help leverage the larger support -- and investment -- that is possible in the Chicagoland area.

In developing this larger vision, the transformation of Chicago's public housing should be understood in the broadest possible context. This is not a traditional affordable housing exercise. Rather, this is an effort to rebuild core neighborhoods of the city and to reconnect low income families to metropolitan opportunities -- to jobs, to educational opportunities, to asset building strategies.

Task Two: Maximize the Community Building Potential

The development of new housing in Chicago's neighborhoods should be seen first and foremost as an exercise in community building rather than the mere provision of more affordable housing.

That is a tough sell. It is a tough sell in the housing community which tends to think deal by deal rather than in a holistic manner. Yet bricks and mortar ultimately do not a neighborhood make. The key is to connect housing to retail and transit and jobs and schools and the other components of healthy communities.

If communities are to be healthy and sustainable they must be more than well designed housing that is aesthetically pleasing. Healthy communities have a range of incomes. They have vibrant retail corridors for daily shopping. They are connected to the wider economic and educational opportunities in the city and the region. The transformation of public housing must be about more than housing; it is ultimately about rebuilding communities.

Task Three: Open Up Housing Opportunities in the Metropolitan Marketplace

The transformation of public housing, with its additional housing vouchers for displaced residents, offers a "once-in-a-lifetime opportunity in Chicago to open up housing opportunities for low-income families. Yet that will only happen if the housing vouchers are not treated as an afterthought, as a step child of the rebuilding effort.

Here, again, the stakes are very high. If administered poorly, the provision of housing vouchers to poor families -- without appropriate counseling, without appropriate supports -- could trigger the concentration of poor families in marginal urban and older suburban neighborhoods. Such concentration would only weaken neighborhoods that are struggling to maintain an economic mix, neighborhood business districts and functioning schools.

If administered well, the provision of housing vouchers can open up opportunities for low income families and help cure some of the problems that are bedeviling the region. Having low income families live closer to their places of employment means that they do not need to be commuting to suburban jobs, adding more pressure on already clogged highways. It also means that their children will enjoy access to better schools and greater educational opportunities in the short and long term.

Administering vouchers well is not a rocket science. It means more front-end counseling for families. It means more support for families once they move. It means a better canvassing of potential landlords to engage them in the program. And it means involving intermediaries who have expertise, particularly in places like Chicago that have a 20-odd-year experience with the Gautreaux litigation.

Task Four: Expand Beyond the Public Housing Agency

The transformation of public housing is too important to be left to the traditional public housing bureaucracies. Enhanced opportunities for low-income families, the rebuilding of neighborhoods, the strengthening of the city, the health of the region -- those are issues that multiple constituencies have a deep interest and stake in.

What that means is that the transformation of public housing should engender new partnerships between the CHA and others in the housing business, like community development corporations, like market lenders and builders, like owners of assisted housing stock.

What that also means is that the transformation of public housing should engender partnerships between the CHA and those constituencies interested in school reform and welfare reform and workforce development and economic development. That doesn't just mean public officials, though their involvement is important. A wide variety of groups -- churches and employers and unions and advocates -- also have a stake in these important issues.

Task Five: Make Transformation a Regional Exercise

As I've discussed before, Chicagoland is a metropolitan area growing in fiscally, socially and environmentally unsustainable ways.

The transformation of public housing offers an important avenue for the region to address disturbing trends that threaten its competitive future -- the growing spatial mismatch, for example, between jobs and workers as employment decentralizes and concentrated urban poverty expands.

Transforming public housing could help urban neighborhoods become viable once again -- for investment, for jobs, for residential settlement.

Transforming public housing could also help low-income families gain greater access to employment and educational opportunities.

This is a win/win for the city and its surrounding and outer suburbs.

Conclusion

What I have described is a tall order. It requires multiple constituencies to depart from traditional roles and reach across disciplinary and jurisdictional lines.

It requires confrontation of thorny issues like race and class that have divided metropolitan areas for too long.

It requires political will and flawless execution of controversial policies.

Yet if there's anytime to strike a metropolitan agenda in this region, it is now:

> when the corporate community is promoting a new metropolitan vision called Metropolis 2020;
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> when Mayor Daley is meeting regularly with suburban political leaders as part of the Metropolitan Mayors Caucus;
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> when the new Governor is calling for enhanced land acquisition measures at the state level; and
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> when a broad spectrum of groups are reinventing the entire welfare and workforce systems.

Chicago can do this. You have the depth and breadth of talent and leadership and expertise. You

have strong institutions -- at the neighborhood, city and regional level. You have a lot at stake. Do not sell yourself short.

Think BIG

Think BOLD

Do the RIGHT THING

Seize the DAY

Thank you again for the opportunity to speak today on this important subject.