

Implementing Chicago's Plan to Transform Public Housing

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Executive Summary

In 1999, the Chicago Housing Authority (CHA) launched a massive process to overhaul its public housing developments. Despite the level of resources committed to the project, housing advocates and residents express doubt that the Plan for Transformation will be different from other failed attempts to improve public housing. In order to understand the complexity of the housing authority's task, this paper will apply an integrated implementation framework to the Plan for Transformation.

The framework incorporates four broad components: the socio-economic context, the policy formation and design, the implementation process and the policy results. The analysis shows that the CHA's past errors, federal policy decisions and housing market conditions constrain the administration's ability to successfully implement the Plan. General mistrust of the agency, coupled with vulnerability of its low-income residents, resulted in a heated planning process and ambiguous policy objectives. The conflict at the planning stage has spilled over into the agency's implementation of the plan, causing rushed relocations and inadequate social support for the residents. The unfortunate combination of the agency's unfavorable history and the public's high expectations for the Plan has led to a less than upfront management process.

While a number of external factors are beyond the control of the Chicago Housing Authority, the agency has the power to address a number of failing implementation policies. To increase the likelihood that the Plan will indeed transform public housing, the agency should track residents more closely, reassess its lease standards, moderate the pace of relocation, provide more transitional service, as well as commit to a policy of open and honest communication.

In 1993, one of Chicago's infamous public high rises met its fate with a wrecking ball. The demolition marked the beginning of a massive push to overhaul the city's public housing, and culminated in the Plan for Transformation in 1999.¹ Past attempts at urban renewal in Chicago have fallen short of their objectives. Accordingly, skeptical observers wonder if the Chicago Housing Authority (CHA) will be able to overcome the barriers that thwarted past efforts. Because a complex mixture of forces continues to shape the implementation, an evaluation of the CHA's management should include elements of the entire policy process.

To begin the discussion, the paper will highlight essential components of the Plan. Next, the paper will set up a framework to analyze the historical, political and administrative elements that frame the Plan's implementation. Using this model, the first step will be an analysis of the socio-economic context, which includes the housing authority's contested history, trends in federal housing policy and the state of Chicago's housing market. Third, the formulation of the Plan and the design of its policies will be discussed. Fourth, the management of the Plan will be critiqued in the areas of relocation, social services and contracting. Fifth, the paper will assess the performance of the housing authority and the Plan's preliminary outcomes. Lastly, recommendations for what the Chicago Housing Authority can do to improve its implementation will be presented.

The Plan for Transformation

The \$1.5 billion Plan for Transformation calls for the largest reconstruction of public housing in the nation's history. All but one of its 52 high-rise buildings will be leveled, including the four-mile concentration of public housing on the State Street Corridor. The CHA developed the ten-year Plan for Transformation to meet three objectives: to renew the physical structure of CHA properties, promote self-sufficiency for public housing residents, and reform the administration of the agency (CHA, 2001). The CHA expects to rehab or rebuild 25,000 units, with 20,719 of these units to be demolished by 2009. Approximately 6,100 new units will

¹ The Plan for Transformation is also referred to as the Plan throughout the paper.

be in mixed-income communities, each reserving one-third of its units for low-income public housing residents.²

To reach the second goal of building “hope and opportunity” for the residents, the Plan has policies designed to affect the behavior of public housing residents. On one hand, the Plan identifies a wide range of supportive services to build skills and self-sufficiency. On the other hand, stricter occupancy requirements involving community service, employment and criminal activity are intended to promote personal responsibility. The supportive services exist to facilitate positive choices and the requirements are meant to discourage destructive actions—two strategies sometimes referred to as the “carrot” and “stick” in social policy literature.

Lastly, the CHA aims to rebuild confidence in the agency: “Just as the CHA is asking for more accountability from its residents, we have also instituted reforms to improve our own accountability” (CHA, 2001). Toward this end, the CHA has privatized the management of its developments and has returned responsibilities such as policing and social services back to the city.

The need for housing choice vouchers³ is built into the Plan, primarily because demolition rates will outpace the construction of replacement units. Displaced residents have the option of moving to another public housing unit, taking a voucher, or leaving subsidized housing altogether. Additionally, a planned net loss of approximately 14,000 affordable units means the CHA expects a certain percentage of residents to stay permanently in the private market (Popkin et al., 2000: 919). Since 1995, approximately 3,300 families have relocated using the housing choice voucher (Fischer, 2003).

To promote self-sufficiency and ease the pressures of moving, residents have access to a Service Connector program and relocation counseling services. For general resident support, the city-administered Service Connector is designed to link residents to a network of non-profit agencies specializing in childcare and job training. Relocation services for voucher recipients primarily come from the private company CHAC, Inc., which has managed the CHA’s voucher

² See the Appendix, Figure 1, for a map of the Plan.

³ HUD has merged Section 8 certificates and vouchers into a single “Housing Choice Voucher” program.

program since 1995.⁴ Similarly, residents relocating within public housing receive moving services from one of two private companies. Relocation support available to moving families includes landlord negotiation seminars, neighborhood tours, security deposit assistance and life-skills training.

A Framework for Implementation

Given the scope of the Plan, an evaluation that overlooks the factors leading up to the transformation would tell a misleading story of the CHA's management. The implementation of public policy is best understood with a model that considers both the overall environment and the practical elements of administration. An integrated model of implementation, based on the work of Soren Winter (2003), provides a useful framework for evaluating the CHA's Plan for Transformation. To assess the implementation of a policy, this model recognizes broad dimensions such the socio-economic context, the policy formation process, and the design of the policy's administrative tools. Next, the model examines the delivery process by looking at the behaviors of the relevant interest groups: the organizations, the program staff and the target group. The connections among different stages reflect the dynamic interactions that occur during implementation. Figure 2 illustrates how the Plan for Transformation fits into Soren's integrated model.⁵

In addition to a conceptual framework, an evaluation of the Plan needs to specify how it defines a successful implementation. In a synthesis of implementation literature, Richard Matland (1995: 154) points out that models either measure how faithful the administering agency has been to the original design, or they assess the agency according to its ability to positively impact the target group. Here, the CHA's performance will be analyzed according to its ultimate effects on the residents, rather than its fidelity to official policies. The reason for this approach is two-fold. First, the federal program that is funding the transformation is purposely vague to allow for local experimentation. Second, the framers of the Plan could not have anticipated

⁴ Note that CHAC is not an acronym.

⁵ See Appendix for Figure 2.

every contingency that would arise over the ten-year implementation. Adherence to the values of improving public housing and assisting residents to achieve better living situations is the essential standard.

The Socio-Economic Context

Using Soren's integrated model, the analysis begins with an overview of the socio-economic environment. Viewing the Plan as a product of contextual forces is important to understand the contemporary issues with demolition and relocation.

The CHA's History. Although the \$1.5 billion price tag alone draws attention to the Plan, the CHA's past record of racism and incompetence is what makes the transformation a highly watched process. Almost from the beginning, mismanagement plagued the CHA's planning and maintenance of its developments. The CHA was established in 1937 and was headed by Elizabeth Wood, a New Deal social reformer who wanted to use public housing as a tool to promote racial integration. Yet, white ethnics' racism and the political machine's domination of the city frustrated her goals in the planning process. In the book *American Pharaoh*, Cohen and Taylor (2000: 100) describe how city council battles over the placement of early developments caused some of the developments to be entirely Black. The landmark Federal Housing Act of 1949 promised to help low-income families in Chicago, yet city council politics continued to translate public funds into housing developments that reinforced the isolation of Black residents (Meyerson and Banfield, 1955: 253). In 1950, the CHA board went as far as developing a secret policy of keeping Black families out of developments in white areas (Cohen and Taylor: 103).

The election of 1955 brought Richard J. Daley, a proponent of segregation, into the mayor's office. During his 22-year tenure, Daley oversaw much of the planning for public housing. Cohen and Taylor describe how the mayor used the developments to formalize the city's existing racial lines (183), essentially making public housing developments a "repository" for Blacks (11). Under his direction, for example, the 14-lane Dan Ryan Expressway was rerouted to divide white ethnic neighborhoods from the newly developed public housing.

Daley's segregationist policies were largely a matter of political expediency; integration threatened the Democratic machine because it would have dispersed the Black vote and alienated many white party loyalists who were vehemently opposed to integration. The long-running Gautreaux class action lawsuit against the CHA and U.S. Department of Housing and Urban Development (HUD) demonstrates the pervasiveness of segregation in Chicago.

Like the site placement decisions, city politics marred the buildings' design and construction. Policies in the early CHA administration stressed the importance of avoiding "sterile and stereotyped buildings" (Meyerson and Banfield, 1955: 95). Despite similar attention to the developments' physical attributes in the 1950s and 1960s, the city's policymakers favored high rises over row houses and small multifamily buildings. Unfortunately, Chicago's preference for this architectural fad did not account for the social and spatial needs of families. Not only did construction wipe out many Black neighborhood institutions, the new, high-density housing had a "sprawling institutional feel" (Cohen and Taylor: 186). The developments lacked indoor play spaces for children and were built on super-blocks that lacked connections to a traditional city street grid. The fenced-in exterior hallways and the psychological distance from the rest of the city led one observer to call the four-mile State Street Corridor a "public-aid penitentiary" (Cohen and Taylor: 186).

Despite warnings that the developments would be socially destructive, Daley and the CHA opted for high rises. High rises were less costly than smaller designs and acted as an efficient way to control the city's demographic patterns (Cohen and Taylor: 185). Daley claimed funding restrictions forced the city to build high-rises, though the savings from using poor materials and shoddy construction ultimately lined the pockets of politically aligned developers (Popkin et al., 2000b: 13).

Once the developments were completed, mismanagement of the day-to-day operations exacerbated the buildings' design flaws. Until the late 1950's, the CHA had been regarded as a model of good management. After the machine had succeeded in forcing out the progressive Elizabeth Wood in 1954, Daley was able to install executive secretaries who were subservient to the political machine (Cohen and Taylor: 11). With Daley in control, organized labor played a

large role in running city agencies, which invariably led to a 1958 report on the waste and corruption at the CHA (Popkin et al., 2000b: 120). Beyond the inefficiencies caused by over-staffing and make-work assignments, patronage replaced skilled professionals with managers who were ill-equipped to manage the vast public housing developments.

As discussed below, changing federal priorities increased the concentration of the extremely poor in public housing while reducing operating subsidies. The generally inept and corrupt management at the CHA was not able to respond creatively to these pressures. By the 1980s, the agency was unable to properly conduct simple tasks such as collecting rent and counting the number of occupied units (Popkin et al., 2000b: 179). Backed-up incinerators, infestations of roaches and vermin, perpetually broken elevators, rival gangs and drug dealing were the norm in the developments. When HUD took control of the agency in 1995, corruption had been so pervasive that the federal agency found improving the financial management “nearly impossible” (Popkin et al., 2000b: 179).

On top of the agency’s questionable workforce, high turnover in upper management characterized the 1980s and 1990s. Constant management flux meant that there was little institutional memory and that new initiatives repeatedly crowded out existing programs. The city’s first African American mayor, Harold Washington, was unable to shake-up the CHA because a hostile CHA board caused his appointees to be short-lived. The four-year HUD takeover also caused turmoil in the agency because long-time employees took issue with HUD’s initiatives. When the city regained control in 1999, the presence of a new administration led to another round of policy changes and delayed decision-making (U.S. GAO, 2003). According to housing analysts, organizational instability resulted in a strategy of “one poorly thought-out measure after another” (Popkin et al., 2000b: 179). Ultimately, the CHA’s poor management has become a major obstacle to residents’ confidence in the motives behind the Plan for Transformation (Williams, Fischer and Russ, 2000: 4).

Changes in Federal Housing Policy. As the legitimacy of the CHA, policy shifts at the national level also paved the way for major changes at the CHA. The first major pieces of federal housing legislation focused on improving physical infrastructure by replacing urban

“slums” with government-constructed housing. By the 1970s, though, place-based housing strategies had begun to fall out of favor in Washington (Green and Malpezzi, 2003: 89). In 1974, the Housing and Community Development Act established Section 8, a program that subsidized the development of private affordable housing and that supplemented the rent of low-income individuals. In part, the creation of Section 8 was the result of a growing consensus that concentrated poverty exacerbated the problems of unemployment, substance abuse and crime. This line of thinking continues today; the housing voucher program accounts for 52 percent of federal funding for active housing programs (DiPasquale, Fricke and Garcia-Diaz, 2003: 148).

At the same time government stopped constructing “hard units,” it also decreased its overall financial support for housing assistance. Subsidized housing programs reached their peak in 1976. Republican control of the presidency ushered in twelve years of budget cuts; federal housing funds dropped by 82 percent between 1982 and 1985 (Dolbeare and Crowley, 2002: 9). At the same time, rules forced housing authorities to give preference to extremely low-income households (Abt Associates et al., 1996: 1-4). This reduced housing authority’s capacity to cover operating costs with rent revenue, yet the federal government did not increase operating subsidies to cover the shortfall. The combination of these policies meant that local housing authorities like the CHA lacked resources to perform maintenance on their aging developments.

In the 1990s, the confluence of Democratic and Republican goals produced a radical change in public housing policy.⁶ “New Democrats” were looking for ways to leverage private sector resources and Republicans wanted public assistance policies to emphasize personal responsibility. Democrats created the demonstration project HOPE VI in 1992 to provide huge sums of capital to local housing authorities in the hopes the funding would attract private redevelopment. When Republicans took control of Congress in 1994, housing legislation mirrored the reforms of welfare by incorporating goals for increased responsibility and privatization.⁷ The reforms culminated in the Quality Housing and Work Responsibility Act of

⁶ The goals promoted by Democrats and Republicans reflect a neo-liberal perspective. Neo-liberal state policies favor market competition, individual responsibility, privatization of public services, diminished welfare programs, and criminalization of the poor in urban areas (Brenner and Theodore, 2002: 349).

⁷ Interestingly, the Bush administration wants to rename the Section 8 program “Housing Assistance to Needy Families” (HANF) to echo the name of the income assistance program TANF (Husock, 2003: 9-11).

1998 (QHWRA) and the official passage of the HOPE VI program in 1999. QHWRA sought to deconcentrate poverty by requiring the demolition of unviable buildings, the coordination of housing policy with welfare reform and the development of mixed-income neighborhoods. Privatizing housing management was a centerpiece of HOPE VI, and it gave local housing authorities much flexibility to experiment with their housing stock (Smith, 2001).

Changes in federal policy have expanded the options local authorities have to improve public housing, but funding constraints temper their options. Since 1994, the Chicago Housing Authority has received \$257 million in HOPE VI funds to demolish public housing, which is why the CHA considers the HUD program to be a “vital part” of the Plan for Transformation (CHA, 2003). Although HOPE VI only represents two percent of the cost for active federal housing programs, (DiPasquale, Fricke and Garcia-Diaz, 2003: 148) HUD wants to eliminate the program to encourage housing authorities to pursue a mixed public and private financing method. Accordingly, the Bush administration included no funding for HOPE VI in its 2005 budget. Congress has compromised on \$149 million for 2004, a significant reduction from past years.⁸

Section 8 assistance, now known as the Housing Choice Voucher (HCV) program, is also facing funding erosion. The president’s 2005 budget proposes a cut of more than four billion by 2009. Nationally, this could amount to 250,000 vouchers eliminated in fiscal year 2005 and up to 800,000 by 2009 (Sard and Fischer, 2004: 1). If the CHA chooses to absorb the funding reductions by cutting vouchers from its current pool of 40,660, the Center for Budget and Policy Priorities estimates the CHA would lose 4,928 vouchers in 2005 and 11,828 by 2009.⁹ With approximately 23,300 people on the closed waiting list (Rynell, 2003: 6) the present CHAC-administered system does not meet the demand for vouchers. Additionally, the Council for Large Public Housing Authorities reports that proposals for capital and operating budgets reinforces the trend of under-funding the maintenance of existing units. The CHA is only

⁸ Compared to about \$450 million for fiscal year 2003, the House and Senate proposed \$50 million and \$195 million, respectively (Madigan, 2003).

⁹ These reductions would occur if the proposed funding cuts were distributed proportionally across housing agencies based on the size of each agency’s voucher program. The estimates are based on data reported through July 2003.

halfway through transformation, which means funding reductions may have a considerable impact on the implementation of the Plan.

Chicago's Tight Housing Market. The Plan for Transformation expects many families to move to private housing at least temporarily. Unfortunately, the largely unaffordable housing market in Chicago complicates the relocation process. Between 1990 and 2000, U.S. Census data indicates that the vacancy rate in the city decreased from 9 to 5.6 percent; this is below the 6 percent threshold HUD sets for a "tight" market (Smith, 2003: 4). A three percent drop in the number of rental units, coupled with an 11 percent population increase, may explain the low vacancy rate. Calculations of American Community Survey data show that private, non-subsidized multifamily units decreased by 2.8 percent between 2000 and 2002 (U.S. Census Bureau, 2003). A recent HUD quarterly report suggests that the market for affordable rental units remains tight because the lower segment "has not been affected by the shift to homeownership or the economic slowdown" (U.S. HUD, 2003: 41). The mismatch between demand and supply means that landlords can charge higher rents and reject Section 8 tenants more easily to avoid the program's paperwork. As a result, voucher holders are having a difficult time finding a place before their vouchers expire.

Several factors contribute to the constriction of Chicago's affordable housing market. First, there is a trend for young professionals and retired couples to move back into the city. The gentrification process in Chicago is small compared to the growth of suburban areas, but is large enough to raise rents in the central city. Second, the expiration of project-based subsidies is reducing the number of "hard" units that are affordable in Chicago. In the 1970s and early 1980, the federal government offered developers Section 8 subsidies to build affordable housing. Now that the contracts are coming due, many of these developers are converting the units to market rate. According to the Metropolitan Planning Council, about 10,000 units are eligible to opt-out of the Section 8 program between 2000 and 2005 (1999: 24). While the development-based subsidies will convert to tenant-based vouchers, the "vouchering out" of the units places more pressure on the remaining affordable housing stock (Popkin and Cunningham, 2000).

These socio-economic factors collectively limit the CHA's range of options when administering the Plan. First, past racism and incompetence means the current CHA agency lacks the public's full confidence. Coupled with a high level of attention to the Plan, this tenuous relationship means the CHA must be as adept with public relations as it is with contract management. Public opinion influenced the initial design and placement of the high rises (Meyerson and Banfield, 1955: 270), and it continues to temper the CHA's course of action. Second, federal policies will continue to impact the options available to the CHA. HUD's changing policies first set the stage for the CHA to embark on the Plan, and now funding cuts to HOPE VI and Section 8 will leave the CHA to pursue its ambitious plan with less financial backing. Third, the tight conditions at the bottom of the housing market put additional pressures on the Plan. The relative scarcity of affordable units means the consequences of failing to relocate residents successfully are even greater. At least in the short run, the paucity of available, affordable housing means the private market cannot compensate for failures at the public level.

Policy Formation and Program Design

Given the number of stakeholders and the vulnerability of the public housing residents, it is not surprising that the Plan's formation was characterized by conflict and ambiguity. Indeed, the debate over the current initiative mirrors the Chicago policies following the Housing Act of 1949, which Meyerson and Banfield described as inconsistent and vague (1955: 271).

Richard Matland (1995) provides a relevant perspective on the Plan by outlining ways policy conflict and ambiguity shape implementation. In this context, conflict develops when decisions-makers are unable to compromise on the goals of a policy, and ambiguity in the final policy serves as a tactic to limit conflict. If the policy is sufficiently vague, people are able to interpret it in ways that suit their values, which in turn, allows them to avoid gridlock. As a policy that redistributes social resources, the Plan for Transformation is what Matland calls "symbolic implementation." Public policies in this category involve highly visible social symbols like the crumbling high rises, as well as intense local actors like Chicago's housing

advocates, resident groups and private developers. Even though ambiguity creates practical problems, symbolic policies arise because they are a method for decision-makers to institutionalize certain values. This characteristic is evident in the Plan's emphasis on the principles of welfare reform.

Conflicting Goals. During the planning process, the divergent values of the CHA administrators, residents and developers led to stated and unstated goals. Analysis of conflicting goals in the 1950s applies equally well today: "although all of the decision-making bodies presumably shared this general purpose [of developing public housing], each of them made some decisions on the basis of other ends which were not shared" (Meyerson and Banfield, 1955: 269). As a result, the Plan's outward goals to rehabilitate the developments, build "hope and opportunity" for residents, and internally reform the agency are not entirely compatible.

With an internally inconsistent mandate, the CHA finds itself in the unfortunate position of having to decide how to prioritize incompatible goals. One example involves the repair of its professional legitimacy, which is critical to its ability to implement the Plan. The tension between the social purpose of public housing and the imperative of management reform complicates the rebuilding of its image. Providing housing to very low-income residents is a difficult task, and filtering out the most disadvantaged populations would make it easier for the CHA to demonstrate competent management. Indeed, one Chicago researcher argues the CHA is reforming public housing "by sweeping out the poor" (Smith, 1998).

Beyond the difficulty of prioritizing stated goals, the CHA also may be operating according to a set of *unstated* objectives. Some critics suggest one unstated objective is to appease city officials and developers who are involved in redeveloping the central city. A number of the public developments rest on valuable land in the city, which means the CHA must face lobbying and economic pressures that are not friendly to low-income housing. In this light, the transformation may act as an accomplice to the "push-out" of gentrification (Wordlaw, 2003).

Symbolic Policies. The incompatibility of stated and unstated goals produced symbolic policies that decision makers may have anticipated would fail in the long run. The right to return

is one such policy. According to the Relocation Rights Contract negotiated with housing advocates, lease compliant residents who lived in the CHA before October 1, 1999, have the right to return to public housing. Yet, this may not be realistic. Residents who intend to use housing vouchers temporarily may be away from public housing for up to five years, making it likely they will stay in the private market or disappear from the system completely. The reduction in the number of units available to low-income households also means there will not be enough CHA units for the entire 90 percent of displaced residents who want to return (Oldweiler and Rogal, 2000).

Similarly, plans for mixed-income housing fit the pattern of a symbolic policy. Politically, mixed-income developments acted as a tool to gain broader support for public housing because they benefit a wide range of social groups. Additionally, an underlying argument is that mixing social classes will foster positive behaviors in poor individuals, including labor market participation and civic engagement. Local critics suggest the policy may not have the interests of low-income residents in mind. According to one Chicagoan, “The real point is that the notion of mixed income provides a convenient political screen for other agendas” (Wright, 1998: 3). A national survey conducted by the Urban Institute showed only 14 percent of residents had returned to revitalized HOPE VI developments by 2002 (Buron et al., 2002: ii). To be fair, the findings of this study may not be a representation of rates of return to Chicago HOPE VI units. On the other hand, a CHA memo acquired by the National Center on Poverty Law shows that the CHA anticipates 15 percent of its residents to be returning to mixed-income developments in a one-year period (Michaeli, 2004). Putting aside speculation over intent, a low return rate for the entire ten-year Plan would mean mixed-income housing was a *de facto* accomplice to moving poor people off valuable land.

Program Design. The effects of goal ambiguity filter into the program’s design. The flexibility of the HOPE VI program means the CHA has considerable room to decide how the goals will be implemented. Citing the goal of resident responsibility, the CHA has instituted new standards for residents’ behavior. In the late 1990s, the CHA began strictly enforcing the federal one-strike-rule that makes criminal activity grounds for lease termination. Chicago

broadly interprets this rule to apply to any household with drug or felony activity, regardless of a conviction (Popkin et al., 2000a: 916). Since the CHA has been applying the rule, a significant number of residents have been evicted from public housing.

The CHA also has developed stricter screening requirements for tenants residing in the new units. Residents must have a clean lease record, pass a drug test, and undergo credit and criminal background checks to obtain housing. To keep the unit, they must pass housekeeping inspections, perform eight hours of community service a week, and show that they meet self-sufficiency standards such as employment. In the 1940s and 1950s, Elizabeth Wood argued screening techniques would help make public housing a successful demonstration of racial integration (Cohen and Taylor, 2000: 112). Yet, after federal and local policies skirted tenant standards for decades, the CHA has many residents with track records that make them ineligible for the new public housing. In the Ida B. Wells development, for example, 22 percent of the remaining residents had at least one lease violation (Popkin, Cunningham and Woodley, 2003: 11). One Chicago service provider estimates the new policies could exclude up to 80 percent of the original residents (Wordlaw, 2003). Ultimately, the standards that are meant to ensure the stability of the new developments conflict with the CHA's responsibility to its long-time residents.

The Implementation Process

The CHA has been administering the Plan for approximately five years. Within this time, three main cracks have appeared in the execution of this complex process: rushed relocation, inadequate social support, and possible contract mismanagement.

Rushed Relocation. The strict adherence to prefixed deadlines has resulted in moves for which residents are inadequately prepared. A provision in QHWRA allows the CHA to close a building on short notice if there are threatening health and safety conditions. At the same time, the HOPE VI guidelines stress the importance for a measured relocation pace. In 2002, independent monitor Thomas Sullivan (2003) found that it was common for residents to be moved within weeks of demolition. In these situations, families using housing choice vouchers

did not have the time to find suitable housing, and consequently, rushed into racially segregated, low-income areas. Similarly, a number of families who opted to move to another public unit ended up in “decrepit and substandard” housing. Lawsuits and other unexpected situations had delayed confirmations for demolition, and the CHA did not adjust its time schedule to accommodate the situation.

Inadequate Social Support. The CHA’s service programs have struggled to meet their goal of supporting residents during the upheaval. The services available to relocating residents are seriously strained. The service provider for housing voucher participants, for example, has been unable to improve the quality of the participants’ destination neighborhoods (Fischer, 2003). On top of the barriers of high market rents and discrimination, persistent misconceptions about the CHA plan and Section 8 can hinder the residents’ ability to take full advantage of the voucher program (Popkin and Cunningham, 1999: 29). The CHAC’s information services attempt to inform residents, but participants are often overwhelmed by the amount of information (Popkin and Cunningham, 2000: 28). Furthermore, some residents seem to be unfamiliar with CHAC’s mobility assistance services and others are unsure about the CHA’s role in helping them to return to public housing (Williams, Fischer and Russ, 2000).

Likewise, the Service Connector has come under fire for its focus on job-readiness and limited ability to reach residents. The independent monitor and other service providers consider the emphasis on employment to be an oversimplification of the complex needs of public housing residents, “[the] lack of jobs was just a part of larger, deeper problems facing many residents” (Sullivan, 2003).¹⁰ The monitor also reported that the Service Connector was “grossly” under funded and did not “even come close to accomplishing its announced objectives” in 2002. With limited funding, the Service Connector amounted to a phone number residents could call for directions on how to find supportive services. Lacking a personal caseworker, though, most residents accessed no services at all. Similarly, a review by the Metropolitan Planning Council

¹⁰ Robert Wordlaw of the Chicago Jobs Council and Wanda White of the Women’s Self-Employment Project also critiqued this aspect of the Service Connector’s design.

found the fragmented program design to be burdensome to families (Williams, Fischer and Russ, 2000: 3).

In the last year, the CHA has taken steps to improve the connector program, including a boost in funding for the Service Connector from \$8 to \$12 million dollars for 2004 (CHA, 2003). Still, it is unclear whether current funding levels will support the intensive services that many residents need. In the past, up to 15 percent of HOPE VI funds could be allocated to social services; the likely demise of the HOPE VI program would mean CHA would have to depend more heavily on its general operating budget to fund the Service Connector.

Contract Mismanagement. Corruption in contracting is an aspect of its reputation that the CHA has had a difficult time overcoming. Well into the 1990s, monitors were still finding evidence of fraud in contracting (Popkin et al., 2000: 179). Indeed, the CHA was one of the last agencies that blatantly practiced political patronage. Recently, two partnerships have suggested impropriety. First, the independent monitor questions the CHA's choice of firms to provide relocation support to voucher participants. The contract rewards the counseling firms according to the number of placements they make, with no incentive for the agencies to pay attention to the location and quality of the units. A conflict of interest may exist because these firms are known to have relationships with landlords in highly segregated, low-income areas.

Second, *The View from the Ground*, an online publication formerly located in the Stateway Gardens development, reported another case of suspicious contracting procedures during 2002 (Kalven). Early that year, the resident council president at Stateway Gardens requested an investigation into the CHA's choice of vendors for securing vacant units. The president argued the firm Vacant Property Security (VPS) held a monopoly on sealing the units, and as a result, was providing inferior services. Though the CHA never followed up on the request, *The View From the Ground's* reports contend that competitors were excluded by inappropriate sole-source contracts, intimidation by CHA personnel, and requests for services that were tailored to the exact specifications of the VPS product. This is an important issue because the reorganization of the CHA has made securing and monitoring contracts its central

function. If this example is indicative of other contracts, *The View from the Ground* rightfully questions the CHA's ability to implement the transformation successfully.

Implementation Results

It makes sense to view the results in terms of the Plan's three goals: renewing the physical infrastructure, promoting self-sufficiency for residents and reforming administration of the agency. On the first goal, the CHA has had mixed success because lawsuits and other contingencies have delayed planned demolitions. When these issues have not stood in the way, the CHA has been able to take down numerous high rises, rehabilitate other developments and contract with private firms to build mixed income developments. For the second goal of improving its management practices, the CHA has taken steps to streamline its organizational structure and has implemented financial reforms. As a result, it has succeeded in balancing its budget for four consecutive years, a task HUD found challenging during its takeover. At the same time, the current CHA's management record is not spotless. The CHA also faces problems with the third goal of promoting resident self-sufficiency.

Operational Transparency. Without a doubt, the housing authority is under considerable pressure to achieve the lofty goals of the Plan. An adverse effect of these high expectations has been a lack of transparency regarding the CHA's performance. Various sources report that the CHA has not been upfront about its failures. As one *Chicago Sun-Times* editorial letter opines, "increasingly, one feels that the new management at the top—sincere though they may be—is a new face on the same old CHA that neither serves residents nor spends federal, state and city tax dollars wisely" (Ramsey, 2001: 40). In the same vein, the independent monitor criticized the 2003 plan for being "very far from an accurate portrayal of the facts" (Sullivan, 2003).

Recently, the CHA emphasized that the HOPE VI funding cuts would not affect the Plan's progress, claiming the funds they have already received will be enough to complete the Plan (CHA, 2003). Yet, the \$275 million is only a fraction of the \$1.5 billion HUD promised in 1999. If Congressional appropriations continue to shrink, the construction of replacement

housing may cease. Thousands of former residents could be stranded because the CHA is only liable to build what HUD funds. Spin control is not unique for a public agency, but given the CHA's shaky track record it is damaging the agency's credibility. The independent monitor scolded the CEO for engaging in "partisan 'cheerleading'" at the expense of the agency's integrity (Sullivan, 2003).

HUD Oversight. Beyond the Chicago city limits, poor federal monitoring means the CHA's performance is not well documented. In May 2003, the U.S. General Accounting Office (GAO) reported that HUD's oversight of HOPE VI projects was inconsistent. HUD field offices had not performed the mandatory annual reviews and lacked clear enforcement policies to apply when it found problems. When the field offices had reviewed HOPE VI projects, they found procurement problems and undocumented relocations. In Chicago, the lack of oversight means critical market studies were not performed. HUD committed to reviewing the region annually to determine if the housing market could absorb that year's housing vouchers. As the *Chicago Reporter* points out, if HUD does not complete the review, the CHA is under no obligation to alter an unrealistic relocation schedule (Oldweiler and Rogal, 2000).

Preliminary Evidence on Relocations. Estimating the full effects of demolition and displacement on the city is a significant challenge, primarily because the CHA has not kept a complete record of what has happened to the relocated households. Current indicators of performance, such as the number of units demolished or number of balanced budgets, do not relate to the Plan's effects on residents. Without complete data, it is unclear how well the agency is achieving the goal of improving the lives of its low-income residents.

Fortunately, the voucher program provides a tracking link to some individuals who have moved away from public housing. In 2001 and again in 2003, Paul Fischer analyzed information from the CHAC database and found that vouchers were not dispersing families throughout the Chicago region. As a result of concentration on the near west and south sides, former public housing residents had not significantly reduced their racial isolation or improved their economic surroundings (Fischer, 2003). A national study of HOPE VI relocations found that Chicago was among the poorest performing cities in reducing the concentration of minority residents

(Kingsley, Johnson and Pettit, 2003: 434). It notes, however, that the reductions in the average poverty rate of destination neighborhoods are better than critics imply. Reflecting the re-segregating moving patterns, tenants have filed a number of class action lawsuits in the last year.

The relocation of thousands of public housing families also is affecting the receiving neighborhoods. Analysts worry that the clustering of vouchers in already disadvantaged neighborhoods will magnify their social problems. The influx of public housing residents could stigmatize the neighborhoods, leading to a withdrawal of capital. Moreover, the waves of CHA residents entering the private market, even if only temporarily, could be causing rents to rise in certain areas. Looking at the period 1999 to 2004, University of Illinois researchers predicted the relocation of 6,000 CHA households would have the greatest impact on the south side of Chicago (Metropolitan Planning Council, 1999: 40). In one scenario, CHA residents moving into the south side would create a 6.1 percent increase in average rent over standard rent inflation.

On the other hand, relocated public housing residents may be experiencing the benefits that the Plan intended. Past studies on the Gautreaux and Moving to Opportunity programs indicate that participants realized employment and educational gains. Still, the effects of these programs should not be generalized to the CHA Plan. The participants in both programs were self-selected, and therefore, are unrepresentative of the CHA population as a whole. Even if they secure housing, it is not clear if relocation will benefit the most disadvantaged families (Popkin et al., 2000a: 930).

Recommendations and Prospects

As the independent monitor rightly emphasizes, the CHA is working diligently to implement the enormously complex task of transforming public housing. The shortcomings of the implementation reflect a host of complicating factors, which mean good intentions may not achieve the intended results. The following recommendations draw from formal studies and informal observations of analysts and practitioners close to the transformation.

These suggestions assume that future demolition of the remaining high-rises is inevitable.

While a number of voices call for major rehabilitation instead of demolition, it does not seem politically realistic that the CHA would drastically alter its plan. Many critical players, including the independent monitor, believe that the high-rise developments are no longer viable living spaces.¹¹ Therefore, the focus is on what the CHA can do to manage the original Plan for Transformation more effectively.

Track Residents' Outcomes. Among others, the National Center on Poverty Law has urged the CHA to make a more concerted effort to track all residents affected by the Plan (Wilens, 2003). This is a challenging task because many families with vouchers are gone from public housing for a number of years. Without this data, though, the agency will not have adequate information to assess how well it is achieving its primary, stated goal of improving the lives of its low-income residents. As the Metropolitan Planning Council suggests, the performance indicator should not be how many residents return, but the extent to which families were able to make informed decisions and moves with supportive services (Williams, Fischer and Russ, 2000: 1).

Reassess Occupancy Criteria. The current tenant policies exclude a significant number of current residents, which calls into question the CHA's mission as a social purpose agency. The public housing should raise occupancy standards to maintain a healthy living environment, yet the CHA should overlook infractions that it helped create. For example, lax management in the past sent the message that residents could get away with not paying rent. Popkin, Cunningham and Woodley suggest that the CHA should grant current residents amnesty for back rent and utility payments. The CHA should also review its one-strike policies, perhaps allowing ex-offenders back onto leases on a case-by-case basis (2003: 30-31). Without a relaxation of policies, the HOPE VI resources will not benefit many of its intended recipients.

Slow Relocation Pace When Needed. CHA needs to conduct relocation at a more manageable pace. Unfortunately, lawsuits have delayed reconstruction and rehabilitation has not kept up with expectations. The agency's strict adherence to preset deadlines has needlessly

¹¹ In his fifth report, Sullivan wrote, "It is my firm opinion that these buildings ought to be eradicated, and not replaced with anything similar to their present form."

jeopardized the relocation of residents in past years. Because self-sufficiency is a central goal in the Plan, schedules must bend to meet the unexpected delays and contingencies of re-housing thousands of people.

Provide More Transitional Services. As described above, a difficult market and needy resident population make moving out of public housing with a voucher a difficult feat. Housing vouchers alone will not make up for the net loss of public housing units. One former CHA employee argued that a more comprehensive solution like transitional housing would be a “monumentally wise investment” in the long run (White, 2003). Similarly, Popkin et al. suggest that the CHA should model its services on transitional assistance for the homeless (2000: 938).

Offer Intensive Casework. Connected to the need for more comprehensive services, the Service Connector should adopt a casework model for the most disadvantaged households. Unfortunately, few resident utilize the fragmented system because they need more personal attention. While a casework model would demand more money, Popkin et al. (2000) argue that the cost would *not* be prohibitive because the most vulnerable families constitute only a small proportion of the overall public housing population. It is unclear whether this year’s additional funds and current service design will be enough to meet the residents’ needs.

Commit to an Open Process. The transformation would benefit from a more truthful policy-making process. Even recently, the CHA has been criticized for its closed planning meetings and disregard for the residents’ input. The agency’s leadership also has been less than upfront about its failures. Given its history of corruption and mismanagement, the CHA needs to have an open and honest dialogue with residents and the public. The independent monitor emphasizes this point, “glowing but inaccurate and misleading descriptions ... inevitably call into question the reliability of the CHA as to all its other claims of success for the Plan of Transformation” (Sullivan, 2003). Absent an open policy process, speculation about the CHA’s true motives for the Plan has grown, and as a result, well-intentioned initiatives have been mired in local opposition.

Criticism of the Plan for Transformation and the CHA's management seem to indicate that this process will be merely another round of urban renewal. Yet, it is not inevitable that the CHA will duplicate past mistakes. While there are a number of constraints on implementing the Plan, the CHA has considerable room to adjust how it manages the day-to-day operations of the transformation. Strong management, intensive social programs and openness will go a long way in transitioning the CHA and its residents to better futures.

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Figure 1. Map of the Plan for Transformation

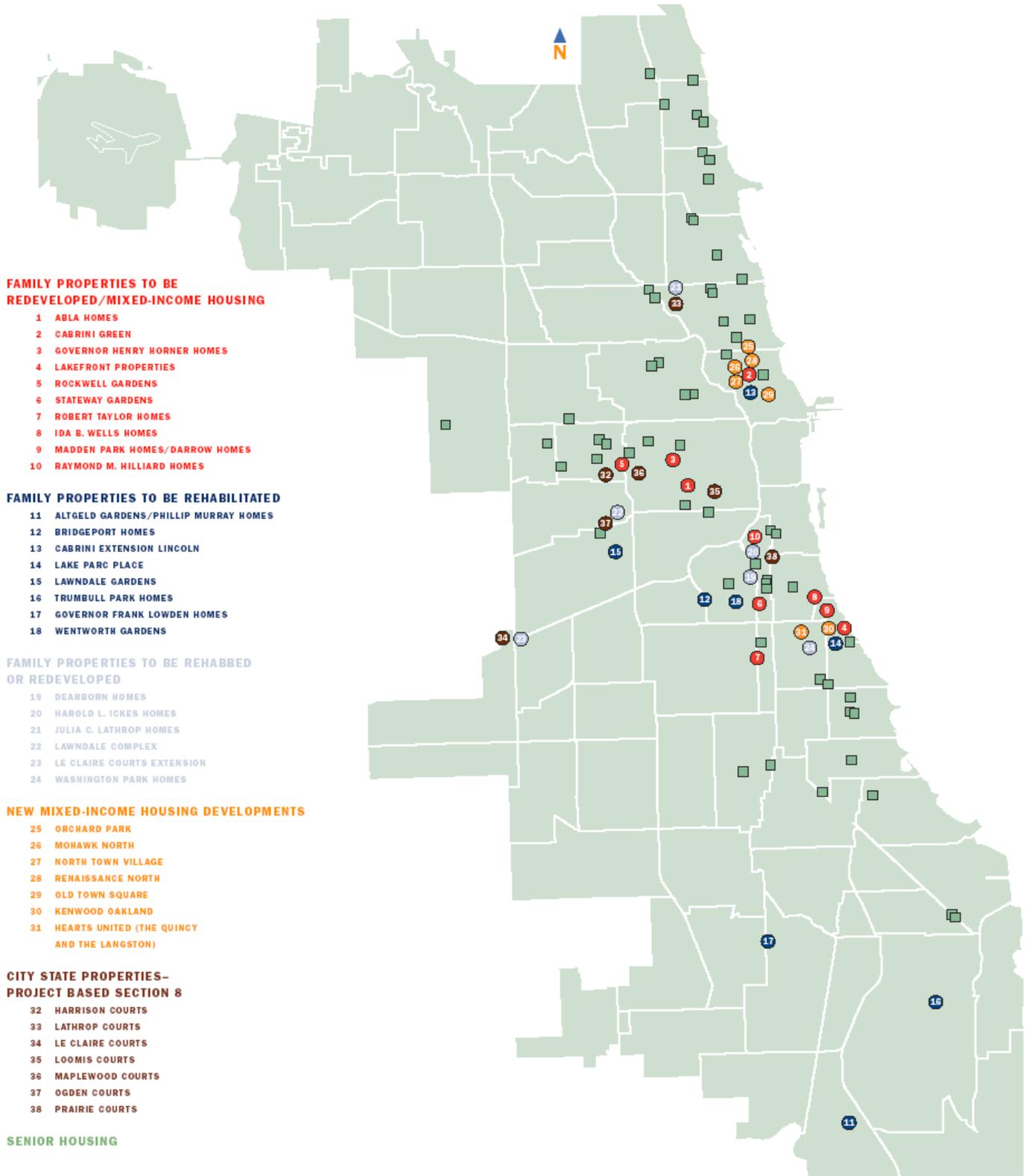
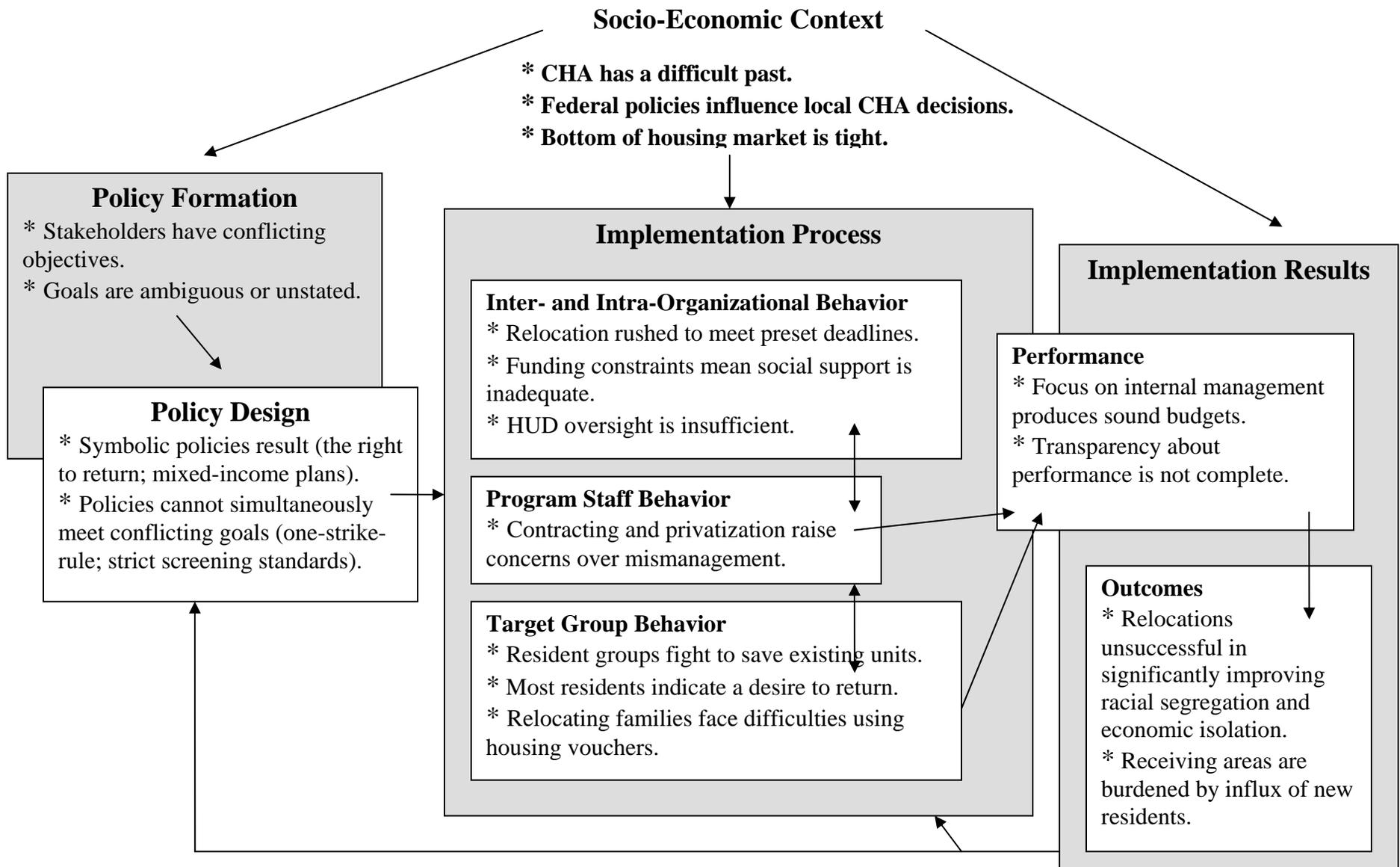


Figure 2. Integrated Implementation Model



Adapted from Soren C. Winter's Integrated Implementation Model. "Implementation: Introduction." In *Handbook of Public Administration*, 3rd ed., edited by B. Guy Peters and Jon Pierre. California: Sage Publications, 2003.