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**THE FEDERAL TAKEOVER OF THE CHICAGO
HOUSING AUTHORITY—HUD NEEDS TO
DETERMINE LONG-TERM IMPLICATIONS**

FIFTH REPORT

BY THE

**COMMITTEE ON GOVERNMENT
REFORM AND OVERSIGHT**

together with

ADDITIONAL VIEWS

DECEMBER 21, 1995.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

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HOUSE OF REPRESENTATIVES

REPORT
104-437

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Mr. CLINGER, from the Committee on Government Reform and Oversight, submitted the following

FIFTH REPORT

On December 14, 1995, the Committee on Government Reform and Oversight approved and adopted a report entitled "The Federal Takeover of the Chicago Housing Authority—HUD Needs To Determine Long-Term Implications." The chairman was directed to transmit a copy to the Speaker of the House.

I. SUMMARY

The Federal takeover of the Chicago Housing Authority (CHA) by the Department of Housing and Urban Development (HUD) on May 30, 1995, was an unprecedented model for intervention at a troubled public housing agency.¹ Although HUD has authority to intervene in troubled housing agency operations at any time, HUD maintains the takeover was precipitated by the resignation of the CHA Board of Commissioners, and was supported by Chicago Mayor Richard Daley. HUD has intervened in the operation of troubled housing agencies in the past. However, HUD has never

¹ 42 U.S.C. 1437d(j); 24 CFR 901.215; "(b) Upon determining that a substantial default exists under 901.200, the Department may initiate any interventions deemed necessary to maintain decent, safe and sanitary dwellings for residents. Such interventions may include: (1) Providing technical assistance for existing PHA management staff; (2) Selecting or participating in the selection of an alternate entity to provide technical assistance or other services up to and including contract management of all or for any part of the public housing developments administered by a PHA; or (3) Assuming possession and operational responsibility for all or for any part of the public housing administered by the PHA."

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assumed responsibility for the day-to-day operations of a housing agency the size of CHA.²

HUD's ability to carry out the CHA takeover effectively has immediate impact on the people of Chicago and broad implications for the 86 other housing agencies presently listed as "troubled" by HUD. If the takeover sets CHA on a course for recovery, HUD's assumption of control of CHA operations may be validated as an acceptable model of intervention at troubled housing agencies. Nonetheless, HUD has not articulated a long term plan to reform CHA and to extricate itself from CHA management.

Presently, clear statutory and regulatory standards for HUD intervention at troubled housing agencies do not exist. Consequently, it is unclear as to whether HUD may be called upon to take over management of other public housing agencies in the future—a task which may prove beyond HUD's resources and management capacity.³

Findings:

1. HUD's takeover of CHA was a necessary response to the resignation of the CHA Board of Commissioners.

2. HUD implemented a 120 day-plan to stabilize CHA finances, management, security and physical inventory.

3. Three months following the takeover, HUD lacked a long term strategy for reforming CHA, and extricating itself from CHA management.

4. HUD's presence at CHA will be required beyond January 1, 1996.

5. HUD lacks clear statutory or regulatory standards to trigger intervention at troubled housing agencies.

6. HUD does not have the staff resources necessary to run several troubled housing agencies at once.

7. The Resident Management Corporation at 1230 North Burling, Cabrini Green, Chicago has improved living conditions and economic opportunities for public housing residents.

Recommendations:

1. HUD should promptly secure strong, long term leadership at CHA.

2. HUD, and new CHA management, should develop a long term strategy for the recovery of CHA.

3. HUD should maintain a clear distinction between its actions as a Federal agency and its actions as CHA manager.

4. HUD's takeover of CHA should be evaluated as a pilot program to determine the effectiveness of direct HUD intervention at other troubled housing agencies.

5. Clear statutory or regulatory standards should be established for HUD intervention at troubled housing agencies.

²The Federal Takeover of the Chicago Housing Authority: Oversight Hearing Before the Subcomm. on Human Resources of the House Comm. on Government Reform and Oversight, HRJR Hearing of 9/5/95. (Testimony of Henry Cisneros, Secretary, HUD.) (Original transcript pp. 28-31, in subcommittee files.)

³HRJR Hearing of 9/5/95. (Prepared written statement of Judy England-Joseph, Director of Housing and Community Development Issues, General Accounting Office, pp. 2-3, in subcommittee files.)

6. HUD should do more to support viable Resident Management Corporations, particularly those operating in troubled public housing developments.

II. BACKGROUND

On May 30, 1995, the Department of Housing and Urban Development (HUD) assumed control over the day to day operations of the "troubled" Chicago Housing Authority (CHA).⁴ Executed in the wake of the resignation of CHA's Board of Commissioners⁵ on May 26, 1995, the takeover was an unprecedented HUD action.⁶ A declared breach of contract between CHA and HUD signed by HUD Secretary Henry Cisneros on June 2, 1995, made the takeover legally effective. Both the Mayor of the City of Chicago, Richard Daley, and HUD view their relationship with respect to CHA as a partnership.⁷

CHA is the Nation's third largest public housing authority (PHA), surpassed in size only by those of Puerto Rico and New York City. CHA, created in 1937 by a resolution of the City of Chicago pursuant to the Housing Authorities Act of the State of Illinois,⁸ administers over 55,000 public and assisted housing units serving over 150,000 residents. Funding for CHA programs and administration is provided by the Department of Housing and Urban Development in accordance with the Annual Contributions Contract (ACC).⁹ CHA has been on HUD's list of "troubled" housing agencies since 1979, when the list was first created, due to the housing authority's inability to achieve a passing score on the Pub-

⁴As used in this report, the following definitions apply.

Troubled public housing: Public housing authorities unable to meet minimal performance standard, as reflected in their Public Housing Management Assessment Program (PHMAP) score, are categorized as troubled by HUD. Housing authorities identified as troubled enter into a Memorandum of Agreement with HUD which sets forth targets, strategies, incentives and sanctions for improving management performance. If HUD finds a PHA unable to improve its performance, the Department may solicit proposals from private managers or other PHA's for the management of the troubled PHA's public housing programs. The Department may also petition the appropriate state or federal court to appoint a receiver for the troubled PHA, or assume operation of the PHA itself. While HUD has pursued receivers and private management in the past for large troubled agencies, it is rare that HUD declares a breach in the Annual Contributions Contract (ACC) and assumes direct control of a housing agency. CHA is the largest housing authority to have ever been taken over by the Department. CHA remained on HUD's troubled list for sixteen years prior to the 1995 takeover. As of January 1995, HUD had identified 90 PHA's in the nation as troubled. These 90 PHA's were responsible for 17% of the public housing stock.

Public Housing Management Assessment Program (PHMAP): The PHMAP assesses PHAs on indicators such as vacancy rates, use of modernization funds and housing conditions on an annual basis. There are 11 indicators. PHAs receiving a score below 60 on their PHMAP are classified as "troubled".

Receivership: Court appointed receivers, such as David Gilmore, receiver of the D.C. Housing Authority, assume control of a housing agency by order of a court. Receivers then carry out the management and recovery of housing agencies under the direction of the judge. As a receiver's actions are a function of court order, they often enjoy the political immunity and regulatory latitude necessary to carry out dramatic reform at troubled housing agencies.

⁵Resolution 95-CHA-209, Chicago Housing Authority, 1995. The resolution became effective May 30, 1995 at 5:00 p.m. (CST). (In subcommittee files.)

⁶HRJR Hearing of 3/5/95. (Prepared written statement of Jeffrey Lines, President, TAG Associates, p. 4, in subcommittee files.) HUD rarely assumes control of the operations of a public housing agency and has never assumed the operation of an agency comparable to the size and scale of CHA.

⁷Chicago Public Housing, 1995: Hearing on the federal takeover of the Chicago Housing Authority Before the Subcomm. on Housing and Community Opportunity of the House Comm. on Banking and Financial Services, 104th Cong., 1st Sess. p. 71. (1995) ("Banking Hearing of 6/7/95") (Statement of Henry Cisneros, Secretary, HUD).

⁸310 ILS 101, et. seq.

⁹The Annual Contributions Contract (ACC) sets out the terms and conditions under which HUD provides funding to public housing agencies to develop and operate public housing. Funding provided to a housing agency is based on HUD's Performance Funding System (PFS).

lic Housing Management Assessment Program (PHMAP).¹⁰ CHA is plagued by a poorly conceived and distressed housing stock, an acutely poor resident population and a historically mismanaged administrative bureaucracy.¹¹

A report issued by former United States Attorney Anton Valukas in June 1994, exposed \$15.3 million in misappropriated CHA pension assets, \$4.3 million in misappropriated health insurance payments, \$200,000 in improper insurance commissions and millions of dollars lost through fraudulent actions by outside vendors and CHA personnel.¹² It was estimated that the financial losses discovered during the Valukas investigation totaled more than \$26 million.¹³

Additionally, evidence of fraud and mismanagement has been unearthed in the past by the HUD Inspector General and CHA Inspector General in other departments at CHA.¹⁴ The Section 8 program¹⁵ operated by CHA was particularly troubled and became the focus of efforts by HUD detailees sent to CHA six months prior to the takeover. These weaknesses in CHA's bureaucracy are largely attributable to the housing authority's highly centralized administration.¹⁶

Another difficulty afflicting CHA is its dilapidated housing stock. The CHA landscape is marred by concentrations of deteriorated high-rise buildings, dubbed by one *Washington Post* reporter as "high-rises to hell,"¹⁷ which represent serious challenges to the housing authority's recovery. The vertical structures are clustered together on large plots of vacant land isolated from economic activity. Gang and criminal activity flourish in the high-rise configurations and residents live in perpetual fear of violence. At the time of the Federal takeover, deferred maintenance of CHA properties

had rendered 58% of the units unsuitable for human habitation by Federal standards, although CHA's occupancy rate was 85%.¹⁸

The socio-economic status of the resident population of CHA also creates particular challenges for the housing authority. Eleven of the 15 poorest neighborhoods in the Nation are located in CHA communities.¹⁹ The average income of a CHA resident is only \$4,665, while the national average for public housing tenants is over \$6,000.²⁰ This contributes to low rent revenues and severe social problems. Ninety-five percent of CHA residents are African American, a phenomenon attributable to the segregated housing policies pursued by the Chicago Housing Authority in the 1950s and 1960s.²¹ Nearly 50% of the CHA population is under the age of 15.²²

On June 1, 1995, Congresswoman Cardiss Collins, Ranking Member of the Government Reform and Oversight Committee, submitted a request to Committee Chairman William F. Clinger that hearings be conducted in Chicago on the role of HUD in the operation of the Chicago Housing Authority. Subsequent to this letter, the Subcommittee on Human Resources and Intergovernmental Relations (the Subcommittee) began an investigation into the Federal takeover at CHA.

On July 11, 1995, the Subcommittee submitted an inquiry and document request to HUD requesting certain information concerning CHA's demolition and redevelopment initiatives, HUD's efforts to reform CHA administration and CHA budget reconciliation for FY95. HUD responded to this request on August 1, 1995. Former CHA Executive Vince Lane, Mayor Richard Daley, CHA residents, former CHA staff, local housing and community development experts and others were also interviewed by Subcommittee staff in preparation for the hearing.

Assistant Secretary Joseph Shuldiner and additional HUD staff met with Subcommittee and Member staff on August 21, 1995, to discuss HUD actions at CHA since the takeover. On August 25, 1995, majority and minority staff conducted on-site investigations and interviews in the City of Chicago. On August 28, 1995, the Subcommittee requested additional information and documents from HUD's Office of General Counsel with respect to legal issues involved in the CHA takeover. The Office of General Counsel met with Subcommittee staff the next day to provide a response to the requests and answer staff questions.

On September 5, 1995, the Subcommittee held a hearing in Chicago to investigate the Federal takeover of the Chicago Housing Authority. The hearing focused on HUD's progress at CHA since the May 30 takeover, the department's short and long term strategies for reforming CHA and HUD's plans for installing new leadership and management at the housing authority.

¹⁰ HUD Memo Hits "Mismanaged CHA", *Chicago Tribune*, June 7, 1995. (In subcommittee files.)

¹¹ HRIR Hearing of 9/5/95. (Prepared written statement of Henry Cisneros, Secretary, HUD, p. 2, in subcommittee files.)

¹² According to information provided by HUD staff at CHA. (In subcommittee files.)

¹³ In 1969, a federal court ruled that CHA and HUD were responsible for creating racially segregated public housing in the City of Chicago. *Gautreaux v. CHA* (296 F. Supp. 907 (1969)).

¹⁴ See *Supra* note 12.

¹⁰ HUD-funded public housing agencies are subject to an annual Public Housing Management Assessment Program (PHMAP) which assesses public housing agencies on indicators such as vacancy rates, use of modernization funds, and housing conditions. Housing agencies which fail to maintain a PHMAP above 60 are placed on the "troubled" list and must enter into a Memorandum of Agreement with HUD which sets forth strategies, targets, incentives and sanctions for improving management performance.

¹¹ HRIR Hearing of 9/5/95. (Prepared written statement of Henry Cisneros, Secretary, HUD, pp. 1-2, in subcommittee files.)

¹² Anton Valukas, former U.S. Attorney, and the law firm of Jenner & Block were retained by the Chicago Housing Authority (CHA) to make two reports which were subsequently turned over to the United States Attorney's Office. The CHA Board of Commissioners asked the law firm for a report on various allegations of wrongdoing in the operation of the CHA's Retirement Plan, Pre-Tax Savings Plan and other insurance matters. The CHA Oversight Committee also secured Jenner & Block as a special counsel for an investigation of fraud and irregularities by outside vendors providing goods and services to CHA. This second investigation was broadened to include inquiries into wrongdoing by certain CHA Police Department Personnel.

¹³ According to an overview of the investigation of the Chicago Housing Authority by the CHA Oversight Committee and Jenner & Block provided to the subcommittee by HUD. (In subcommittee files.)

¹⁴ Office of the Inspector General, Department of Housing and Urban Development, Chicago Housing Authority Maintenance Operations, 94-CH-201-1013, (1994). The CHA Inspector General issued a separate report pointing to a lack of oversight enforcement in CHA's management of Section 8 programs.

¹⁵ In addition to funding public housing, HUD provides rental subsidies to owners of private units renting to qualified low-income residents pursuant to Section 8 of the United States Housing Act of 1937, as amended. Through Section 8, HUD pays housing unit owners, either for-profit or non-profit, the difference between the fair market rent for the dwelling and a percentage of the tenant's income. Public Housing Agencies may assume responsibility for administering some portions of Section 8, particularly the certificates and vouchers programs, and are compensated by HUD for incurred operating and administrative costs.

¹⁶ TAG Associates, Review of the Organization, Management Operations and Public Housing Portfolio of the Chicago Housing Authority (1994). (In subcommittee files.)

¹⁷ Banking Hearing on 6/7/95, p. 207. (Statement of Susan Gaffney, Inspector General, HUD)

The Honorable Henry Cisneros, Secretary of the Department of Housing and Urban Development, testified on behalf of HUD. Joining him were Joseph Shuldiner, Assistant Secretary for Public and Indian Housing²³ and Kevin Marchman, Deputy Assistant Secretary for Distressed and Troubled Housing.²⁴

The subcommittee also heard testimony from panels of tenants, public housing management experts and city and private sector representatives. The tenant panel consisted of Artensia Randolph, President of the Central Advisory Committee, Hattie Calvin, President of the Cabrini Green Leadership Advisory Council, and Cora Moore, 1230 North Burling, Cabrini Green, Resident Management Corporation. Jeffrey Lines, Kansas City Receiver and President, TAG Associates, and Judy England-Joseph, Director, Housing and Community Development Issues, U.S. General Accounting Office testified with respect to CHA management. Testifying on city and private sector partnerships were: Rosanna Marquez, Director of Programs, City of Chicago, Chief George Murray, Chief of the CHA Police Department and William Wallace, Managing Director, Housing Technology Corporation.

During the hearing, the subcommittee requested that HUD submit a list of non-budgetary statutory reforms that would assist in the recovery of CHA and other troubled housing agencies. On September 25, 1995, HUD provided the Subcommittee with the requested list.²⁵ The Subcommittee in turn referred the list to the House Banking and Financial Services Subcommittee on Housing and Community Opportunities.

Additional information was requested by the Subcommittee on September 11, 1995, including information regarding HUD-funded consultants involved in the CHA recovery. HUD's response to the request included a statement indicating that the department did not directly hire any consultants for CHA. Rather, consultants for CHA's recovery were secured by the National Association of Housing and Redevelopment Officials (NAHRO) in accordance with an agreement in place between HUD and NAHRO. The agreement directs NAHRO to assemble recovery teams for individual troubled housing agency sites, including Chicago. The management of these consultants was brought into question when conflicting accounts of the length of a contract awarded to one housing consultant, Rick White, were provided to the Subcommittee staff.²⁶ The Subcommittee again wrote HUD on October 4, 1995, inquiring about Mr.

²³ On October 16, 1995, Joseph Shuldiner left HUD to become the Executive Director of CHA.

²⁴ At the time of the hearing Kevin Marchman was Deputy Assistant Secretary of the Office of Distressed and Troubled Housing and served as the Interim Executive Director of CHA. Upon the departure of Joseph Shuldiner from HUD, Marchman was nominated for the vacated Assistant Secretary of Public and Indian Housing post and is currently acting in that capacity.

²⁵ The four non-budgetary reform proposals submitted by HUD to the Subcommittee included: (1) Continuation of the repeal of the one-for-one rule and provision allowing the use of modernization funds for replacement housing included in the 1995 rescissions bill; (2) additional powers for HUD and/or court ordered receivers in the takeover of troubled housing agencies; (3) enactment of HUD proposals that would require takeover or receivership action at troubled housing agencies that fail to achieve satisfactory improvement after a year; and (4) additional statutory authority to discontinue the employment of excessively expensive, overly dense concentrations of very low-income families where tenant-based assistance could provide a better living environment at a lower cost. (In subcommittee files.)

²⁶ The oral account provided by Mr. White during a meeting with CHA, HUD and subcommittee staff on August 25, 1995 with respect to the length of White's consulting contract with NAHRO conflicted with the written response provided to the subcommittee on September 29, 1995.

White's consulting contract. A response was provided October 31, 1995 stating the contract in question had been temporarily extended by NAHRO, thereby creating some confusion as to the contract's exact terms. Following that contract's expiration, CHA contracted with Mr. White directly.

On October 10, 1995, the Subcommittee received a letter from an individual writing on behalf of the 1230 North Burling Resident Management Corporation (RMC) claiming that CHA was not adequately compensating the RMC at 1230 North Burling, Cabrini Green at CHA. The Subcommittee also inquired by letter of October 20, 1995, as to the status of the funding allocations and management contract between CHA and 1230 North Burling RMC. HUD responded to the Subcommittee on November 7, 1995, and is reportedly pursuing corrective action with respect to the funding of the RMC.²⁷

III. FINDINGS

1. HUD's takeover of CHA was a necessary response to the resignation of the CHA Board of Commissioners.

During the September 5 hearing, Chairman Shays concluded that HUD's takeover of CHA operations was necessary given the magnitude and severity of the problems faced by the housing authority and its residents. Members also noted the significant investment of Federal funds the mismanagement of CHA had placed in jeopardy. However, earlier intervention on the part of HUD may have spared CHA years of deferred maintenance, administrative waste and the deterioration of social conditions within the public housing developments.²⁸

GAO concurred that the takeover was necessary stating:

Because of the circumstances HUD faced in May 1995 HUD's decision to take control of CHA with its own staff, on balance, appears to have been the best option available. The immediate need for leadership prevented HUD from taking the time to exercise other options, such as contracting with private management. Nevertheless, private management and receivership are still viable options for developing long term solutions to CHA's problems.²⁹

Still, HUD clearly has had a long-standing option to declare CHA in default of its ACC and place the housing authority under HUD management, private management, the management of an alternative housing agency or a court appointed receiver. CHA has been on HUD's list of troubled housing agencies since 1979.

²⁷ HUD's Management of Public Housing Resident Programs: Oversight Hearing Before the Subcomm. on Human Resources of the House Government Reform and Oversight Comm. (Resident Hearing of 11/9/95.) (Prepared written statement of Kevin Marchman, Acting Assistant Secretary of Public and Indian Housing, HUD, p. 6, in subcommittee files.)

²⁸ CHA was first placed on HUD's list of troubled housing agencies when the list was created in 1979 where it has remained since that time. In July 1987, HUD's Deputy Assistant Secretary of Public and Indian Housing made a recommendation that CHA be placed under private management. The recommendation was not adopted. Public Housing: Chicago Public Housing Authority Takes Steps to Address Long Standing Problems. (GAO/RCED-89-100, June 8, 1995.)

²⁹ HRIR Hearing of 9/5/95, (Prepared written statement of Judy England-Joseph, Director of Housing and Community Development Issues, General Accounting Office, p. 4, in subcommittee files.)

2. HUD implemented a 120 day plan to stabilize CHA finances, management, security and physical inventory.

HUD submitted to the Subcommittee a 120 day stabilization plan for CHA that outlined six specific objectives and goals and provided timeliness and performance measures.³⁰ The six objectives and goals are as follows:

Security and Safety: Increase the level of safety in and around Chicago's public housing developments and develop community policing plans.

Resident Services: Increase resident participation in the decisions affecting their lives.

Housing Operations: Improve the effectiveness of CHA's maintenance program and improving the appearance of CHA buildings and open spaces.

Administration and Financial Management: Replace the existing CHA administrative structure and create a new structure which will provide field support for field management, manage CHA assets and resources, and restore confidence and integrity at CHA.

Building Community Involvement: Increase the community's involvement with CHA's programs.

Redevelopment: Demolish certain high-rise buildings and replacing them with less dense dwellings that create better living conditions and opportunities for low-income families.

3. Three months following the takeover, HUD lacked a long term strategy for reforming CHA and extricating itself from CHA management.

Protracted problems stemming from CHA's administrative structure, physical housing stock and social environment must be resolved to implement an effective recovery at CHA. Short term solutions, such as HUD's 120 day plan, will not likely result in the long term correction of these problems. A long term recovery strategy for CHA is necessary. HUD was unable to provide the Subcommittee with a long term strategy at the time of the hearing. HUD also lacked a plan for extracting itself from the daily operations of CHA.

Long term plans for the recovery of CHA should address, among other things, the following matters:

CHA's Housing Stock: CHA's housing stock is distressed due to deferred maintenance and poorly conceived architecture. This contributes to the widespread blight of CHA developments and must be addressed through rehabilitation, redevelopment and proper building management. Demolition of certain CHA structures may be necessary to CHA's long term recovery.³¹

³⁰ HHRH Hearing of 9/5/95. (Prepared written statement of Henry Cisneros, Secretary, HUD, p. 4, in subcommittee files.) (A copy of the 120 day plan is in the subcommittee files.)

³¹ See *Supra* note 16.

Social Conditions at CHA: CHA developments are occupied by densely populated, poverty-impacted communities. High concentrations of broken families, unemployment, gang activity and substance abuse create social instability in CHA developments.³² These problems were compounded by CHA's abandonment of fundamental public housing regulations, such as tenant eviction and screening, prior to the HUD takeover.³³

CHA's Bureaucracy: The centralized bureaucracy in place at CHA at the time of the takeover was ineffective and vulnerable to fraud, waste and abuse. CHA's institutional deficiencies are exemplified by the following examples: \$600 million in unexpended funds were trapped in the CHA pipelines at the time of the HUD takeover,³⁴ the Valukas report unearthed an estimated \$26 million in losses due to fraud at CHA;³⁵ and the HUD Inspector General Audit on Maintenance Operations found serious deficiencies in CHA's execution of maintenance repairs and other public housing management operations, including tenant screening and eviction policies.³⁶

Resident/CHA Relations: Problems exist with respect to resident/CHA relations. Oral accounts provided by several CHA resident leaders during, and prior to, the hearing suggest resident alienation from the CHA administration, patronage between former CHA administrators and certain residents, resident distrust of CHA Police, and resident distrust of CHA commitments with respect to redevelopment plans.

4. HUD's presence at CHA will be required beyond January 1, 1996.

Secretary Cisneros testified at the hearing that HUD would remove itself from daily operations of CHA by January 1, 1996. Given the protracted nature of the problems faced by CHA and the absence of a long term plan for CHA's recovery, the Subcommittee finds that HUD's presence will be required beyond the Secretary's projected pull-out date.

5. HUD lacks clear statutory or regulatory standards to trigger intervention at troubled housing agencies.

HUD is primarily a regulatory and monitoring agency that assumes direct control over housing agencies in only rare and select cases.³⁷ PHMAP scores assess public housing agencies on performance indicators such as vacancy rates, use of modernization funds and housing conditions. Public housing agencies that fail to receive a passing score on their PHMAP are listed as "troubled" by HUD and enter into a memorandum of agreement that sets forth strategies, incentives and sanctions for improving management perform-

³² *Ibid.*

³³ Abandonment of tenant eviction and screening regulations were described to Subcommittee staff during interviews conducted prior to the hearing.

³⁴ HHRH Hearing of 9/5/95. Original transcript p. 62, in subcommittee files. (Testimony of Joseph Shuldiner, Assistant Secretary of Public and Indian Housing, HUD) Mr. Shuldiner confirmed that \$600 million in unexpended funds were available to CHA for redevelopment. Shuldiner stated that half of the \$600 million were funds allocated to CHA in the past for general development purposes, while the other half were allocated specifically for the redevelopment of the Cabrini Green and Henry Horner developments.

³⁵ See *Supra* at note 13.

³⁶ Banking Hearing of 6/7/95, p. 207. (Statement of Susan Gaffney, Inspector General, HUD.)

³⁷ HHRH Hearing 9/5/95. (Prepared written statement of Jeffrey Lines, President, TAG Associates, p. 5, in subcommittee files.)

ance. If a housing agency substantially defaults upon its agreement, or with respect to other covenants or conditions to which it is subject, HUD may solicit proposals from other public housing agencies and other public housing management agencies for the management of the defaulted public housing agency, or petition the appropriate State or Federal court to appoint a receiver to manage the defaulted housing agency.³⁸

Presently, no statute or regulation requires HUD to intervene if a housing agency fails to raise its PHMAP score or fulfill its memorandum of agreement over time. Section 6(j) of the United States Housing Act of 1937 states only that, "[n]otwithstanding any other provision of law or of any contract for contributions," the Secretary of HUD may engage a variety of models for intervention at housing agencies found in default of their agreement with HUD to operate public housing programs.³⁹ Without more objective criteria to trigger HUD's intervention, HUD's decision to act at select housing agencies can appear arbitrary or motivated by political considerations.⁴⁰ Although, HUD asserted it intervened at CHA in response to the Board of Commissioner's abdication, HUD participated in the decision to place the department in charge of CHA.

6. HUD does not have the staff resources necessary to run several troubled housing agencies at once.

In their written statement, GAO testified that Assistant Secretary Joseph Shuldiner stated that HUD may not have the capacity to run troubled housing agencies in the future.⁴¹ Additionally, other troubled housing agencies, in desperate need of HUD assistance and oversight, must be tended to by HUD's finite pool of public housing specialists. The extended presence of HUD staff at CHA could have implications for the quality of oversight provided to the 87 other troubled housing agencies in the Nation. This drain on staff resources would be compounded by additional HUD takeovers pursued by HUD prior to their departure from CHA operations.

Should HUD or Congress determine that the intervention model pursued at CHA is a viable alternative for reforming troubled housing agencies, the potential for its use at other housing agencies would be limited by the finite pool of qualified staff at HUD.

7. The Resident Management Corporation at 1230 North Burling, Cabrini Green, Chicago has improved living conditions and economic opportunities for public housing residents.

Assumption of management responsibilities at 1230 North Burling, Cabrini Green, resulted in improved living conditions and the creation of economic opportunity for the residents living there.⁴²

³⁸ 24 CFR 901 et. seq.

³⁹ 42 U.S.C. 1437d(j).

⁴⁰ HUD's intervention at CHA in part facilitated the finalization of plans to demolish the blighted Henry Horner developments. The developments are located across the street from the site of the 1996 Democratic National Convention. Consequently, allegations have been made in the media that the HUD takeover may have been politically motivated. (In subcommittee files.)

⁴¹ HRIR Hearing of 9/5/95. (Prepared written statement of Judy England-Joseph, Director, Housing and Community Development Issues, General Accounting Office, p. 4, in subcommittee files.)

⁴² Prior to the hearing, members of the subcommittee were given a tour of the development at 1230 North Burling in Cabrini Green. The Resident Management Corporation operating at 1230 North Burling has produced visible improvements in the quality of housing provided and created job opportunities for some residents.

Cora Moore, Manager of the 1230 North Burling Resident Management Corporation, testified that her corporation's presence in the building has resulted in a 60% decrease in crime and a 50% decrease in vandalism at the building site. Furthermore, the resident management corporation now operates its own on-site laundry room, the profits from which will be used for future projects for the 1230 North Burling community.

1230 North Burling's management activities facilitated the hiring of eleven of its residents as employees of the resident management corporation and an additional 35 residents are projected to be hired to renovate all of the apartments in the building. 1230 North Burling also runs an after school tutoring program in conjunction with a non-profit organization which donated a new playground to the resident management corporation.⁴³

IV. RECOMMENDATIONS

1. HUD should promptly secure strong, long term leadership at CHA.

CHA is in need of strong, long term leadership.⁴⁴ The new management secured for CHA must have the required expertise to develop and implement a long term strategy for the recovery of CHA and to act autonomously of HUD's participation in daily operations. Timeliness in securing this new management structure is necessary to prevent any potential lapses in implementation of recovery initiatives and improvements made by HUD during its interim control of CHA operations. Also, delay in securing long term leadership could create a potential for the excessive expenditure of funds on short term HUD efforts that may prove inconsistent with long range goals yet to be defined by CHA management. Such expenditures could pose a threat to CHA and the limited resources available to it.

Additionally, the new management structure should correct deficiencies in the former CHA administrative structure, which was weak and inefficient.⁴⁵

2. HUD, and new CHA management, should develop a long term strategy for the recovery of CHA.

HUD must ensure that a long term strategy is defined to address the long standing difficulties confronting CHA. The strategy should address comprehensive rehabilitation of the housing stock, the quality of resident services and relations, progress toward community enhancement and development, and the quality of the relationship between the housing agency and the broader community.⁴⁶

⁴³ HRIR Hearing of 9/5/95. (Prepared written statement of Cora Moore, Manager, 1230 North Burling, p. 3, in subcommittee files.)

⁴⁴ HRIR Hearing of 9/5/95. (Prepared written statement of Judy England-Joseph, Director, Housing and Community Development Issues, General Accounting Office, p. 6, in subcommittee files.)

⁴⁵ HRIR Hearing of 9/5/95. (Prepared written statement of Judy England-Joseph, Director of Housing and Community Development Issues, General Accounting Office, p. 5, in subcommittee files.) (Prepared written statement of Jeffrey Lines, President, TAG Associates, p. 2, in subcommittee files.)

⁴⁶ HRIR Hearing of 9/5/95. (Prepared written statement of Judy England-Joseph, Director of Housing and Community Development Issues, General Accounting Office, p. 7, in subcommittee files.)

February 15, 1996, and that the "vision statement" governing the reform effort would be released by HUD before December 31, 1995. We recommend that the Subcommittee closely monitor the development and implementation of the CHA recovery strategy to determine its efficacy and potential for success.

Also during the December 5 briefing, HUD demonstrated that all senior positions at CHA have been filled by new and qualified personnel in the employ of CHA, facilitating the agency's differentiation between its Federal operations and its activities as CHA manager. It is our opinion that HUD is, in fact, already being responsive to the Subcommittee's recommendations that "HUD should promptly secure strong, long term leadership at CHA", and that "HUD should maintain a clear distinction between its actions as a Federal agency and its actions as CHA manager".

We concur with the Report's finding that "HUD's takeover of CHA was a necessary response to the resignation of the CHA Board of Commissioners". However, the Report does not sufficiently underscore that the Federal takeover action was also consistent with HUD's Reinvention Blueprint, the Administration's strategy for restructuring HUD that was released in December 1994. Among its provisions, the Blueprint establishes a one year benchmark during which troubled public housing authorities (PHAs) must either demonstrate improvement or HUD will be required to find that the PHA has breached its contract with the Federal government. If a breach is declared, HUD can administer the PHA—as the agency is now doing in Chicago.

We also concur, as does the agency, that "HUD lacks clear statutory or regulatory standards to trigger intervention at troubled housing agencies". Although current authorizing language provides that the HUD Secretary may intervene in troubled PHA's (Section 6(j) of the U.S. Housing Act of 1937, as amended), HUD has indicated to the Subcommittee that the statutory changes necessary to carry out the Blueprint proposal are integral to the agency's ability to intervene in troubled authorities. We support HUD's efforts to achieve this important statutory reform.

We support the Report's recommendation that "HUD's takeover of CHA should be evaluated as a pilot program to determine the effectiveness of direct HUD intervention at other troubled housing agencies", with the caveat that the Congress take into consideration in its evaluation the impact of the FY 1995 rescissions and FY 1996 HUD appropriations on the availability of funds for the CHA recovery effort. Any failure to acknowledge the impact of these fiscal constraints imposed on HUD or CHA would result in an unfair and distorted evaluation of the effectiveness of the intervention effort.

For example, the FY 1995 rescissions bill reduced funding levels previously available to CHA in 1995 for modernization from \$179 million to \$143 million. This unanticipated shortfall has necessitated CHA's postponement of building modernization activities requiring these funds to 1996.

Second, the FY 1996 House Appropriations bill significantly curtails funding of CHA operations. Taken in conjunction with the 1995 reductions, CHA stands to lose over \$58 million in modernization funds, reducing the 1995 appropriated level to \$121 million in

1996. In addition, a total of \$23.5 million in operating subsidies will be cut, reducing CHA funding from \$170 million to \$146 million. The bill also eliminates the Development and Hope VI programs. Housing sites that would have been eligible for redevelopment funding under these programs can no longer access these funds.

Finally, like the Majority, we are concerned about HUD's ability to deliver a sustained commitment of key officials with housing management experience in the intervention of other chronically troubled housing authorities. However, the Report's finding that "HUD does not have the staff resources to run several troubled housing agencies at once" was refuted by HUD in the December briefing. It is important to note that the Report raises questions about HUD's ability to intervene in other PHAs using the CH model. HUD can employ other intervention models that do not require the same commitment of HUD staff and resources as were provided to CHA, that are responsive to the unique needs and conditions of the individual PHA. Given that HUD may be taking intervention action against other troubled housing authorities in the coming weeks, it is incumbent upon the Subcommittee to monitor the implementation of these models to determine whether HUD can effectively carry them out.

CARDISS COLLINS.
EDOLPHUS TOWNS.
HENRY A. WAXMAN.
LOUISE MCINTOSH SLAUGHTER.
BARBARA-ROSE COLLINS.
JAMES P. MORAN.
CARRIE P. MEEK.
CHAKA FATTAH.

ADDITIONAL VIEWS OF HON. CHRISTOPHER SHAYS

On December 5, 1995, representatives from the Department of Housing and Urban Development (HUD) and the Chicago Housing Authority (CHA) briefed Members and staff on progress made in the implementation of the initial 120-day plan for CHA and in the formulation of a long-term vision and strategy to reform that profoundly troubled housing agency. Much of the information provided at the briefing was not available when this report was finalized. Therefore, I join my colleagues, Rep. Cardiss Collins (D-IL) and Rep. Edolphus Towns (D-NY), in acknowledging that HUD has already made notable progress implementing some of our recommendations.

In particular, with the hiring of an Executive Director and all the Assistant Directors, the top tier of a new CHA management team is in place. That addresses our first recommendation and should provide the leadership needed to improve operations and living conditions at CHA properties.

HUD informed us that Secretary Cisneros will issue a vision statement to guide long range planning at CHA. We were also told that a long range plan should be finished by February 15, 1996 and a Memorandum of Understanding (MOU) between HUD and CHA formalizing needed reforms will be signed by March 15, 1996. Completion of those steps should implement our second and third recommendations.

At the briefing, HUD disputed the conclusion that the Department lacks the staff resources and expertise to engage in several takeovers simultaneously. While I applaud HUD for taking more pro-active and aggressive steps to stabilize troubled public housing, I believe the Department's assessment of its capacity is well intentioned but premature. The hearing record supports our finding and any conclusion to the contrary can only be made in the context of HUD's long-term plans at CHA and our continuing oversight of this process.

CHRISTOPHER SHAYS.

○

CHS

file: CHA

THE CHICAGO HOUSING AUTHORITY

FOR IMMEDIATE RELEASE

January 16, 1996

CONTACT: Wynona Redmond (312) 791-8513

Jeannette Crowley (312) 353-1134

1996 CHA Budget Prioritizes Maintenance and Reorganizes Safety

CHICAGO -- The 1996 budget for the Chicago Housing Authority (CHA) presented today at the monthly CHA Executive Advisory Committee Meeting reflected the new leadership's priorities of cutting administrative costs, improving maintenance, increasing public safety and security and redevelopment. The final budget was presented today at Senior Housing North, Sheridan & Devon Apartments, 6400 North Sheridan.

"We are attempting to do more with less by spending our money more prudently, eliminating fraud and waste and maintaining a balanced budget," stated Joseph Shuldiner, CHA executive director. "The 1996 budget reflects our priorities."

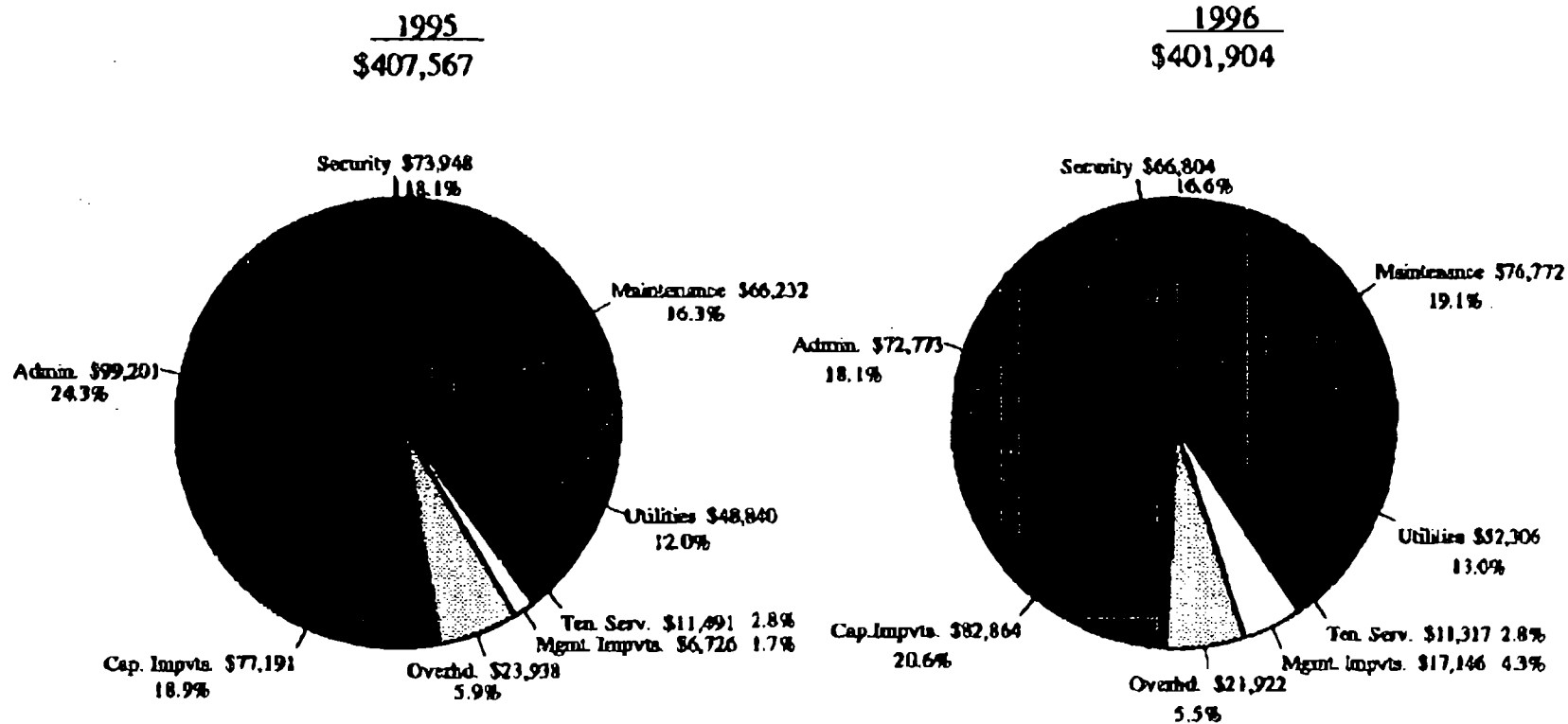
The 1996 CHA budget is \$401,904,000 as opposed to the agency's 1995 budget of \$407,567,000. The only increase in funding for any category was in maintenance which went from \$66,232,000 to \$76,772,000. Administrative costs were cut from \$99,201,000 to \$72,773,000. While the security budget did not increase -- it went from \$73,948,000 to \$66,804,000 -- the department was reorganized to be more cost-effectively managed.

"Security costs were out of control. The security budget increased from \$6.8 million in 1986 to over \$70 million in 1995 and residents weren't feeling any safer," said Shuldiner. "We have refocused our efforts to concentrate on community policing, increase tenant patrol participation, evict problematic tenants and hold tenants accountable for their behavior."

A police chief was appointed to consolidate all police, security and crime prevention programs under a central management that is more cost effective. In addition, an extensive public safety and community policing strategy with specialized units including a senior citizen unit, elevator vandalism unit and eviction unit have been created to assist current police and security staff.

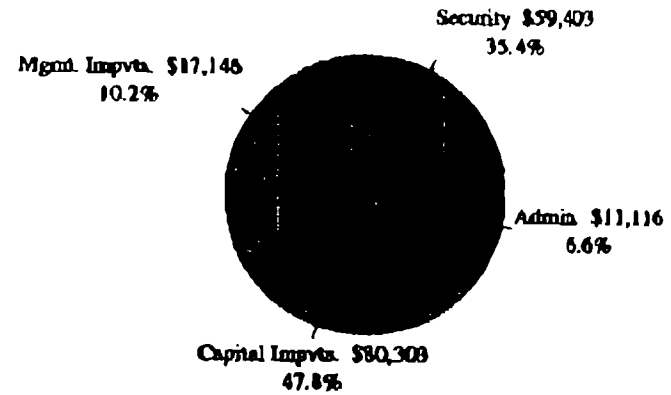
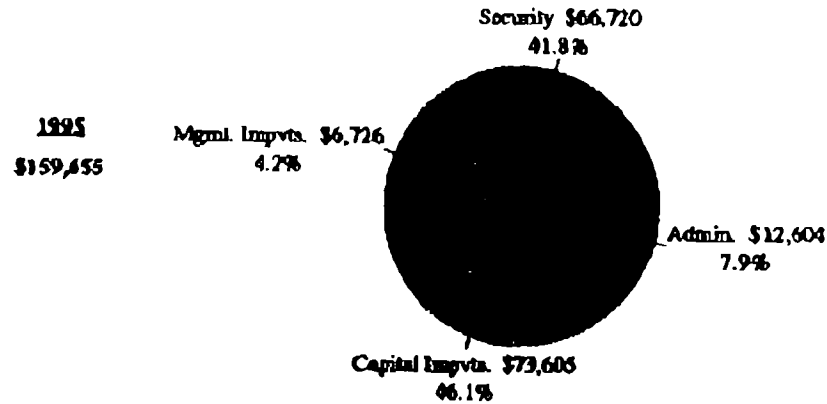
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Chicago Housing Authority
Comparison of 1995 Estimated vs. 1996 Budget
Consolidated
(000)

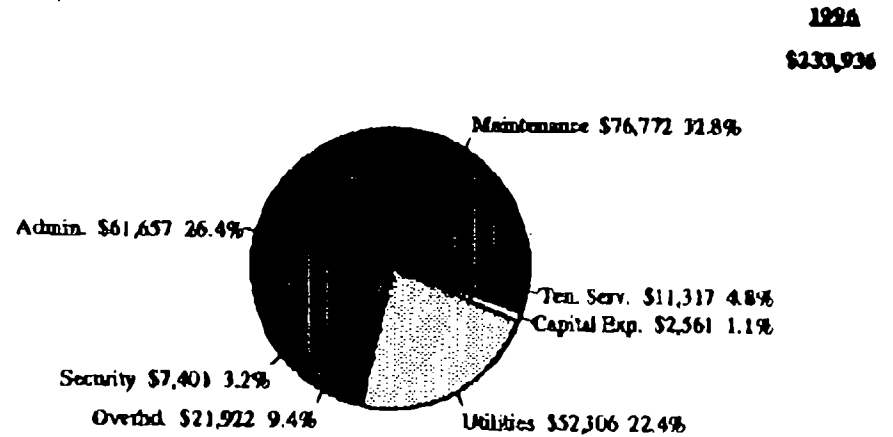
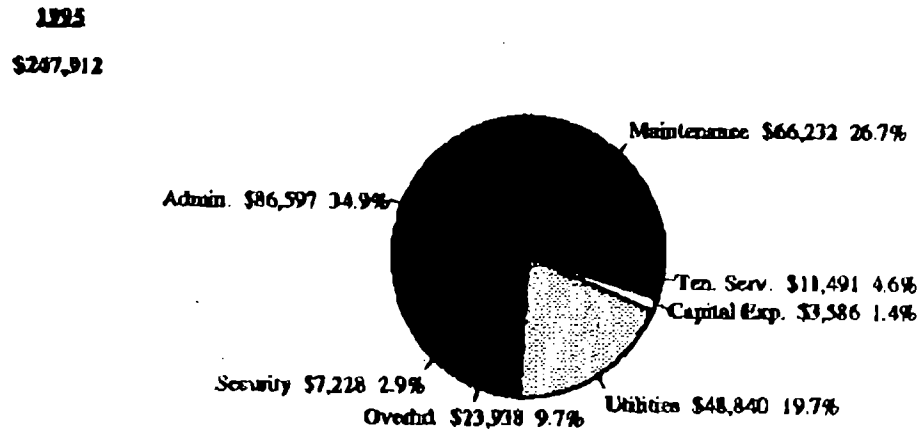


Chicago Housing Authority - Comparison of Comprehensive Grant and Operating Programs Fiscal Years 1995-1996

Comprehensive Grant Program (000)



Operating (000)



I. A Message From the Executive Director

January 12, 1996

To the Chicago Housing Authority Advisory Board:

I respectfully present this Comprehensive Budget of the Chicago Housing Authority for Fiscal Year 1996. This budget was developed to support the Authority's mission of providing affordable housing opportunities in viable communities for low-income households.

As Executive Director of the CHA, my first goal was to create a functioning organization -- one that delivers the best possible services to its clients and allocates its resources as wisely and efficiently as possible. This is what any CEO or department head must work toward.

In the case of the CHA, reaching that goal means turning around a public housing authority that has failed to deliver even the most basic services to its residents. I have pulled together a management team of public housing experts from across the country. In addition, my experience as Assistant Secretary for Public and Indian Housing at the U.S. Department of Housing and Urban Development and my experience in managing two of the largest public housing authorities in the United States has prepared me for the challenges of the Chicago Housing Authority.

Yet we must be realistic. The task of transforming the CHA's operations is likely to take a minimum of three to five years. To succeed, we have developed a targeted and multifaceted approach that has already begun to show significant results. Our priorities for 1996 are: (1) improving housing operations, maintenance and management; (2) increasing public safety and security; (3) redeveloping blighted public housing developments to create mixed-income communities; and (4) strengthening community commitment, community involvement and public communications.

Although we are restrained by increasingly limited federal funds, the 1996 budget reflects our priorities and lays the groundwork for turning the CHA around. In general the budget focuses on the following areas:

I. A Message From the Executive Director

- **Improving the effectiveness of CHA's maintenance program and increasing the baseline cleanliness and appearance of CHA buildings and open spaces.** We are in the process of completely overhauling the CHA maintenance operations and have made significant strides in organizing work groups, redeploying existing workers, and providing training for maintenance staff. We are implementing a preventive maintenance program, standardizing the CHA's work-order system, and accelerating the vacancy reduction program. Although we have significantly fewer dollars, the maintenance budget received a substantial increase in the 1996 operating budget; going from \$67 million actual expenditures in 1995 to a \$75 million budget for 1996.
- **Demolishing obsolete high-rise buildings and replacing them with less dense dwellings to create viable mixed-income communities.** A \$78 million demolition and neighborhood revitalization plan is underway at Henry Horner Homes; public- and private-sector teams have submitted proposals to redevelop Cabrini-Green, where HUD allocated a \$50 million Hope VI grant for redevelopment; and progress is being made on the Lakefront properties and Clarence Darrow Homes. By the end of 1996, we expect to have demolished 2,500 units, including a number of high-rises and begun in earnest the construction of low- and mid-rise replacement housing.
- **Increasing the level of safety in and around Chicago's public housing developments and developing community policing plans.** We have appointed a police chief and have consolidated all police, security, and crime prevention programs under the chief. We are implementing an extensive public safety resident advisory council, a community policing strategy, and specialized units (a Senior Citizen Unit, Elevator Vandalism Unit, and Eviction Unit) to assist current police and security staff. Security cost has increased from \$8.8 million in 1988 to an actual expenditure of over \$70 million in 1995. While the expenditure increased exponentially our developments are not any safer. We are refocusing our efforts to: concentrate on community policing, increase tenant patrol participation, evict problematic tenants, and hold tenants accountable for their behavior.
- **Resident programs.** For 1996, we have created a Resident Enterprise Department which will focus on the development of resident-owned businesses. In order to increase communications we will publish a resident newsletter about matters of concern to residents. As part of our plan to increase resident participation and involvement in the long-term decisions which affect their communities, we are providing funding for tenant groups to work with urban planners in developing a plan for their communities. We are committed to providing as many opportunities as possible for residents to advance themselves and achieve self sufficiency and economic uplift. In an effort to address the substantial decrease in federal funding for programs that foster such advancement, we will aggressively pursue both private and government resources earmarked for public housing residents.
- **Replacing the existing CHA administrative structure and creating a new structure which will (1) provide field support for site management; (2) manage**

I. A Message From the Executive Director

CHA assets and resources; (3) restore confidence and integrity in the Authority. We have restructured and consolidated Departments within the Finance and Administration Division and reorganized the Legal Department. In 1996, we will increase the number of units under private management in an effort to reduce the units managed directly by the CHA. We have implemented a corrective action plan to address procurement and contracting issues while at the same time we are streamlining an ineffective, costly process. We are implementing a fully integrated information system to give management the tools to improve CHA operations and to help provide reliable financial reporting. We have established a financial reporting department dedicated to providing the information necessary to more effectively utilize our available resources.

Gaining control of the budget has proven to be one of our most difficult challenges to date. Establishing an accurate set of books and a credible accounting system is something we have been working on since day one.

Despite the existence of seemingly overwhelming obstacles to turning around the CHA, I believe possibilities do exist to make real change. The timing is right for major breakthroughs nationally, and HUD's presence has seemed to galvanize support behind the idea that if public housing in Chicago is not transformed, the entire program may be imperiled.

We must now go about the business of changing the system so that well-maintained units and a safe living environment are the norm, not the product of a special one-time effort. I believe we can achieve this in Chicago, and in the process become a symbol not of a failed past, but of a bright and vibrant future.

Respectfully submitted,

Joseph Shuldiner
Executive Director

CM 12

THE CHICAGO HOUSING AUTHORITY

FOR IMMEDIATE RELEASE

January 16, 1996

CONTACT: Wynona Redmond (312) 791-8513
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Proposed CHA Lease Offers Residents More Protection and More Responsibility

CHICAGO -- The new leadership at the Chicago Housing Authority (CHA) presented a draft lease for approval today that places a more specific emphasis on the responsibilities of management and residents. The draft lease was submitted at the monthly CHA Executive Advisory Committee Meeting held at Senior Housing North, Sheridan & Devon Apartments, 6400 North Sheridan.

"The draft lease reflects a shared responsibility by residents and management and is a critical component to the improvement of living conditions at CHA," stated Shuldiner. "We have implemented tougher screening for new residents, and more specific lease enforcement and eviction procedures. The majority of CHA residents are law abiding citizens who have asked us for help. Unacceptable behavior will no longer be condoned."

The new lease incorporates recent city ordinances and state statutes regarding tenant and landlord responsibilities. It clarifies notification procedures and ensures that the agency is in compliance with local, state and federal law.

Under the proposed lease, resident responsibilities are more clearly stated, including: reporting any changes to family composition and income; timely payment of rent and utilities; and maintenance of CHA property. The draft also calls for an annual redetermination of rent, dwelling size and eligibility. The draft lease also clearly states CHA responsibilities for maintenance and timely repairs. In addition, CHA's authority to terminate a lease with 180 days notice is spelled out for reasons including: damage to CHA property, offensive weapons or illegal drugs seized and criminal activity by residents that threatens the health and safety of other residents.

Per HUD guidelines, the draft policy will go through a 30 day comment period by resident representatives and organizations, private managers and management offices prior to approval.

Since the HUD takeover of CHA in July, there has been a 25% increase in evictions, with particular emphasis placed on residents who habitually cause trouble in senior citizen buildings. In December, CHA was granted the authority to designate 20 buildings as senior only. In November, 1500 eviction notices went out to those who were at least three months behind in rent and more than \$62,000 was collected as a result since then.

"Public housing is a valuable resource -- only deserving, law-abiding families will be allowed to live in the CHA. It will no longer be the housing of last resort," said Edwin Eisendrath, HUD Secretary's Representative for the Midwest and Chairman of the CHA Executive Committee.

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CHA ACCOMPLISHMENTS SINCE HUD TAKEOVER

LONG-TERM ORGANIZATION AND MANAGEMENT

**A complement of highly experienced experts from across the US have been recruited to the management team (replacing the former administrative structure) to handle overall management of CHA assets and resources, operations, finance and administration, resident services, public affairs and government relations.*

- Joseph Shuldiner named as permanent Executive Director.
- John Nelson named as Deputy Executive Director of Operations.
- Ed Moses named as Deputy Executive Director of Community Relations and Involvement.
- Ana Vargas named as Deputy Executive Director of Finance and Administration.
- Wynona Redmond named as Public Affairs Director.
- Michael McDermott named as Director of Intergovernmental Affairs.

**Focusing now on second layer of HQS and field management*

**Establishing Strategic Planning Department to ensure permanent focus on big picture and long-term management issues*

**Decentralize Authority - restore decision making power to the sites*

EXTERNAL AFFAIRS AND COMMUNICATION

Throughout the past six months, HUD and CHA have been committed to open communication with the media and general public. Major topics have included:

- New management team/HUD takeover
- Fraud and abuse of pension fund
- Redevelopment of Cabrini Green, Henry Horner, and Lakefront Properties
- Overhauled warehouse delivery system and streamlining of procurement system
- Evictions, belt-tightening, and other "get tough" themes
- Various resident initiatives, including Inner City Games and Midnight B-Ball

**External communication efforts will be expanded with the appointment of the new local management staff in public affairs and government relations.*

Progress Report-- a publication detailing the accomplishments, activities and long-range vision and planning for the organization will be released early next year.

Key Messages -- external communication will focus on releasing information and discussing key issues related to the revitalization of CHA including:

- changing the face of public housing -- CHA as prototype for the nation
- rent collection and evictions
- lease enforcement
- resident participation and responsibility
- jobs for residents
- legislative initiatives, including gun bans and mandatory deductions from IDPA for habitual rent scofflaws

COMMUNITY BUILDING AND REDEVELOPMENT

Progress has been made in efforts to meet the goal of redeveloping public housing communities to create a safe, decent living environment by the demolition of obsolete high-rise buildings and involving the community and residents in the redevelopment planning and CHA programs.

Accelerated Development -- since the HUD takeover, development has been accelerated at Cabrini, Horner, the Lakefront, and Clarence Darrow. These projects had been dormant before the HUD intervention.

CABRINI

- **Demolition** on two vacant high-rises is currently underway and demolition will begin on two others once relocation is completed.
- **Development Manager** -- a permanent development manager will be named next week.
- **Funding for Supportive Services** -- as part of the holistic approach of HOPE VI, \$5.2 million is being distributed to local service providers to undertake supportive services for residents such as:
 - GED Training
 - Employment Placement
 - Small Business Incubators.
 - Town Hall Meetings - intensive resident outreach has bolstered local support, and town hall meetings are being scheduled to engage the broader community.
- **RFQ Process Begun** -- an RFQ has been issued to the private development community. To date 23 responses have been received to the RFQ, the deadline is December 20th.

HORNER

Demolition -- pursuant to a court-ordered consent decree, two high rises at the Horner Extension have been demolished since the HUD takeover, and three mid-rises will be demolished once relocation is complete.

Development Manager -- a permanent development manager will be named this week.

Replacement Housing Construction -- construction of both on and off-site replacement housing is scheduled to begin in June, 1996. A total of 699 replacement units (including Section 8 Certificates) will be provided.

Chicago Commons Relocation -- relocation of the Chicago Commons day care facility from 124 N. Hoyne, a Mayoral priority, was successfully coordinated by CHA.

Wood and Washington Park -- CHA is currently working with the Mayor's office and other City departments to build a park on the corner of Wood and Washington, across from United Center. This is part of the Mayor's effort to revitalize the Near West Side.

Annex Vote -- a vote by residents on whether to revitalize or demolish the Horner Annex building will take place as scheduled on December 18. Model units and a bus tour are being provided to offer residents something tangible on which to base their vote.

\$14 million and 53 skilled tradespeople -- have been devoted to remainder of Horner to do maintenance and repair of units and buildings.

Lakefront -- after 9 years, HUD reached agreement with the Lakefront Community Organization to demolish four vacant high rises and build replacement housing both on and off site. These buildings stand next to Lake Parc Place, a 282-unit, model, mixed income high rise development.

City-owned Lots -- the local CCC has refused to grant 13 city-owned lots to the CHA for development, but the demolition and replacement housing plan will proceed. This will include at least 441 units of low-income housing (including working families) and 200 Section 8 Certificates.

Clarence Darrow - HUD and the residents have approved the demolition of 4 high rises, which will be replaced with 140 hard units both on and off the site. \$8.5 million in MROP funds have been approved by HUD for conversion to development for this purpose.

***RESIDENT STRATEGIC PLANNING**

Resident Participation -- each development will be given the opportunity to develop, in conjunction with qualified urban planners or consultants, a blueprint for how they would like to transform their communities. This could entail demolition and reconstruction, rehabilitation of viable existing buildings, or more supportive services and economic opportunities. Several

organizational meetings have been held, and the residents are enthusiastic about the possibilities.

RFP -- a RFP has been issued for qualified planning firms; funding will be provided by HUD.

Resident Surveys -- Plans will include building viability and human services needs assessments, augmented by resident surveys.

Multiple Plans -- CHA hopes to have five plans to work with (including Robert Taylor), by February 1st. Since it appears that Congress will fund a HOPE VI-like program for \$280 million nationally, we expect to be able to implement two or more of these plans.

***BUILDING CONSOLIDATION**

New Section 8 Certificates -- HUD recently granted the CHA 4,000 Section 8 certificates to be used strictly to serve dislocated residents. We also expect that another 2,000 Certificates are not being used. We will use this pool to move residents who live in some of the worst high rises -- especially along the State Street corridor.

MIS SYSTEM -- Currently departments within the central office cannot communicate electronically, nor can the field communicate with the central office. This has created a tremendous information gap. A completely integrated MIS system will be put into place. A contract to approve the vendor will be awarded within the next week.

SECURITY

Progress in identifying the breadth of safety threats has been made and the process of increasing the level of safety in and around Chicago's public housing developments has begun.

Central Command Established -- previously uncoordinated police, security, and public safety functions have been centralized under one command -- Chief Murray of CHAPD.

Community Policing -- all CHA officers have received community policing training and the number of officers on foot patrol (out of their cars and into the developments) has increased to approximately 75%.

Senior Unit -- a special senior citizen unit will be operational by 12/11.

New Officers -- 57 new police officers have been added to the force.

New Police Units -- Elevator Vandalism and Bike Patrol are two newly created units in the developments which have been well received.

INTERNAL INSPECTIONS -- for the first time, an internal affairs division has established within the police department to identify misconduct and solidify the public trust. **Several arrests**

and terminations have been made as a direct result of this initiative.

Security Reorganization - a wholesale security reorganization plan will be unveiled by the end of the year. It will include an emphasis on tenant patrols and significant reductions in contract security, which has proven to be largely ineffective. Community policing strategies and physical design changes will be key features of the plan. This will be accomplished using fewer dollars.

Resident-Based Security - plans are being developed at Cabrini and Wells for resident-based security - this reinforces our belief that developments will be safe only when residents have a real stake and input.

MAINTENANCE

Progress had been made in the effort to improve the effectiveness of CHA's maintenance program and increase the baseline cleanliness and appearance of CHA buildings and open spaces.

Vacant Units -- despite what amounts to a \$52 million dollar congressional rescission necessitating 450 layoffs (two-thirds of which were skilled trades), we have implemented a plan that has addressed resident complaints more directly and will eventually bring thousands of vacant units on-line.

Emergency Work Orders -- long-standing emergency work orders have been addressed at all developments.

Work Order Backlog -- HQS and Vacancy Reduction teams have been deployed to seven smaller developments to repair buildings and units and address backlogged work orders - next month they will be sent to Taylor and Stateway.

Work Order System Computerized -- a computerized work order system is being developed to process requests in a more timely and efficient manner. Filing work orders will no longer be haphazard.

Horner and Cabrini -- special teams have been devoted to the high-profile developments of Horner and Cabrini and are doing major and minor repairs and rehabbing vacant units.

PRIVATIZATION

Realizing that we are in the business of providing housing and good management, several functions that the CHA took on failed miserably and will be outsourced, including:

Section 8 Program -- the scandal-ridden Section 8 Program has been turned over to Quadel, a leader in the housing field.

Pension Plan -- the notorious pension plan will also be privately managed, as well as risk

management, deferred comp, and workman's comp.

Submissions -- 35 firms, many of them nationally recognized housing managers, have submitted proposals to manage the CHA stock. It is anticipated that roughly 15,000 additional units will be added to the 7,000 which are currently privately or resident-managed. We are looking at Stateway, Washington Park, Lathrop, Altgeld, Wells, 1,000 units of senior housing and possibly Ickes, Madden Park and the Green Homes.

Rehab -- CHA is also looking at outsourcing rehab and other work, as did the Board of Education.

OPERATIONS

Major progress has been made in the day-to-day operations of CHA work orders and other service processes.

Weather -- CHA coordinated with Mayor's Office during heat emergencies in Summer and cold and severe weather emergencies in Winter.

Screening -- a new tenant screening policy, which includes background and credit checks and home visits has been written and approved.

Leases - the CHA tenant lease is being overhauled. This will add accountability and make it easier to evict habitually problematic residents.

Evictions -- evictions have increased by 25% since last year. We have begun to evict "recovering" substance abusers who are terrorizing elderly residents in senior buildings - 41 to date, with several hundred more coming. We recently sent eviction notices to 1500 residents who have not paid rent for three months or more. We are sending the message that the CHA will no longer be the housing of last resort.

Senior Allocation -- an allocation plan, designating 20 of 56 senior citizen/disabled buildings as "seniors only" expected to be approved by HUD before the end of the month.

Purchasing Process -- the purchasing process has been streamlined dramatically to cut red-tape, decrease approximately \$8,000 administrative costs per order, and save up to \$600,000 per year in reduced labor costs.

Warehouse -- the management of the warehouse will be overhauled. Staffers at the main warehouse will be responsible for authority-wide ordering and delivery. This will hold down costs and decrease waste, inefficiency, and fraud.

RESIDENT EMPOWERMENT AND PROGRAMS

A lot of time has been spent in meeting with residents to identify the best way to improve their

participation and initiative in the decisions that affect their lives.

Earnfare -- In conjunction with the IDPA, the CHA will increase from 55 to up to 800 residents participating in Earnfare, the State of Illinois' initiative to move people from welfare to work. Jobs will include tenant patrols, janitors, clerical assistants, day care providers and home health aides. The CHA would realize a labor cost savings of nearly \$9 million, and residents would be given the chance to earn a living and build a future. The focus initially will be on filling maintenance positions at senior buildings.

Joint Ventures -- joint ventures are being established with RMCs which will place four resident-janitors at each family building. Agreements have been reached at Robert Taylor and Cabrini Green thus far. This will free up the existing staff to do basic repair work as they are supposed to, instead of janitorial work.

Service Coordinator -- a service coordinator has been placed at each development to direct residents to the myriad local, state and federal programs and provide information on a timely basis. Funding restrictions will limit the CHA's ability to provide supportive services - we need to link with available resources in the public and private sector.

Apprenticeships -- negotiations are underway with national labor organizations to operate apprenticeships programs in CHA. The focus will be shifted to work and work experience and away from expensive and often futile job training programs.

***UPCOMING EVENTS:**

Henry Horner -- court events expected to be non-eventful. Judge has already looked favorably upon CHA's defense.

Shays Hearing -- congressional oversight hearing in Chicago, set for early December (Chris Shays (R-CT) chair.

HUD Assistance -- additional HUD technical assistance will be targeted to specific areas.

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PROJECT: THE PROJECTS

Allison S. Davis (left) sits in front of Evergreen Terrace on the Near North Side. He's a partner in the complex, which he cites as an example of affordable development. He wants to do the same at Cabrini-Green.

Developer Bids to Renew Public Housing

BY WILLIAM SMITH
STAFF WRITER

Allison S. Davis is driving his Mercedes around the Cabrini-Green public housing project and suddenly brings the car to a stop. An abandoned house for sale catches his eye, and Davis phones the agent to inquire about the price.

"They're asking \$170,000," he says after hanging up the car phone. "That place is a shack. A few years ago, they wouldn't have gotten \$40,000 for it."

Welcome to the volatile world of public housing redevelopment. It's one of the hottest areas in Chicago real estate, as the Chicago Housing Authority, under federal auspices, begins a massive program to demolish the

city's high-rise ghettos and relocate thousands of residents.

At stake are huge federal redevelopment contracts and, particularly on the North Side, a Monopoly-style land rush with powerful political and demographic implications.

A veteran attorney who has represented the nonprofit development arm of the CHA and many Chicago community groups, Davis, 56, has been waiting 30 years for this moment. As the wrecking ball sets off a chain reaction of changes by bringing down portions of Cabrini-Green and the Horner Homes, Davis is emerging as one of the city's most influential players in the process.

Teaming up with MCL Develop-

ment Corp., the city's largest home builder, Davis has forged a series of alliances with nonprofit community groups across the city. And he has the development experience, grass-roots ties and political clout to advance his interests. His goal: to lead the redevelopment of the city's most notorious public housing projects, including Cabrini-Green, Henry Horner Homes and Lakefront Properties.

Davis' philosophy is simple. If you build solid low-rise homes, even in blighted areas, people will buy them at market rate prices, instilling a sense of pride and restoring the neighborhood fabric. "We think there's a much greater demand for affordable market

Turn to Page 44

Davis

Continued from Page 41

rate homes than anyone realizes," he said. "If it's a decent product, people will buy it."

Said Ernest Gates, vice president of Near West Side Community Development Corp. and one of Davis' partners: "It's our intent to design buildings that don't look any different from any other buildings in the neighborhoods. That way, you take away the stigma of low income and you incorporate people in the communities."

The son of Allison Davis Sr., a prominent University of Chicago sociology professor, Davis grew up during the 1940s and 1950s in predominantly African-American Woodlawn. "Everyone behaved and had nice lawns. We grew up next door to a janitor, and the area included a lot of families from different income groups," he said.

Today, public housing in Chicago is "a nightmare," said Davis, who blames the institution, along with the collapse of the school system, for the sorry condition of many African-American neighborhoods. Thus, the key to urban renewal, Davis argues, is to reintegrate the poor and middle income and bring back the social structure that prevailed 40 years ago.

Davis' motivations aren't entirely altruistic. Big money is at stake in public housing redevelopment. The U.S. Housing and Urban Development Department has slated \$168 million through various programs to relocate public housing residents, said Robert Prescott, a HUD employee who is managing the CHA's Hope VI scattered-site project.

Dozens of firms are competing for these contracts, but Davis and his partners are jockeying for as much of the action as possible. "We want it all; why not?" he said.

Davis drew criticism earlier this year when his law firm was listed as general counsel and co-bond counsel on a proposal to leverage \$40 million in federal money set aside for Cabrini-Green to float \$96.4 million in bonds, placing the firm in a position to reap lucrative fees. Davis has done legal work for the CHA's nonprofit development arm and also represents Acha, a

real estate firm led by Vincent Lane, still chairman of the CHA at the time.

Although Davis is a close friend of Lane's, he said "he doesn't own anything" with the former CHA chairman, adding that Lane's company is dormant.

The bond financing plan was scrapped after HUD took over the CHA this summer. But Davis, along with MCL and DePaul University, is still in the running for a piece of \$69 million in federal money slated to develop replacement housing for 493 Cabrini units, and they're angling for similar deals at other area projects.

Last month, Habitat Co., a private firm managing the development of scattered-site housing for the CHA, asked developers to submit qualifications for the Cabrini development. Habitat will start accepting proposals Friday, and they will be evaluated with input from Valerie Jarrett, who recently resigned as city commissioner of planning and development to work as an executive vice president of Habitat.

That's good news for Davis, a family friend of Jarrett's since youth. But the MCL-Davis-DePaul partnership is formidable in its own right. MCL this year emerged as one of the area's major landowners after buying the former Oscar Mayer factory on North Sedgwick.

That gives the company a big advantage because parts of the 10-acre site can be used as replacement housing for nearby Cabrini residents, a prospect that the developers already have discussed with HUD officials.

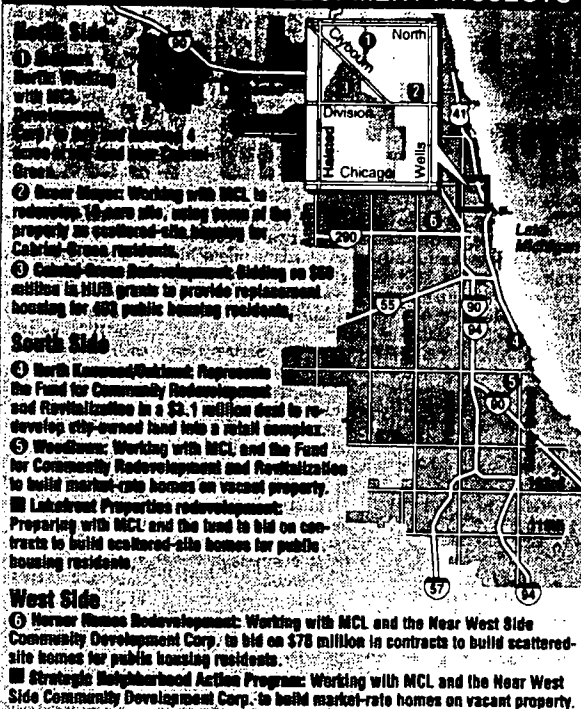
MCL and Davis are seeking additional real estate in the area. They have teamed up to bid on four acres of city-owned land, known as the Mohawk North Redevelopment site, proposing a mixed-income development for the property.

Redeveloping Cabrini-Green is particularly delicate as land prices continue to escalate in the nearby affluent Old Town and Gold Coast neighborhoods. Upscale homes and shops are going up closer to Cabrini-Green, and the process is expected to continue as the CHA moves to demolish 668 units of high-rise public housing in the area.

This demographic clash is the source of growing tension in the area, with public housing residents expressing concern about

BUSINESS

ALLISON DAVIS DEVELOPMENT PROJECTS



SUN-TIMES

gentrification and landowners calling for more low-density and high-income development.

Davis is in the thick of the debate. Along with the late Jerrold Wexler, he made a big investment in Cabrini real estate in the 1980s, then sold much of the property, missing out on the area's recent land rush. But Davis remains a partner in Evergreen Terrace, an 84-unit low-rise complex on the Near North Side developed in 1976.

Davis describes the apartments as a successful, albeit dated, example of an affordable development. Not long ago, he said, his group was offered \$4 million for the project—an offer he said he rejected because he didn't want to see the tenants expelled and replaced by Lincoln Park yuppies.

Davis isn't afraid to blast nearby property owners, who oppose his group's proposal at Mohawk North, accusing them of being "afraid of

young blacks." He said: "They're worried we're going to put somebody from public housing in there."

Mary McGinty, president of the Near North Property Owners, said she "has an open organization" and has "no idea where Davis is coming from on this." McGinty's group favors a proposal by rival developer George Thrush because it calls for lower density development and is likely to establish more homeowners in an area where 98 percent of the residents rent.

But Davis is generally known for his strong connections and deep roots in powerful political and civic circles. Mayor Daley appointed him to a five-year term on the Chicago Plan Commission, expiring in 1996, and his law partner Judson Minor was the city's corporation counsel in Mayor Harold Washington's administration.

Davis' resume includes a long list of activities, ranging from

serving as a trustee of the Art Institute to secretary and treasurer of the Woodlawn Preservation and Investment Corp.

And Davis represents the Fund for Community Development and Revitalization, a nonprofit group in line to develop a shopping center on 47th Street, part of a city renewal effort in North Kenwood-Oakland.

"The city is lucky to have talented people like Allison who care about our neighborhoods and go to work on them," Jarrett said.

Dan McLean, the politically connected president of MCL who built Daley's house at Central Station, gives Davis high marks for his ability to work with community groups. "He has a lot of strong working relationships," McLean said. "We've had a good partnership because I knew all the private-sector guys and he knew all the public and community people."

Davis is playing a big role in MCL's growth plans because he opens the doors in low-income communities, McLean said. This year, MCL is expected to build about 200 homes, and in 1996, McLean said he expects it to build 300, much of that in partnership with Davis and community groups.

Consider the Near West Side Community Development Corp. Led by Gates, who makes a living running a trucking company, the group has been flooded with proposals from developers after its successful work relocating West Side residents displaced by construction of the United Center.

Gates said he decided to work with MCL and Davis because "they are strong financially and have a long track record." Gates meets regularly with Horner residents and already is planning scattered-site housing for displaced residents.

With MCL and Davis, he is working on a program to build single-family and duplex houses in the mostly vacant Strategic Neighborhood Action Program district near United Center. The houses are on display this weekend as part of a parade of homes in the area.

"We're going to take the stigma off of the housing so it will look like housing everywhere else, and you won't be able to identify it and say that's public housing," Gates said. "It's a mind-set where you introduce people to a new reality. The old mind-set has to go."

EXECUTIVE OFFICE OF THE PRESIDENT

30-May-1995 05:12pm

TO: (See Below)

FROM: Patricia E. Romani
Domestic Policy Council

SUBJECT: Meeting, Monday, June 5, 1995 from 3:00 - 4:00 p.m.

312/353-6747
local rep → US ally
James Bush

fix 307/3904
Kevin Hynes →
616-2845

219-6236
Judy Wartzell
708-5566
401-3389

MEMORANDUM FOR Attorney General Janet Reno - John Schmidt, Assoc. Atty Gen - Kevin Hynes
will call back - Secretary Robert Reich - Josephine Nieves (Asst Sec for E&T)
Secretary Donna Shalala - David Garin
Secretary Richard Riley - Marshall Smith (Under Secy) - Judy Wartzell
Jack Quinn
Director Lee Brown - Fred Garcia, Depl Dir - 5-6700
Karen Pittman ✓ Steve Redburn, OMB
Sheryll Cashin ✓
6-5369
off of Nat'l Dir's Control
Inv

FROM: Carol H. Rasco
Assistant to the President for Domestic Policy

SUBJECT: CHICAGO HOUSING AUTHORITY

With the announcement by the Department of Housing and Urban Development to take over the Chicago Housing Authority, I have been asked by Secretary Cisneros to convene a meeting with a subgroup of the Domestic Policy Council to discuss ways in which we might all work together in the coming months during this transition period.

You are invited to join me in my office on Monday, June 5, 1995 from 3:00-4:00 p.m. Due to space limitations, if you cannot attend please designate only one person to represent your department/organization at this initial meeting.

We will decide at this meeting what kind of ongoing working group is needed for this endeavor.

Please notify Pat Romani at 456-2249 regarding your attendance at this meeting.

Thank you.

cc: Secretary Henry Cisneros

Distribution:

TO: FAX (95140468, Attorney Gen. Reno)

TO: FAX (95140468,Roxie Lopez)
TO: FAX (92198213,Sec. Reich/K. Jayne)
TO: FAX (96906616,Sec.Shalala/Chestnut)
TO: FAX (94010048,Sec.Riley/NancyOzeas)
TO: Jack M. Quinn
TO: FAX (93956708,Dir. Brown/Barbara)
TO: Karen J. Pittman
TO: Sheryll D. Cashin

CC: FAX (97081353,Sec. Cisneros/Sylvia)
CC: FAX (97081993,Sylvia Garcia)

Carol Rasso



orig: CHR
cc: Molly

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001

June 22, 1995

MEMORANDUM FOR: President Bill Clinton
Vice President Al Gore

FROM: Henry G. Cisneros, Secretary *Henry Cisneros*

SUBJECT: Blueprint: Chicago Housing Authority

You have asked for an honest working plan which spells out HUD's immediate and long-term goals regarding the Department's intervention in the Chicago Housing Authority. Attached is our plan for bringing meaningful change to CHA residents and for setting an example of what your Administration means when we call for "transforming public housing."

Our intervention in Chicago must do two things:

- First, it must repair the foundation of a badly broken agency that is not capable of delivering even the most basic services to its residents in a timely or effective manner.
- Second, it must make sure that a foundation is built which is strong enough to support moving the CHA forward as HUD's present role changes by the end of the year.

The likeliest next step for HUD is within the next month to ask the federal judge who has for years had oversight over the CHA to transfer HUD's present emergency stabilization role to a formal court receiver. This information should be handled confidentially for several weeks as preparations with the court continue and because Mayor Daley wants to review this course further. Since such a receivership involves complex legal procedures and selection of an actual managing receiver, HUD will continue its present role for a period of months.

The CHA and its developments are so far beneath the baseline of acceptability that action to take it over was necessary. We are acting quickly to restructure the agency. We believe our plan meets the test of improving the lives of public housing residents and changing public housing as we know it. At the end of the day, we will and should be judged on whether HUD's intervention in Chicago makes a positive difference in the lives of CHA residents.

OUR VISION

"The transformation of public housing in America must be made visible in the transformation of the Chicago Housing Authority."

Our vision for public housing in Chicago is the same vision we have for public housing in America. We want public housing to blend in with the communities in which it is located. Public housing should not stand apart physically or architecturally; it should be woven into the fabric of our communities. If low-rise apartments and single family homes are the rule in a neighborhood, then public housing should be built to blend in with them.

Public housing should not be islands for the poor; it should be home to families of mixed incomes. Public housing residents cannot be viewed as second and third class citizens due to their living environments, but given access to job opportunities, good schools, and public services.

Our goal is to see public housing serve its originally intended purpose as a point of transition to a better life for individuals and families. To accomplish that public housing must be characterized by less and less federal regulation, increased flexibility, changes in rent rules in order to encourage work and more resident and site-based decisions. We must create environments which decentralize administrative authority and promote resident decision making. At the same time that we recognize tenant rights, we must also insist upon tenant responsibilities.

This vision is supported by HUD's reinvention and can be put into place for the long run. But, the CHA today is far from this kind of housing authority. In both its buildings and its systems, we have found much to transform and restructure. So, the transformation of the CHA must follow a disciplined, rigorous course of goals if we are to serve the residents and the taxpayers.

OUR GOAL

"To strengthen the Chicago Housing Authority so it is better able to provide a safe, decent and livable environment for its residents and to build confidence among taxpayers that federal funds are being used for constructive purposes."

Our initial attempt at a plan of simply stated goals and obtainable achievements follows:

- First, in Chicago, HUD is not tinkering around the edges. We have made a serious, real commitment to transforming public housing and are prepared to work under intense scrutiny and urgent expectations.
- Second, instead of taking the safe approach of proclaiming public policy from Washington and hoping it fits the desired outcome, we are on the ground and know that the policy must fit local conditions in real time.
- Third, we will do what we say we can do.

GOALS:

Security

Goal: Increase the level of safety in and around Chicago's public housing developments.

- (1) Hire 60 additional police officers - *Completion Date August 15, 1995.* — who funds?
- (2) Restructure and strengthen the tenant patrol program - *Completion July 15, 1995.*
- (3) Use the Buracker report on security as a guide to reorganize the Chicago Housing Authority Police Force - *Completion Date July 1, 1995.*
- (4) Replace the current CHA Police Force leadership at CHA - *Completion Date July 1, 1995.* — contentious
- (5) Consolidate all police, security and crime prevention efforts under a new chief of police - *Completion Date July 1, 1995.*
- (6) Establish on-site mini stations/lobby stations at all CHA family developments - *Completion Date September 15, 1995.*
- (7) Create specialized units to focus on: *Completion Date September 15, 1995.*
 - (a) senior citizens
 - (b) elevator vandalism
 - (c) evictions.
- (8) Initiate community policing - *Completion Date July 15, 1995.*

Maintenance

Goal: Improve the effectiveness of CHA's maintenance program and enhance the cleanliness and appearance of CHA buildings and public spaces - *Completion Date September 1, 1995.*

- (1) Overhaul CHA maintenance operations - *Completion Date September 1, 1995.*
- (2) Implement a preventive maintenance management program - *Completion Date September 1, 1995.*
- (3) Standardize and centralize the CHA's work order system (will result in a vast reduction in back work orders) - *Completion Date September 1, 1995.*
- (4) Replace the leadership of the operations staff - *Completion Date July 1, 1995.* *center his is*
- (5) Establish a summertime cleanup/painting program - *Completion Date July 1, 1995.*
- (6) Accelerate the vacancy reduction program - *Completion Date July 1, 1995.* *?*
- (7) Continue the STEP UP program for employment of residents in essential CHA functions.

Redevelopment

Goal: Begin a program of demolishing the obsolete high-rise buildings and replacing them with less dense, town house-style and other smaller scale buildings.

Henry Horner *Begin July 31, 1995: Demolish five buildings within the complex in 1995 and relocate daycare operations and begin construction and replacement housing in the spring of 1996.* *where do*

Cabrini Green *Begin July 31, 1995: Demolish three buildings within the complex in 1995, complete the relocation of residents and begin construction of replacement housing on-site in 1996.*

Lakefront *Begin September 1 1995: Demolish five buildings and begin construction of replacement housing in 1995.*

**Washington
Park**

Begin July 15, 1995: Work with city officials to identify land and begin the replacement program on- and off-site

Suburban Demonstration Program: With the cooperation of the Receiver, initiate the Suburban Demonstration Program to give residents more choice in housing - ***July 15, 1995.***

Resident Programs

Goal: Increase residents' participation in the decisions that affect their lives.

- (1) Establish a development-by-development resident planning process to give residents voice and involvement concerning decisions about the redevelopment of the buildings in which they live - ***Completion Date July 15, 1995.***
- (2) Follow through with the CHARISMA program which joins CHA, the religious community and businesses to serve CHA developments - ***Completion Date August 1, 1995.***
- (3) Follow through with the State of Illinois and The Woodlawn Organization to open up a transition facility for CHA families in crisis. This would mean a reuse of CHA apartments as a temporary safe haven for troubled individuals and families - ***Completion Date August 1, 1995.***
- (4) Provide an ongoing support system to residents participating in Resident Management Councils. Encourage resident ownership programs through homesteading and the "My Own Home Program".

CHA Administration

Goal: Replace the existing CHA administrative structure and create a new structure which will (1) provide field support for site management; (2) manage CHA assets and resources; and (3) restore confidence and integrity in the Authority.

- (1) Restructure and consolidate the finance and accounting and administrative departments - ***Completion Date July 1, 1995.***
- (2) Reconcile 1995 budget which includes a 15 percent staff reduction - ***Completion Date August 1, 1995.***

- (3) Begin reorganization of the legal department - *Ongoing.*
- (4) Prepare and release RFP for private management of senior housing developments - *Completion Date August 15, 1995.*
- (5) Prepare and release RFP for the Management Information System - *Completion Date July 20, 1995.*
- (6) Prepare and release RFP for private management of the Section 8 certificate and voucher program - *Completion Date July 14, 1995.*
- (7) Correct procurement and contracting corruption and inefficiencies - *Completion Date October 31, 1995.*
- (8) Continue legal and investigative efforts related to the report on corruption and criminal wrongdoing outlined by former U.S. Attorney Velukas - *Ongoing.*
- (9) Prepare and release a RFP for new management of the CHA pension fund, which lost \$15 million due to poor management - *Completion Date July 15, 1995.*
- (10) Outsource the management of the deferred compensation plan - *Completion Date August 15, 1995.*
- (11) Investigate procurement of a third party administrator for the workmen's compensation assets - *Completion Date August 15, 1995.*

Community Leadership Support

Goal: Increase the commitment of Chicago's political, civic, and business leadership to CHA programs.

- (1) Host work sessions with decision-makers from the civic, business and religious communities to encourage them to engage with our CHA initiatives - *Completion Date August 15, 1995.*
- (2) Sharpen the public information capacity to keep media, residents and the public at-large informed of the changes at the CHA - *Completion Date July 15, 1995.*
- (3) Attract foundations, universities and the philanthropic divisions of Chicago-area corporations to active partnerships with the CHA - *Ongoing.*

HUD CHICAGO HOUSING AUTHORITY CONTACTS

Department of Justice

D.C.: Kevin Hynes, Asst Assoc Atty General, 616-6236
Chicago: U.S. Attorney James Burns, 312/353-6742

Department of Labor

D.C.: George Koch, Special Asst, Office of E&T, 219-5677
Chicago: Don Sutherland, Regional Representative, 312/353-0313

Health and Human Services

D.C.: John Monahan, Director of Intergovernmental Affairs, 690-6060; and David Garrison, 690-6891
Chicago: Elaine Weiss, Regional Director, 312/353-5160

Department of Education

D.C.: Marshall (Mike) Smith, Undersecretary, 401-3389; and Judy Wartzell, Special Assistant, 401-3389
Chicago: Stephanie Jones, Regional Representative, 313/353-5215

Domestic Policy Council

D.C.: Molly Brostrom, 456-5561

Office of National Drug Control Policy

Fred Garcia, Deputy Director, 395-6700

Community Empowerment Board

Sheryll Cashin, 456-5369

Crime Prevention Council

Karen Pittman, 395-5555

Office of Management and Budget

Steve Redburn, 395-4610



U.S. Department of Housing and Urban Development
Office of Public Affairs

Washington, D.C. 20410

News Release

HUD No. 117
Bill Connelly
202-708-0685
Jeanne Crowley
312-353-5680

FOR IMMEDIATE RELEASE
Wednesday, May 31, 1995

HUD ANNOUNCES NEW FEDERAL/LOCAL PARTNERSHIP TO RUN CHICAGO HOUSING AUTHORITY

CHICAGO--Housing Secretary Henry G. Cisneros announced today a new federal/local partnership to administer the Chicago Housing Authority (CHA).

"We intend HUD's involvement to be a true partnership with Chicago. We will work closely with Chicago's elected officials, with business, civic and religious leaders, with residents and with CHA employees", Cisneros said.

Cisneros announced HUD's plans at a City Hall news conference with Mayor Richard Daley, former CHA Chairman Vince Lane, HUD Assistant Secretary Joseph Shuldinier, and other local leaders. HUD legally assumed responsibility of the CHA, the nation's third largest housing authority, at 5 p.m. Tuesday. The CHA board decided in a resolution passed Friday, May 26, to resign and turn over the agency to HUD.

Mayor Daley stated that "I've got just one rule for the federal government -- the tenants must come first. They must be a part of the process and have a direct role in the operation of the CHA."

Cisneros acknowledged the progress the CHA had made under the leadership of Vince Lane.

Cisneros said, "Vince and his team deserve our gratitude and congratulations for their good work under difficult circumstances. But it had become clear in recent months that CHA's problems were too great and its capacity too limited. We accept the decision of the Board of Commissioners."

HUD No 117 Page 2

In the months ahead, Cisneros said, HUD will seek to involve all of Chicago's public and private leadership in addressing the CHA's problems.

"Chicago is one of the world's great cities," he said. "We are not coming here with the idea that HUD has all the answers. Chicago has tremendous resources and talents and great leadership. For too long, the problems of public housing here have been a thorn in the city's side. HUD is here to act as a catalyst to bring local people together to solve these problems and ensure that all residents live in safe and decent public housing."

Cisneros said that HUD's Assistant Secretary for Public and Indian Housing, Joseph Shuldiner will have primary responsibility over the agency. He will also serve on the soon to be formed executive committee. Shuldiner is a former executive director of both the Los Angeles and New York City housing authorities.

Deputy Assistant Secretary Kevin E. Marchman, former executive director of the Denver Housing Authority, has been named acting executive director of the CHA. Marchman, who heads HUD's Office of Distressed and Troubled Housing Recovery, will serve until a permanent director is chosen.

Other plans announced by Cisneros:

- * A new five-member CHA executive committee, to include Assistant Secretary Shuldiner. Other board members will include an appointee of the Mayor, a CHA resident leader, and a business leader and civic leader to be jointly selected by the Secretary and the Mayor.

- * HUD will bring a management team of respected public housing officials from other cities to Chicago to review CHA operations and work with CHA officials to bring about improvements in management and resident living conditions. HUD has asked national public housing organizations to identify the best local and national talent to bring to Chicago.

- * Immediate steps will be taken to gain control of the CHA budget, segregate accounts, and secure the procurement process. CHA's central office will be streamlined. CHA pay scales will be adjusted to the levels of other government employees.

- * Immediate steps will also be taken -- with the help of local agencies as well as the private sector -- to improve those areas of the CHA's operations that directly affect residents: security, vacancies, repair of units, maintenance of grounds, recreational activities (particularly for youth as the summer draws near). The most intense focus will be placed on public safety.

HUD No. 117 Page 3

* The CHA will be divided into separate functional units of more manageable size. Private, nonprofit and resident corporations will be engaged to manage many of the CHA's developments. Reliance on alternative forms of management in public housing is a proven method in other cities.

* The Section 8 voucher and certificate programs will be privately managed. A competitive bidding process to obtain alternative, private administration of the rental assistance programs will be initiated next week.

Vouchers
* The Section 8 and housing counseling programs will be used to enable residents of the most troubled CHA high-rises -- if they choose -- to seek housing elsewhere. As people move out, residents will be consolidated in fewer buildings. A development by development plan, with full resident participation, will be implemented.

* The redevelopment of some of the CHA's most troubled public housing projects -- Cabrini-Green, Horner and Lakefront -- will be carried out. Funds for such redevelopment are already in place. Public-private partnerships, successful in many other cities, will be formed to manage the redevelopment.

Cisneros said, "We are not starting from scratch. We will build upon what has worked. There are sufficient resources available to address some of the most troubled developments in the CHA. The biggest challenge is to put to use the funds that the CHA already has -- in modernization funds, in development funds, in anti-crime monies."

Federal involvement will not be limited to HUD. The White House Domestic Policy Council has called a meeting for next Monday to discuss the participation of other federal agencies in the CHA improvement effort.

Cisneros said, "I want to emphasize the cooperative nature of HUD's actions. The CHA has had long-standing and well-documented management problems. Many of these problems stem from the physical condition, isolation and density of its public housing inventory. The solutions to these problems rest with local, not federal, leaders -- both in the public and in the private sector".

Cisneros said, Chicago "has many assets -- corporate, foundation, nonprofit, public -- which can and must be mobilized to improve the quality of life of residents who live in CHA developments."

**CHICAGO HOUSING AUTHORITY (CHA)
GENERAL FACTS
May 31, 1995**

General Profile

- The CHA is the third largest housing authority in the nation (following New York City's and Puerto Rico's housing agencies), administering over 57,000 public and assisted housing units.
- Of the CHA's 32,000 family housing units, over 15,000 are located in isolated, high-rise buildings.
- CHA's total stock comprises 1,480 buildings or 17 developments, including over 8,000 units for the elderly.
- The CHA administers over 16,000 Section 8 certificates and vouchers.
- Of the 15 poorest neighborhoods in the nation (having less than \$2,884 in per capita income according to 1990 Census), eleven are CHA public housing communities.

CHA Resident Demographics

- Over 100,000 residents live in Chicago public housing, based on 1991-1992 statistics.
- 95 percent of non-senior residents are African-American; the rest are white, Hispanic and Asian.
- More than 45 percent of non-elderly residents are children under 14.
- As of 1990, 88 percent of CHA families are female-headed households -- this is twice as high as the national figure.
- 68 percent of CHA's residents are AFDC recipients, compared with New York's approximate 25 percent.
- Less than 11 percent of all families show income from employment sources (of which a majority are assumed to be from marginal, low-wage, part-time jobs).
- The combined per capita income of Chicago's public housing residents was \$2,175 in 1989, 15 percent of the national average of \$14,420, and down 29 percent since 1979.

Crime/Security

- In 1990, the average crime rate for all CHA developments was 8 crimes per 100 persons; for Stateway Gardens, 14 crimes per 100 persons.
- In FY 1994, nearly 60 percent of the Modernization program was spent on security (\$70 million).
- The five CHA developments with high crime rates -- Cabrini Green, Robert Taylor Homes, Henry Horner, Rockwell Gardens, and Washington Park -- have average vacancy rates of 27 percent.

**DOMESTIC POLICY COUNCIL
MEETING ON CHICAGO PUBLIC HOUSING
June 5, 1995**

AGENDA

1. Overview of Federal-Local partnership in Running the Chicago Housing Authority (CHA)
2. Background on the Chicago Housing Authority
3. Review of current Federal involvement in Chicago public housing communities
 - List of neighboring elementary schools and high schools -- Education
 - Operation Safe Home/other anti-crime initiatives -- Justice, Treasury
 - Head Start and other child care/health facilities -- HHS
 - Job training/youth apprenticeship programs -- Labor
 - Other
4. Explore new interagency collaborations -- build upon current successes
5. Designate local contacts from each agency to work with Edwin Eisendrath, HUD's Secretary's Representative in Chicago (312) 353-5680



News Release

HUD No. 117
Bill Connelly
202-708-0685
Jeanne Crowley
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-more-

Cisneros said, "Vince and his team deserve our gratitude and congratulations for their good work under difficult circumstances. But it had become clear in recent months that CHA's problems were too great and its capacity too limited. We accept the decision of the Board of Commissioners."

"Fulfilling our shared vision of a new way to deliver public housing in Chicago is within reach," Vince Lane said. "We have taken this as far as we can -- we know what really matters is getting the job done, not who does it," he said.

In the months ahead, Cisneros said, HUD will seek to involve all of Chicago's public and private leadership in addressing the CHA's problems.

"Chicago is one of the world's great cities," he said. "We are not coming here with the idea that HUD has all the answers. Chicago has tremendous resources and talents and great leadership. For too long, the problems of public housing here have been a thorn in the city's side. HUD is here to act as a catalyst to bring local people together to solve these problems and ensure that all residents live in safe and decent public housing."

Cisneros said that HUD's Assistant Secretary for Public and Indian Housing, Joseph Shuldiner will have primary responsibility over the agency. He will also serve on the soon to be formed executive committee. Shuldiner is a former executive director of both the Los Angeles and New York City housing authorities.

Deputy Assistant Secretary Kevin E. Marchman, former executive director of the Denver Housing Authority, has been named acting executive director of the CHA. Marchman, who heads HUD's Office of Distressed and Troubled Housing Recovery, will serve until a permanent director is chosen.

Other plans announced by Cisneros:

- * A new five-member CHA executive committee, to include Assistant Secretary Shuldiner. Other members will include an appointee of the Mayor, a CHA resident leader, and a business leader and civic leader to be jointly selected by the Secretary and the Mayor.

- * HUD will bring a management team of respected public housing officials from other cities to Chicago to review CHA operations and work with CHA officials to bring about improvements in management and resident living conditions. HUD has asked national public housing organizations to identify the best local and national talent to bring to Chicago.

* Immediate steps will be taken to gain control of the CHA budget, segregate accounts, and secure the procurement process. CHA's central office will be streamlined. CHA pay scales will be adjusted to the levels of other government employees.

* Immediate steps will also be taken -- with the help of local agencies as well as the private sector -- to improve those areas of the CHA's operations that directly affect residents: security, vacancies, repair of units, maintenance of grounds, recreational activities (particularly for youth as the summer draws near). The most intense focus will be placed on public safety.

* The CHA will be divided into separate functional units of more manageable size. Private, nonprofit and resident corporations will be engaged to manage many of the CHA's developments. Reliance on alternative forms of management in public housing is a proven method in other cities.

* The Section 8 voucher and certificate programs will be privately managed. A competitive bidding process to obtain alternative, private administration of the rental assistance programs will be initiated next week.

* The Section 8 and housing counseling programs will be used to enable residents of the most troubled CHA high-rises -- if they choose -- to seek housing elsewhere. As people move out, residents will be consolidated in fewer buildings. A development by development plan, with full resident participation, will be implemented.

* The redevelopment of some of the CHA's most troubled public housing projects -- Cabrini-Green, Horner and Lakefront -- will be carried out. Funds for such redevelopment are already in place. Public-private partnerships, successful in many other cities, will be formed to manage the redevelopment.

Cisneros said, "We are not starting from scratch. We will build upon what has worked. There are sufficient resources available to address some of the most troubled developments in the CHA. The biggest challenge is to put to use the funds that the CHA already has -- in modernization funds, in development funds, in anti-crime monies."

Federal involvement will not be limited to HUD. The White House Domestic Policy Council has called a meeting for next Monday to discuss the participation of other federal agencies in the CHA improvement effort.

Cisneros said, "I want to emphasize the cooperative nature of HUD's actions. The CHA has had long-standing and well-documented management problems. Many of these problems stem from the physical condition, isolation and density of its public housing inventory. The solutions to these problems rest with local, not federal, leaders -- both in the public and in the private sector".

Cisneros said, Chicago "has many assets -- corporate, foundation, nonprofit, public -- which can and must be mobilized to improve the quality of life of residents who live in CHA developments."

###

CHICAGO HOUSING AUTHORITY (CHA)
GENERAL FACTS
May 31, 1995

General Profile

- The CHA is the third largest housing authority in the nation (following New York City's and Puerto Rico's housing agencies), administering over 57,000 public and assisted housing units.
- Of the CHA's 32,000 family housing units, over 15,000 are located in isolated, high-rise buildings.
- CHA's total stock comprises 1,480 buildings or 17 developments, including over 8,000 units for the elderly.
- The CHA administers over 16,000 Section 8 certificates and vouchers.
- Of the 15 poorest neighborhoods in the nation (having less than \$2,884 in per capita income according to 1990 Census), eleven are CHA public housing communities.

CHA Resident Demographics

- Over 100,000 residents live in Chicago public housing, based on 1991-1992 statistics.
- 95 percent of non-senior residents are African-American; the rest are white, Hispanic and Asian.
- More than 45 percent of non-elderly residents are children under 14.
- As of 1990, 88 percent of CHA families are female-headed households -- this is twice as high as the national figure.
- 68 percent of CHA's residents are AFDC recipients, compared with New York's approximate 25 percent.
- Less than 11 percent of all families show income from employment sources (of which a majority are assumed to be from marginal, low-wage, part-time jobs).
- The combined per capita income of Chicago's public housing residents was \$2,175 in 1989, 15 percent of the national average of \$14,420, and down 29 percent since 1979.

Crime/Security

- In 1990, the average crime rate for all CHA developments was 8 crimes per 100 persons; for Stateway Gardens, 14 crimes per 100 persons.
- In FY 1994, nearly 60 percent of the Modernization program was spent on security (\$70 million).
- The five CHA developments with high crime rates -- Cabrini Green, Robert Taylor Homes, Henry Horner, Rockwell Gardens, and Washington Park -- have average vacancy rates of 27 percent.

CHA FEEDER ELEMENTARY/HIGH SCHOOLS MARCH 1995 ED/CULTURE

CHA UNIT	SCHOOL	ADDRESS	PRINCIPAL	PHONE NUM
Abla Homes 1254 S. Loomis	Crane High School	2245 W. Jackson Boulevard	Melver L. Scott	312-534-7550
	Smyth Elementary	1059 W. 13h Street	Mr. Rickey Dorsey	312-534-7180
	Collins High School	1313 S. Sacramento Drive	Clement S. Smith	312-534-1500
	Riis Elementary	1018 S. Lytle Street	Ms. Susan M. Milojevic	312-534-7120
	Medill Primary	1301 W. 14th Street	Ms. Doris Scott	312-534-7750
	Medill Intermediate	1326 W. 14th Place	Dr. James E. Malles	321-534-7760
	Cregier Vocational High School	2040 W. Adams Street	Mr. Alfred Clark	312-534-7490
Altgeld Gardens 922 E. 131 St.	Carver Primary	902 E. 133rd Place	Alan C. Jones	315-535-5674
	Carver High School	13100 South Doty Avenue	Willie C. Richie	312-535-5250
	Carver Middle- Grade School	801 E. 133rd Place	Ms. Naomi Kilpatrick	312-535-5656
	Aldridge Elementary School	630 E. 131 Street	Mr. George Pazel	312-535-5614
	Wheatly Child Parent Center	902 E. 133rd Place	Ms. Alma C. Jones	312-535-5718
	Wheatly	902 E. 133rd Place	Alma C. Jones	312-535-5718

CHA FEEDER ELEMENTARY/HIGH SCHOOLS MARCH 1995 ED/CULTURE

Cabrini-Green 1161 N. Larrabee	Lincon Park High School	2039 N. Orchard	Janis R. Todd	312-534-8130
	Wells Community Academy	936 N. Ashland Avenue	Carman C. Martinez	312-534-7010
	Manierre	1420 N. Hudson Avenue	Marlene G. Szymanski	312-534-8456
	Byrd Community Academy	363 W. Hill Street	Evertt L. Edwards II	312-534-8430
	Schiller	640 W. Scott Street	Marshall Taylor	312-534-8490
	Jenner	1009 N Cleveland Avenue	Sandra Satinover	312-534-8440
Dearborn Homes 2731 S. Dearborn	Dunbar Vocational High School	300 S. M.L. King Drive	Wilmer Barry	312-534-9000
	D.H. Williams	2710 S. Dearborn Street	Charles H. Nelson	312-534-9226
	Phillips High School	244 E. Pershing Road	Juanita T. Tucker	312-535-1603
Henry Horner Homes 1936 W. Washington	Dett	2306 W. Maypole Avenue	Donald J. Feinstein	312-534-7160
	Creiger Vocational High School	2040 W. Adams Street	Alfred Clark	312-534-7490
	Collins High School	1313 S. Sacramento Drive	Clement S. Smith	312-534-1500

CHA FEEDER ELEMENTARY/HIGH SCHOOLS MARCH 1995 ED/CULTURE

Julia C. Lathrop Homes 2800 N. Lathrop	Schrutz High School	3601 N. Milwaukee Avenue	Sharon R. Bender	312-534-3420
	Schneider Primary	2957 N. Hoyne Avenue	Nida D. Rodriguez	312-534-5510
Lawndale 2910 W. Harrison	Collins High School	1313 S. Sacramento	Clement S. Smith	312-534-1500
	Jensen Scholastic	3030 W. Harrison St.	David L. Hannsbery	312-534-6840
	Lawndale Community Academy	3500 W. Douglas	Bobby L. Roper	312-534-1635
	Miller CPC	3030 W. Harrison	David L. Hannsberry	312-534-6594
	Westinghouse High School	3301 W. Franklin Blvd.	Stanton Payne	312-534-6400
	Manley High School	2935 W. Polk	Katherine P. Flanagan	312-534-6900
	Marshall	3900 N. Lawndale Ave.	Hayes Sharon E.	312-534-5200
	Marshall High School	3250 W. Adams	Steve Newton	534-6455
	Spalding Modular	1628 W. Washington Blvd	Mary A. Walsh	312-534-7460
	Paderewski	2221 S. Lawndale Av	Theodis R. Leonard	312-534-1821
	Chalmers	2740 W. Roosevelt Rd	Charlotte A. Blackman	312-534-1720

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FROM: CHA/EXTERNAL AFFAIRS

TO:

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CIA FEEDER ELEMENTARY/HIGH SCHOOLS MARCH 1995 ED/CULTURE

	Suder	2022 W. Washington Boulevard	Marcia L. Hartnell	312-534-7685
	Crane High School	2245 West Jackson Boulevard	Melven L. Scott	312-534-7550
	Brown	54 North Hermitage Avenue	Dr. Shayle J. Gerstein	312-534-7250
Ickes 2328 S. Dearborn	Phillips High School	244 E. Pershing Road	Juanita T. Tucker	312-535-1663
	Dunbar Voc High School	3000 S. King Drive	Wilmer Barry	312-534-9000
	Williams	2710 S. Dearborn St.	Charles H. Nelson	312-534-9226
	Haines	243 W. 23rd Place	Gardy A. Heaston	312-535-5630
Ida B. Wells 3704 S. Vincennes	Phillips High School	244 E. Pershing Road	Juanita T. Tucker	312-535-1663
	Dunbar Vocational High School	3000 S. Martin Luther King Drive	Wilmer Barry	312-534-9000
	Dolittle Intermediate	525 E. 35th Street	Elisha W. Walker	312-535-1040
	Dolittle West	521 E. 35th Street	Eugene Dumas	312-533-1050
	Einstein	3830 S. Cottage	Phyllis Tate	312-533-1575

CHA FEEDER ELEMENTARY/HIGH SCHOOLS MARCH 1995 ED/CULTURE

Madden Park Homes 3824 S. Lake Park	Donohue	707 E. 37th Street	Margaret Tolson	312-533-1790
	Phillips High School	244 E. Pershing Road	Juanita T. Tucker	312-535-1663
	Dunbar Vocational High School	3000 S. Martin Luther King Drive	Wilmer Barry	312-534-9000
Raymond Hilliard Center 2030 S. State	Dunbar Vocational High School	3000 S. ML. King Drive	Wilmer Barry	312-534-9000
	South Loop Area	1212 S. Plymouth Court	Joan A. Fron	312-534-8690
	Phillips High School	244 E. Pershing Road	Juanita T. Tucker	312-535-1603
Robert Taylor Homes 4429 S. Federal	McCorkle	4421 S. State Street	Jenney E. Johnson	312-534-2350
	DuSable High School	4934 S. Wabash Avenue	Charles B. Mingo	312-534-1100
	Farren	5055 S. State Street	William V. Auksi	312-534-1440
	Hartigan	8 W. Roor Street	Betty Greer	312-535-1460
	Beethoven	25 W. 47th Street	Ladura McKinney	312-535-1480
	Terrel	5410 S. State Street	Reva J. Hairston	312-534-1490

CHIA FEEDER ELEMENTARY/HIGH SCHOOLS MARCH 1995 ED/CULTURE

Rockwell Gardens 2517 W. Adams	Grant Elementary	145 S. Cambell Avenue	Donald J. Moran	312-534-7275
	Creiger Vocational High School	2040 W. Adams	Alfred Clark	312-534-7490
	Collins High School	1313 S. Sacramento drive	Clement S. Smith	312-534-1500
	Crane High School	2245 W. Jackson Boulevard	Melven L. Scott	312-534-7550
Stateway Gardens 3653 S. Federal	Phillips High School	244 E. Pershing Road	Juanita T. Tucker	312-535-1663
	Donoahue CPC	707 E. 37th Street	Margaret A. Tolson	312-535-1790
	Raymond	3663 S. Wabash Avenue	Louis S. Hall Jr.	312-535-1745
	Dunbar Vocational High School	3000 S. Martia Luther King Drive	Wilmer Barry	312-534-9000
Trumble Park Homes 2455 E. 106th St.	Addams	10810 South Avenue Highway	Cynthia Barron	312-535-6210
	Bright	3535 E. 114th Street	Victor Tocwish	312-535-6215
	Washington	3535 E. 114th Street	Patricia K. Doherty	312-535-5010

CHA FEEDER ELEMENTARY/HIGH SCHOOLS MARCH 1995 ED/CULTURE

Washington Park Homes 4414 S. Cottage Grove	Martin Luther King	740 S. Cambell Avenue	Richard C. Smith	312-534-7898
	Ross	6059 S. Wabash	Freddie McGee	312-535-0650
	Price	4351 S. Wabash Avenue	Carl L. Lawson	312-535-1300
	Fuller	4214 S. St. Lawrence Avenue	Judith B. Riggins	312-535-1690
	Robinson	4225 S. St. Lawrence Avenue	Elaine A. Hall	312-535-1777
	Dulles Elementary	6311 S. Calumet Avenue	Dorral Clayton	312-535-0690
	Woodens South	4444 S. Evans Avenue	John Hawkins	312-535-1822
	Woodens North	4414 S. Evans Avenue	Richard A. Alexander	312-535-1290
Wentworth Gardens 3752 S. Wells	Dunbar Vocational High School	3000 S. Martin Luther King Drive	Wilmer Barry	312-534-9000
	Phillips High School	244 E. Pershing Road	Juanita T. Tucker	312-535-1663
	Abbott	3630 S. Wells Street	Michael H. Jacobson	312-535-1660

(High Schools are in bold)

OPERATION SAFE HOME IN CHICAGO

June 5, 1995

Fighting Crime through the Administration's Operation Safe Home Initiative

On February 4, 1994, Vice President Gore, Secretary Cisneros, Secretary Bentsen, Attorney General Reno, and ONDCP Director Lee Brown announced an aggressive interagency effort to combat violent crime and white collar crime in public and assisted housing.

Operation Safe Home is an example of reinvention that works. Rather than multiple federal agencies making disparate and competing demands on local law enforcement agencies, Operation Safe Home provides the necessary coordination of resources and expertise to effectively fight a broader variety of violent crime in targeted neighborhoods. Between February 1994 and February 1995, over 3,000 individuals were arrested on a variety of charges, most notably drug and weapons violations. Many of these arrests resulted from over 400 search warrants that the teams served. From these arrests and searches, over \$1.5 million in drugs, \$480,000 in cash and 335 weapons were seized by the joint teams.

In addition, HUD OIG has initiated a "witness relocation" program, which has helped 130 public housing families move out of their homes and away from life-threatening situations for their assistance of law enforcement authorities.

Operation Safe Home -- Fighting Violent Crime in Chicago's Public Housing

Participating Law Enforcement Agencies:

U.S. Attorney's Office
HUD/OIG
Alcohol, Tobacco and Firearms (ATF)
Federal Bureau of Investigation (FBI)
U.S. Secret Service (USSS)
U.S. Marshal's Service (USMS)
Chicago Police Department (CPD)
Chicago Housing Authority Police

The goal of the Chicago Housing Authority Neighborhood Gang Enforcement Task Force (CHANGE) is to target violent criminals, drug dealers, arms merchants and other criminal activities in Chicago Housing Authority properties through the resources and cooperation of the above agencies.

Periodic joint enforcement operations take place involving individuals from each of the agencies above during which warrants are executed, sweeps of the public areas of various housing projects are made and undercover activities take place. *Since March 1995, over 160 arrests have been made and more such arrests will result from future joint operations by this task force.*

Operation Safe Home -- Combatting Crime in Chicago's Assisted Housing Neighborhoods

Participating Law Enforcement Agencies:

Drug Enforcement Administration (DEA)
Alcohol, Tobacco, and Firearms (ATF)
Cook County Sheriffs Police (CCSP)
Chicago Housing Authority Police
HUD/OIG

The DEA REDRUM Task Force's goal is to eliminate gangs, drugs, weapons, violence, and other criminal activities from HUD-assisted housing and surrounding neighborhoods. This includes executing current, pending fugitive warrants on tenants who are manufacturing and distributing illegal narcotics within the Chicago Housing Authority (CHA) developments.

Since the inception of Operation Safe Home through March 22, 1995, 22 suspects have been arrested and 19 search warrants executed.

Public and Indian Housing Early Childhood Development Program Partnership with HHS

Program Summary

The purpose of the Public and Indian Housing Early Childhood Development Program is to determine whether the availability of accessible child care will enable parents or guardians of children in public and Indian housing to obtain or retain jobs, or to enroll in training that might lead to employment, by establishing early childhood development centers that provide comprehensive full-day, year-round early childhood education/child care for infants, toddlers, and pre-school children; and before and after school care for older children.

Partnership with HHS

For FY 94/95, a Memorandum of Understanding (MOU) was signed February 1995, transferring \$14 million to the Department of Health and Human Services (HHS), Head Start Bureau to publish a joint announcement to award grants to Resident Councils/ Resident Management Corporations (Rcs/RMCs), non-profit child care providers, and current Head Start grantees to establish full-day child care facilities, in an academic setting, within or near public or Indian housing developments. This partnership is unique because it provides an opportunity for Head Start grantees to develop full-day child care programs that include educational, social, medical, dental, nutritional, and mental health services for children of public housing in addition to job-skill enhancement and job referral for adults living there also. Further, for the first time, four other HHS Federal child care programs administered by the Administration for Children, Youth and Families Child Care Bureau (HHS) are collaborating with HUD to provide programs that help families move from welfare to work and remain economically self-sufficient.

Under the demonstration program, up to \$400,000 may be awarded to eligible applicants to initiate child care programs and allow residents to operate family child care homes. Grants may be used to cover the cost of operating expenses, including bonding, equipment, minor renovations, and staff training.

The application due date is June 20, 1995.

The following organizations have received funding for previous years:

Child Development and Head Start in Robert Taylor Homes

The Center for Successful Child Development Full Day Child Care/Head Start Program for 2-5 year olds is a collaboration among the Ounce of Prevention Fund and the Chicago Urban League to provide programs in the Robert Taylor Homes' public housing development. The program stresses early intervention by targeting children at risk of educational and developmental problems that might lead to failure, delinquency, and dependence on welfare systems. The program also provides assistance to parents seeking

higher educational achievement and entry level employment opportunities. The center maintains a partnership with the Dawson Skills Center and the St. Paul Head Start Program. The Ounce of Prevention Fund received a grant for \$149,300 to establish its child development program. The Ounce of Prevention Fund submitted a final report in May 1993, and continues to operate its program at the Robert Taylor Homes.

Child Care and Head Start in Cabrini Green

The Chicago Department of Human Services (DHS) and the Child Care Services Division of the Chicago Housing Authority (CHA) were awarded \$3000,000 to jointly provide two child care programs in the Cabrini Green public housing project. These programs use the Head Start curriculum for ages 3-5, in addition to serving infants and toddlers and school-age children. Parents who are in school, training or employed and live in the development are given the highest priority. The program operates year round at separate locations in the Cabrini complex. The Head Start based child care program is intended to address several innovative programs, provide infant and toddler care for 15 children from 6 weeks through 35 months, address parent and children's needs for the continuum of services; and provide services for 20 children ages 5-12. The program will feature a strong parent involvement component and an assessment base curriculum.

Mike Stegman → having IB's

? Takeover & leadership

6/5 = CITA Meeting =

Cisneros

Chicago FEMAP (perf measure) ~ 30

- lgst; nat'l symbol

- Key staff left recently, incl exec dir

- 3400 Public housing units in county → Joe Shulman - Asst Sec'y for Public Housg
↓
Board

Kerri Murchman - Exec Dir

Clare Freeman → top candidate - Cleveland

Primitives: Security, Cleanup, Repair & Maint, Rec'l facilities

* Transparency → need to release audits, reports

Range: Vouchers, demolition, rebuild - downsizing

Shulman

Severe mgmt deficiencies

Stock itself → tremendous concentration of ppl - hi-rises

Poverty → 7/10, 11/15 poorest counties in CITA

Convention → show Urban progress - Henry Horne project surrounds Conv Ctr

Interagency Relationships → new applies
DO5

Daily very much on board

Eisenhardt → former alderman in Chicago

* Brakatz
contract for DC news

708-2713
- 4447

↓ helpful

but

add muscle

* Chicago: Edwin Eisenhardt

game plan from them

$\Rightarrow$ 2,000 unused certificates

\$600 M unexpended $\rightarrow$ total (curts + capital)

Education $\rightarrow$ very imp +
- identify schools to target

Empowerment Zones $\rightarrow$ outside of places

Guns, Drugs & gangs $\rightarrow$ Jim Bums - ^{Chicago} US Attorney $\Rightarrow$ will meet w/ Joe

TRANSFORMING THE CHICAGO HOUSING AUTHORITY
Calendar of Targeted Activities
July 19, 1995

HUD/CHA ACCOMPLISHMENTS TO DATE

- May 31 Secretary Cisneros, Mayor Daley and CHA Chairman Vince Lane announce a local-federal partnership to turn around the Chicago Housing Authority (CHA). Resignation of CHA Board of Commissioners and CHA Chairman go into effect. HUD Assistant Secretary Joe Shuldiner becomes Acting CHA Chairperson and Deputy Assistant Secretary Kevin Marchman becomes acting CHA executive director.
- June 9 HUD releases audits and management reports of the CHA, providing full public disclosure of the financial and management situation HUD has inherited.
- June 13-14 HUD/CHA initiates summertime cleanup effort at five family developments, including Cabrini Green and Henry Horner Homes. Cleanup includes such activities as street cleaning, garbage pick up, graffiti removal, gardening and beautification, and painting.
- June 20-21 Due to the success of previous cleanup, residents of Ida B. Wells organize their own summertime cleanup effort. Over 500 residents of Ida B. Wells volunteer in cleaning up their neighborhood.
- June 21 Shuldiner holds 1st CHA Board meeting, passing several resolutions: new ethics policy, new contract approval process, and approval of demolition contract for one highrise at Cabrini Green
- June 28 HUD issues RFP (Request for Proposal) for private management of the Section 8 certificate and voucher program. Closing date for proposals is July 28th.
- July 1 Replaces the leadership of the CHA operations staff
- Continues effort to accelerate the vacancy reduction program
- HUD/CHA hires 60 additional CHA police officers (officers in 8-week training program)
- July 10 HUD/CHA issues RFP for new management of the CHA pension fund, which lost \$15 million due to mismanagement
- July 12 Shuldiner holds 2nd CHA Board meeting, announcing:
- tougher tenant applicant screening procedures and changes to resident eviction policy.
- process for identifying alternative or private management of select senior and family CHA developments,

\$2.7 million to be made available now for community service activities at Cabrini Green, and

400 new basic maintenance jobs for public housing residents.

July 15

Continue plans to restructure and consolidate the finance and accounting and administrative departments

Completing training manual for community policing program

Complete the establishment of a development-by-development resident planning process to give residents voice and involvement concerning decisions about the redevelopment of their community (**Status: OCIR have met with residents from every CHA development. Resident planning process underway.**)

Have identified a public information mechanism to keep media, residents, and the public-at-large informed of the changes at the CHA (**Status: regular meetings with residents, weekly meetings with elected officials, and media outreach continue.**)

Begin to work with city officials to identify land for Washington Park and begin its replacement program (**Status: Lots for 120 units have been identified, waiver for impactation is being requested, placement of 57 remaining units yet to be identified**)

With Habitat Company (receiver), initiate the Suburban Demonstration Program to give CHA residents greater choice in housing (**Status: Alex Polikoff sent letters to the Housing Authority Directors to Dupage, Lake and Cook Counties several weeks ago**)

July 16

As part of the ongoing training and technical assistance effort to strengthen the tenant patrol program, a group of 12 residents and CHA staff traveled to NYC to learn from a strong tenant patrol program.

July 19

Announce the members of CHA Executive Committee (advisory) with Mayor Daley

TARGETED UPCOMING ACTIVITIES

JULY 1995

July 21

HUD/CHA co-hosts Chicago Inner City Games with the Chicago Park District, the Chicago Board of Education, Chicago Public Library, and other non-profit organizations. The Inner-City Games will enable thousands of low-income children to participate in a full-day of sports competitions; art, poetry and creative writing contests; and other games and entertainment activities.

July 30

Issue RFP to establish a Management Information System

AUGUST 1995

August 1

Unveil maintenance plan to address huge backlog of work orders

Ongoing effort to reorganize the CHA Police Force and Public Safety Program:

Put in place CHA Police Force leadership (RFP on position to be released) ←

Consolidate all police, security, and crime prevention efforts under a permanent chief of police (completed)

Institute an Internal Affairs Division in the CHA Police Force (completed)

Currently reviewing plan to drastically scale back private security force to better use modernization funds

Receiving technical assistance in reviewing "defensible space" security options

August 2

Shuldiner holds 3rd CHA Board meeting —)

Mid-August

Begin demolition of two buildings of Henry Homes (Status: asbestos removal in one building is complete, waiting for completion of other.))

August 15

~~knights~~
Reconcile the FY 1995 budget which includes a 15 percent staff reduction

Issue RFQ (Request for Qualifications) for private management of selected housing developments (both senior and family developments)

Identify an outsource management of the deferred compensation plan

Investigate procurement of a third party administrator for the workmen's compensation assets

Host series of work sessions with local decisionmakers (e.g. civic, business, religious) to encourage their involvement in CHA activities (Status: Shuldiner intends to meet soon with Windows of Opportunity, a nonprofit organization with Board members composed of major area business leaders, interested in improving the quality of life in Chicago's public housing communities.)

SEPTEMBER 1995

September 1

Complete the reorganization of CHA maintenance operations

September 5

Participate in the House Committee on Government Reform and Oversight Subcommittee's field hearings on the CHA (Subcommittee Chair Chris Shays (R-CT), Ranking Member Cardiss Collins) -- invitations have yet to be made —)

Mid-September Begin demolition of two buildings at Cabrini Green (Status: asbestos removal taking place)

September 15 Review strategy to implement on-site mini-stations/lobby stations established at all CHA family developments

Implement strategy for specialized units to focus on: senior citizens, elevator vandalism, and evictions

OCTOBER 1995

October 1 Implement a preventive maintenance management program

October 31 Have corrected major procurement and contracting corruption and inefficiencies