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How Chicago's Public Housing Transformation Can Inform Federal Policy

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Chicago has long dominated the national discourse about urban poverty in general and public housing in particular, and the policy changes that affect Chicago tend to have repercussions for national policy.¹ The Chicago Housing Authority's 1999 Plan for Transformation sought to undo the mistakes of decades of federal policy that had left Chicago and too many other cities blighted by large, decaying public housing properties (Turner, Popkin, and Rawlings 2008). Although other cities like Atlanta and San Francisco followed suit, the CHA's Plan was the first—and largest—citywide public housing transformation initiative, representing an enormous investment of public and private resources (Popkin 2010).

The CHA's efforts have received much local and national attention from federal and local policymakers, housing authority administrators, advocates, researchers,² and the media. In many respects, the CHA's story shows the potential of public housing transformation: attractive new developments, better quality of life for most residents, and a better-functioning housing authority. However, the CHA's story also raises cautions about the limitations and the potential risks of this bold—and costly—

approach and about what else it will take to help address the problems of deep poverty that keep too many public housing families from moving toward self-sufficiency.

For decades, high-rise public housing developments like Cabrini-Green and the Robert Taylor Homes dominated Chicago's landscape and became shorthand for the failures of social welfare policy. Finding solutions for those failures seemed more urgent as the crack epidemic took hold in Chicago and other cities, gang violence escalated, and the

federal government started its War on Drugs. In an effort to improve public housing—and its own image—the U.S. Department of Housing and Urban Development (HUD) took control of the CHA in 1995. The HUD team, which included the assistant secretary and other senior staff, cleaned up the agency's books, subcontracted management of the Section 8 voucher program, and moved the city's first large-scale HOPE VI redevelopment efforts forward. HUD handed the CHA to city control in 1999 after approving

the Mayor Daley-backed Plan for Transformation, which called for demolishing and replacing all of the CHA's 11 high-rise family developments, as well as substantially rehabilitating 10,000 units in senior buildings and low-rise properties.

The Plan unfolded over more than a decade, cost more than \$1 billion, created new models for partnerships with private developers, and markedly changed the landscape in many Chicago neighborhoods. As a result of the transformation, the CHA's public housing portfolio is significantly smaller, and the size of its Housing Choice Vouchers (HCV) program has more than doubled to nearly 38,000 households. Beyond the visible effects, the transformation wrought fundamental changes at the CHA itself, helping it leave behind a history of mismanagement and neglect and evolve into a well-managed, very large housing authority. The Plan has been and remains controversial; as the CHA prepares to release its Plan 2.0, the agency is sparing with advocates over demolition and revitalization plans for three of its remaining developments.³

For more than a decade, the Urban Institute has been following the experiences of CHA families as they were relocated and their buildings were demolished and replaced with new, mixed-income housing. The lessons from this research have important implications for cities across the nation grappling with how to improve their most troubled communities and provide decent, affordable housing for vulnerable families in an era of shrinking resources.

Key Lessons for National Policy

The CHA's transformation efforts offer lessons about both the benefits and limitations of this bold approach to reforming public housing.

- **Residents moving out of distressed public housing reap benefits, even if most do not return to the new, mixed-income housing.**

Through the Choice Neighborhood Initiative, federal policy now prioritizes ensuring that former residents who have to relocate have the right to return to the newly redeveloped property. This change acknowledges that residents of distressed properties targeted for redevelopment often move involuntarily. But, after a decade, less than 20 percent of the original residents have actually returned to the CHA's new developments; most now either use a voucher to rent private-market units or live in rehabilitated traditional public housing developments and are satisfied with their new housing situation. Regardless of where they live, most of these residents report they are living in better housing in safer neighborhoods—an important outcome that policymakers should view as an indicator of success (Buron, Hayes, and Hailey 2013).

- **Relocation is an opportunity to promote mobility.**

Like most housing authorities, the CHA faced a steep learning curve in developing relocation services for its residents. In the early stages of its transformation plan, those in charge viewed relocation logistically—that is, the buildings needed to be emptied for the redevelopment effort to proceed. As a result, relocation was rushed and out of sync with school schedules. The CHA gradually added services like mobility counseling to help residents make more informed choices about neighborhoods that might offer opportunities like better schools, public

services, or access to jobs. A more targeted effort to provide mobility counseling—perhaps focusing on families with children or adults who are “work ready”—might help more former public housing residents use their vouchers to move to even better neighborhoods (Buron et al. 2013).

- **Using housing as a platform for intensive wraparound services helps adults in vulnerable families improve their lives.**

Services that include intensive case management, access to clinical mental health services, and a transitional jobs program that provides on-the-job training have significant benefits for adult residents, including improved physical health, reduced depression and anxiety, and increased employment (Popkin and Davies 2013). Although the cost of providing comprehensive services is not insignificant (about \$2,900 per household annually),⁴ the benefits could reduce costs across a range of dimensions. For example, improving participants' mental health and functioning could reduce property management problems—especially the kind that lead to evictions—and, thus, costs for housing authorities. If residents earn more, then housing authorities can charge more rent. And if services increase family stability, health care, child welfare, and criminal justice costs should decrease.

- **Residents' biggest challenges require ongoing services.** The CHA's robust resident services department can be a model for other housing authorities. But this achievement is now threatened by steep federal, state, and local budget cuts. It is especially important to find ways to maintain these services in the face of evidence of the potential benefits—and of the many problems that remain. CHA families, like public housing residents nationwide, have

extremely high rates of debilitating chronic illness; even those who are employed have very low incomes and cycle in and out of the workforce. The stunningly high mortality rates are sad evidence of the toll that chronic stress and disease has taken on these residents (Popkin and Davies 2013).

- **Improving the life chances for youth growing up in public and assisted housing requires new, innovative solutions.**

Although CHA families' quality of life has improved, the youth are struggling: they have high rates of risky behavior, delinquency, and disconnection from both work and school. Without intensive—and effective—intervention, these young people are on track to end up as badly off—or even worse off—than their parents (Hailey and Gallagher 2013). To address the crisis in its youth, the CHA and the Urban Institute are developing an innovative two-generation intensive case management model. The Housing Opportunities and Services Together Demonstration is testing the feasibility of providing intensive, wrap-around services to the most vulnerable public housing families in five cities; the goal is to develop a “whole family” approach that will improve outcomes for both adults and children.

- **Effectively administering a very large Housing Choice Vouchers program creates new challenges.** The growth of CHA's HCV program relative to its shrinking public housing stock is part of a national trend and the result of deliberate federal policies that required the “vouchering out” of properties where the costs of rehabilitation exceeded the costs of demolition (Buron et al. 2013). Nationally, the voucher program is now twice the size of the public housing program (Turner and Kingsley

2008). While vouchers offer recipients greater flexibility and choice, administering them requires housing authorities to deal with a large number of private landlords, ensuring that the units meet federal housing quality standards and negotiating rents. This challenge is made even more difficult by continuing reductions in federal funding, especially to the administrative fees meant to compensate housing authorities for the additional costs. The growing size of the HCV program, coupled with the federal cutbacks, creates a risky situation for voucher holders; some are ending up in substandard units with significant housing hazards and are experiencing housing instability. Further, because voucher holders are scattered widely across communities, providing effective supportive services will require innovative strategies like needs-based targeting to ensure that the most at-risk households—such as those with teens or family members with disabilities—are connected to community services.

- **HUD needs to address the chronic problem of utility costs.** A large body of research has documented that public housing residents who relocate with vouchers struggle to pay their utilities. CHA residents did not pay their own utilities in public housing and are not used to having to budget for seasonal spikes in costs. Costs for electricity and gas have increased rapidly over the past decade, and utility costs can be high in the older private-market units that voucher holders can afford. With their very low incomes, these residents are left choosing between affording food for their families and paying their utility bills.

While the CHA has had notable success in transforming its distressed public housing—and transforming itself into a well-function-

ing agency—these victories are fragile. Like housing authorities nationwide, the CHA is now faced with maintaining its new and renovated properties, managing its very large and growing voucher program, and most important, continuing its major investment in resident services in the face of dramatically reduced resources. Improving public housing is still a federal priority, as evidenced by the high-profile Choice Neighborhoods Initiative, which builds on HOPE VI and provides grants to cities for comprehensive neighborhood revitalization efforts. Chicago and other cities continue to work to transform their remaining distressed public and assisted housing properties. But without sustained funding and attention, the CHA and its counterparts risk sliding back into the kinds of disinvestment and neglect that created distressed housing and neighborhoods in the first place. ■

Notes

This brief summarizes findings from the Long-Term Outcomes for CHA Residents study, which builds on two major Urban Institute research initiatives that examined the effects of the Chicago Housing Authority's Plan for Transformation on resident well-being: the Chicago Panel Study and the Chicago Family Case Management Demonstration Evaluation. The four other briefs in this series examine long-term effects of the Plan for Transformation as a whole (Popkin et al. 2013), the stability and quality of the homes and neighborhoods where CHA residents moved (Buron et al. 2013), the effects of intensive services for vulnerable families (Popkin and Davies 2013), and the consequences of chronic violence for families and children (Hailey and Gallagher 2013). More information on the Long-Term Outcomes Study, and on the Urban Institute's decade of research into Chicago's public housing transformation, is available at <http://www.urban.org/housing/Transforming-Public-Housing-in-Chicago.cfm>.

1. Three major examples of the Chicago focus are William Julius Wilson's work on the urban underclass (1987); the Project on Human Development in Chicago Neighborhoods, summarized in Sampson (2011); and the large body of research on the Gautreaux Housing Desegregation Program (see Rubinowitz and Rosenbaum 2000 and DeLuca et al. 2010). The Gautreaux case was the model for other civil rights litigation nationwide, and research on Gautreaux inspired the Moving to Opportunity demonstration (Briggs, Popkin, and Goering 2010).

2. See Vale and Graves (2010) for a summary of the many studies of the Plan for Transformation.

3. For recent advocacy debates about CHA's Altgeld Gardens, Lathrop Homes, and Cabrini Row Houses, see Cheryl Corley, "A Vision for Chicago Public Housing, Stymied and Contested," NPR, December 15, 2012; Derrick Blakely, "CHA Targeting Nearly 650 Units at Altgeld Gardens for Demolition," CBS Chicago, October 16, 2012; and Igor Studenkov, "Still Standing: At Last Remnants of Cabrini-Green, Residents Await Uncertain Future," *Chicago Journal*, September 12, 2012.

4. See Popkin et al. (2010).

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