

Keeping the Promise

Problems at the CHA

The Cause

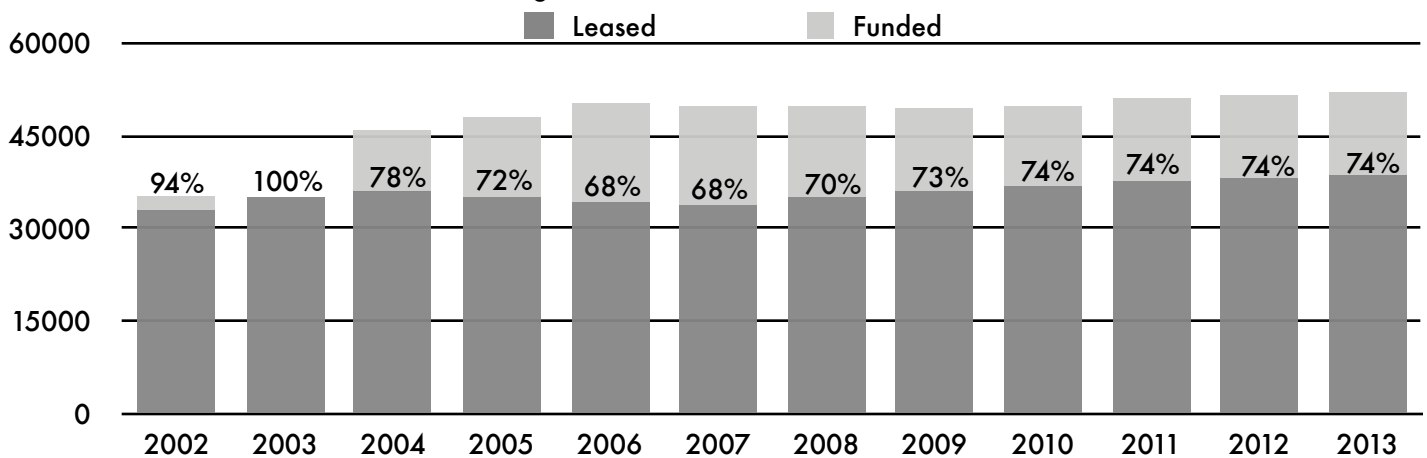
Deregulation

In 2000, the Chicago Housing Authority (CHA) entered into a deregulation agreement with the Dept. of Housing and Urban Development (HUD). This so-called "Moving to Work" agreement allows the CHA to spend its roughly \$1 billion in federal funding however it wants. Instead of tying money to specific programs and performance standards, the CHA can shift money around or simply not spend it. Moreover, deregulation frees the CHA from almost all federal oversight. For the last 14 years, we've witnessed the impact of deregulation.

The Impact

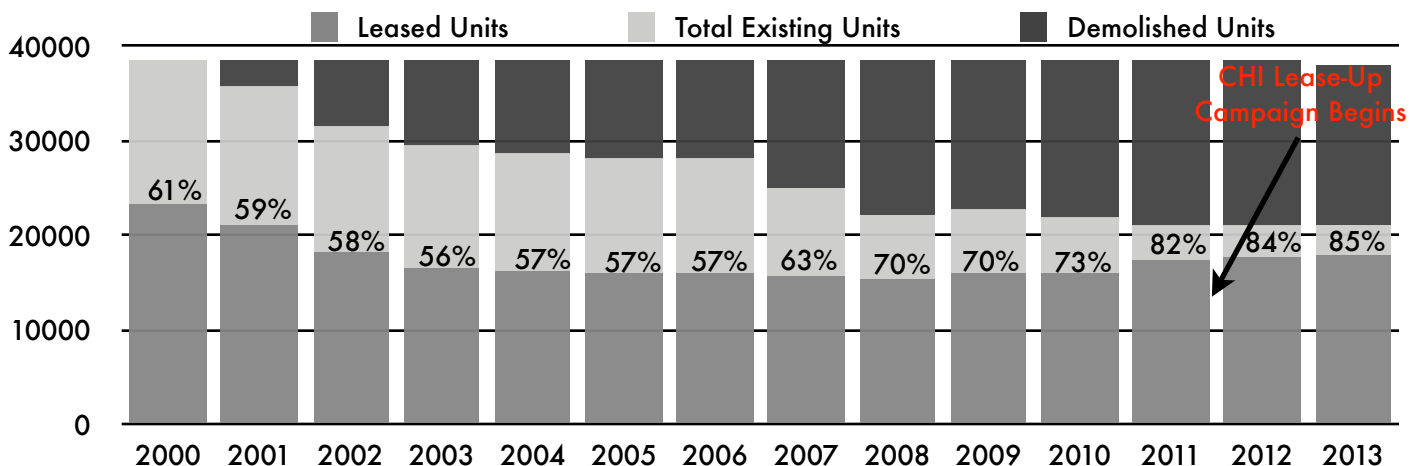
Voucher Underuse

Under deregulation, the CHA can withhold from leasing any amount of vouchers it wants. As a result, since 2004, the CHA has never leased more than 75% of its federally funded vouchers. In 2013, the CHA did not lease 13,540 vouchers it received funding for.



Public Housing Vacancies

Under deregulation, the CHA is paid the same amount to operate vacant and occupied units. As a result, since 2000, the CHA has consistently under-leased its public housing stock. Initially, the CHA left roughly 15,000 units vacant because they were uninhabitable and slated for demolition. But, in recent years, the CHA has kept thousands of habitable units "offline". The 15% vacancy rate in 2013 represents roughly 3,300 units.

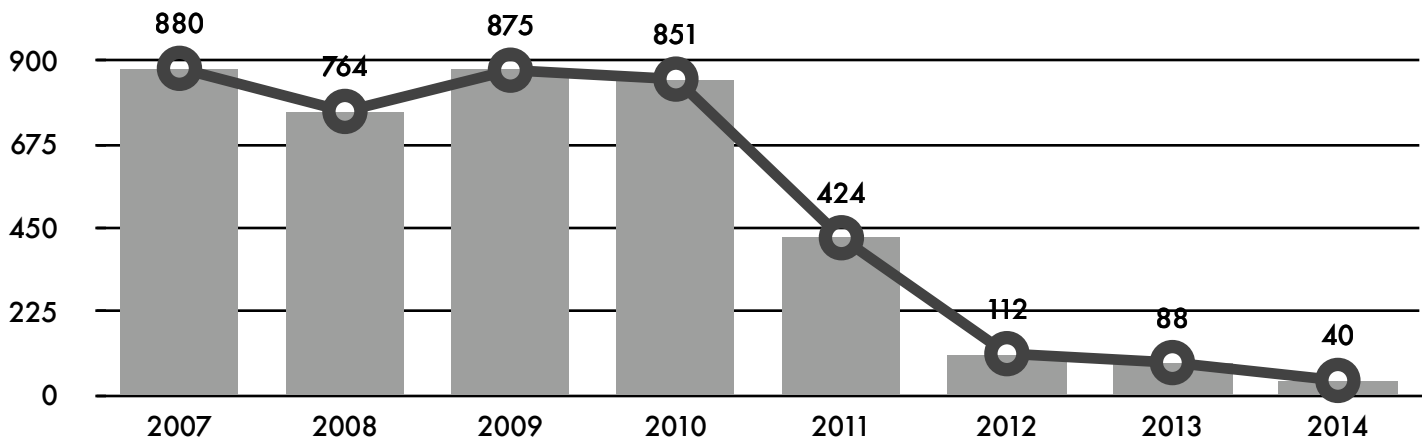


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CHA Fact Sheet

Slow Rebuilding of Replacement Housing

Under deregulation, the CHA is no longer obligated to spend federal grants earmarked for replacement housing construction. As a result, the CHA's plan to rebuild or rehabilitate 25,000 units by 2010 is far behind schedule. At the CHA's current rebuilding rate, it won't meet the 25,000 unit goal until 2020. In 2014, the CHA plans to only build 40 units of permanent public housing despite \$30-40 million in Replacement Housing Factor grants given to the Agency annually for rebuilding.



The Effect

Enormous Resources, Broken Promises

Instead of keeping its promise to house low-income Chicagoans, the deregulated CHA is building up enormous reserves. Every year from 2008 to 2013, the CHA failed to spend an average of \$100 million in available funds. At the end of 2012, the CHA had more than \$650 million in its reserves. In the absence of federal and local oversight, the CHA has no obligation to keep its promise to help Chicagoans find stable homes.

