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Discrimination in Public and Subsidized Housing in the Chicago Metropolitan Area:

The Preservation of project-based Section 8 Housing

Thank you for the opportunity to address the important issue of preserving federally supported low-income housing, particularly privately owned housing with federal project-based Section 8 contracts. These contracts ensure that families who live in these developments pay no more than 30% of their income towards rent and provide a long term source of affordable housing in the community.

What is the Problem?

Although the Universal Declaration of Human Rights and the International Convention on the Elimination of all forms of Racial Discrimination (CERD) establish a right to housing free from discrimination and our nation's own National Housing Act of 1934 set forth as its primary goal "a decent home and suitable living environment for every American family" nearly one-half of all renters (approximately 18.5 million people nationally) pay more than 30 percent of their income toward rent. The number of lowest-income renters with severe housing cost burdens increased by more than one million between 2001 and 2006 to more than eight million households. Minority households disproportionately experience the most severe housing cost burdens.

To meet the growing need for decent, affordable housing in this country, energy must be focused on preserving existing affordable rental housing. Although preserving existing housing is more cost-effective than building new housing, preservation remains an extraordinarily ambitious goal. For every new low-cost unit built in the United States during the past decade, two have been demolished, abandoned, or converted into condominiums and an estimated one in three national foreclosures involves rental units.

The supply of federally supported project-based Section 8 housing has decreased precipitously. Today 1.4 million households live in homes with project-based Section 8 assistance in more than 19,000 housing developments. However, since the mid-1990s more than 200,000 units of project-based Section 8 housing have been lost because project owners did not renew or opted out of their federally subsidized contracts. During the next five years, contracts on more than 900,000 Section 8 units will expire. Of more than 60,000 federally subsidized affordable apartments in Cook County (the majority of the residents in these developments are minorities), affordability restrictions on 40,000 will expire by 2011 and on nearly 53,000 by 2020. Upon expiration, owners may choose to "opt out" of the subsidy program and convert their properties to market rate rental housing or condominiums. As well, challenging economic times have put many of these properties at risk of losing their Section 8 contracts due to declining conditions and failure to comply with HUD rules. When this housing is lost, families – the overwhelming majority of who are minority households - typically receive Housing Choice Vouchers. Unfortunately, numerous studies have shown that minority households with vouchers overwhelmingly relocate to predominately poor, minority parts of the Chicago area.

What progress has been made to address the loss of this housing?

Although preservation is a national challenge, varied local conditions call for a local response, framed with an understanding of the local housing market, the housing needs of low- and very low-income households, and the level of public and private support for preservation. **The Preservation Compact**

was launched in 2007 by the MacArthur Foundation and the Urban Land Institute to respond to more than a decade of affordable housing loss. The goal - preserve the existing supply of affordable rental housing in Cook County with an infusion of resources, energized commitment, innovative program development, and public-private collaboration. The central component to the Preservation Compact is a commitment by leaders from the public, private, and nonprofit sectors to develop strategies to preserve at-risk housing. From this commitment, the Preservation Compact has reduced energy costs and promoted green initiatives in order to preserve assisted housing for the long term; created the Interagency Council, where federal, state, county, and city officials come together to preserve at-risk housing and more formally coordinate efforts; establishing sources of preservation funding so that Section 8 properties are not lost because preservation purchasers cannot access financing in time; and a rental housing alliance focused on provided legal representation to low-income tenants in the at-risk properties and support for community organizers working within those developments. Each component works together to achieve the same goal - do not lose even one unit of project-based Section 8 housing. And the commitment and work has achieved those results. While other parts of the country continue to lose Section 8 stock due to opt outs, building decline, or foreclosure, the Preservation Compact model has preserved at-risk housing and enlisted the support of private-owners in supporting this preservation goal. As our nation recovers from this economic recession, it is critical that model initiatives like the Preservation Compact continue to operate, as the housing market will eventually recover and owners will once again consider opportunities to exit federal housing programs.

Remaining needs.

Prohibit local government from eliminating affordable housing. Unfortunately, not all communities in the Chicago area embrace the notion that affordable housing should be preserved and serves as a valuable resource to a community. In Joliet, Illinois, for example, my office is embroiled in litigation against the City of Joliet, who has for years been trying to condemn a project-based Section 8 development, where the majority of residents are African-American, located in a thriving part of the City. Local governments should not be able to abuse their powers of eminent domain, or other municipal powers such as zoning and land use, in order to prevent or eliminate affordable housing.

Support national efforts to improve project-based Section 8 housing and other federally assisted housing. As the Special Rapporteur recognized in her report, Congress has recently introduced a bill, **H.R. 4868**, to comprehensively preserve federally assisted housing, including housing with project based Section 8 contracts. Because more housing is lost each week that passes, it is critical that Congress prioritize this legislation and aim to pass it before the end of 2010.

Katherine E. Walz
Senior Staff Attorney
Sargent Shriver National Center on Poverty Law
50 E. Washington, Suite 500
Chicago, IL 60602
(312) 368-2679
katewalz@povertylaw.org