

Case 93

The Plan for Transformation of Public Housing in Chicago

John D. and Catherine T. MacArthur Foundation, 1999

Scott Kohler

Background. By the end of the 1980s, it was apparent in Chicago—as in many cities—that the existing public housing infrastructure was badly broken. As the Chicago Housing Authority (CHA)’s brochure recounts:

What began in the 1930s as a noble and well-intentioned effort to provide “transitional housing for low-income families, expanded dramatically in the 1950s and 1960s and eventually evolved into the isolated islands of poverty and crime widely associated with public housing.”¹³¹¹

The CHA was, by that time, an unwieldy bureaucracy managed by the federal Department of Housing and Urban Development (HUD). Amid a series of legal challenges, the CHA tried in the ’80s to begin reforming public housing in Chicago. But it was not until the late 1990s, with the launch of a major new effort, that the city appeared ready to confront its problems.

Strategy. In June 1999, the city of Chicago assumed full control of the CHA, and soon after, under the leadership of mayor Richard Daley, it initiated the Plan for Transformation of Public Housing. The Plan, which is scheduled to be complete at the end of this decade, has three components. First, it will “renew the physical structure of the CHA properties.”¹³¹² To that end, some 25,000 units of housing will be constructed or renovated by the end of 2009. Second, it aims to “promote self-sufficiency for public housing residents.”¹³¹³ As Mayor Daley has said, “we must do more than simply build new homes. This is about building lives.”¹³¹⁴ So a wide range of public and private social service agencies and organizations are being engaged. Finally, the Plan includes reforming the administration of the Chicago Housing Authority.¹³¹⁵ Drafted with the support of HUD and the input of affected residents and community leaders, the \$1.6 billion Plan is the largest public housing reform initiative in American history.

At each step along the way, one of its primary participants and supporters of the Plan for Transformation has been the Chicago-based John D. and Catherine T. MacArthur Foundation. Recognizing the Plan as an historic opportunity both to reform Chicago’s decrepit housing infrastructure and to blaze a trail that other cities could follow, the Foundation has played two main roles since December 1999. The first is to be “a neutral place for problem-solving and conflict resolution.”¹³¹⁶ Given the diversity of interests involved in such a massive undertaking, it is a role that the Foundation, with its credibility as an altruistic and disinterested resource for the city, is well positioned to fill. The second is more traditional: that of a funder. In particular, the Foundation has targeted significant “resources to efforts that build confidence that public housing improvement [can] be accomplished in a way that [is] sensitive to current public housing residents and to the city’s neighborhoods.”¹³¹⁷ The Foundation has already contributed \$41 million to the Plan for Transformation, and has so far budgeted an additional \$8 million in grants for 2005–2008.¹³¹⁸

Outcomes. The results so far have been enormously promising. The CHA has lowered its administrative costs, increased its budget for property management, and has managed to balance its budget for the past four years.¹³¹⁹ It currently provides public housing to 38,000 people, and housing vouchers to an additional 97,000. Several run-down high-rise developments—each one a blight on the community and a haven for crime and poverty—have been torn down and are being replaced by newer low-rise mixed income housing.

The MacArthur Foundation has played a significant role in this progress. For instance, the

Foundation provided neutral meeting space, gave logistical support, and mediated the discussions that led to the adoption of a Relocation Rights Contract specifying the rights and responsibilities of the city and the affected tenants as the construction and relocation moved forward. This contract cleared a major roadblock that could have kept the Plan held up in court for many years to come. Furthermore, MacArthur has recruited and funded an independent monitor to ensure that both sides comply with the contract. The Foundation also conceived an innovative “gap financing” system that enabled CHA and the City “to cover anticipated gaps in the cost of building market-rate, for-sale housing in the new mixed-income communities.”¹³²⁰ The Foundation put up \$15 million to guarantee the City’s loans. This was the risk capital that convinced Fannie Mae to lend out the money needed for construction. MacArthur funds have supported social science research in order to understand better the successes and failures of the project. They have been used to streamline the relocation process and convene partnerships of private community organizations.

Impact. The Chicago Housing Authority’s Plan for Transformation of Public Housing is the largest and most complicated urban renewal project in American history. Now early in its second phase, the Plan may yet succeed in improving dramatically the lives of Chicago’s poor. If it does, it will be a beacon of hope and an example for other cities to follow. Throughout its planning and implementation, the MacArthur Foundation has supported it vigorously. As Kathryn Greenberg, a spokeswoman for the CHA said in April 2003, “since the housing rebuilding job began, we have had an especially deep partnership with the MacArthur Foundation.”¹³²¹ In fact, the city official who authored the plan is now a vice president of the Foundation.¹³²² Clearly, MacArthur will continue to work for progress as the Plan for Transformation continues to effect positive change in the Foundation’s own back yard. \

Notes

1311. “Building New Communities: Building New Lives,” brochure, The Chicago Housing Authority Plan for Transformation, 2002.

1312. Available from CHA website, <http://www.thecha.org>.

1313. Ibid.

1314. “Building New Communities: Building New Lives,” brochure.

1315. Available from CHA website, <http://www.thecha.org>.

1316. Memorandum from Susan Lloyd, of the John D. and Catherine T. MacArthur Foundation, to Scott Kohler, 1/7/2005.

1317. Available from <http://www.thecha.org>.

1318. Ibid.

1319. Ibid.

1320. Memorandum from Susan Lloyd, of the John D. and Catherine T. MacArthur Foundation, to Scott Kohler.

1321. It should be noted that Greenberg, in this statement, went on to acknowledge “several other foundations and corporations.” The Project for Transformation has been, and continues to be, a massive undertaking requiring the committed support of a host of groups in public and private sectors. Joe Ruklick, “CHA’s Private-Public Partnership Continues as MacArthur Foundation Awards Planning Grant,” *Chicago Defender*, 4/19/2003.

1322. Cheryl L. Reed, “Chicago’s 100 Most Powerful Women: From Life in Hut to Giving Millions Away,” *Chicago Sun-Times*, 4/14/2004.