

Agenda

Civil Society Consultation for the U.S. Universal Periodic Review: Chicago, Illinois

April 13, 2010

Welcome and Introductions

Michael P. Seng, The John Marshall Law School

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

F. Willis Caruso, Richard Wheelock, Legal Assistance Foundation; Andrew Greenlee, UIC Voorhees Center; Chris Klepper, Housing Choice Partners; Kate Walz, Shriver Center; Hipolito (Paul) Roldan, Hispanic Housing Development Corporation; Ken Walden, Access Living; Katrina Van Vlakenburg, Corporation for Supportive Housing

Panel II: The Role of Discrimination in Contributing to the Present Crisis in Lending and Foreclosures in the Chicago Metropolitan Area

Michael P. Seng, The John Marshall Law School; Geoff Smith, the Woodstock Institute; Dan Lindsey, Legal Assistance Foundation; Michael Van Zelingen; Peter Brown, Minnesota National Lawyers Guild; Kathy Clark, Lawyer's Committee for Better Housing

Panel III: The Problem of Homelessness in the Chicago Metropolitan Region

Sharon Legenza, Housing Action Illinois; Ryan Dowd, Hesed House; Rene Heyback, Chicago Coalition for the Homeless; Doug Schenkelberg, Heartland Alliance for Human Needs and Human Rights

Panel IV: Discrimination in the Private Market in the Chicago Metropolitan Area

Sharon Legenza, Housing Action Illinois; Brian Gladstein, Jewish Council for Urban Affairs; Bernie Kleina, Hope Fair Housing Center; John Petrusak, South Suburban Housing Center; Gail Schechter, Interfaith Housing Center of the Northern Suburbs; Damian Ortiz, The John Marshall Law School Fair Housing Legal Clinic; Allison Bethel, The John Marshall Law School Fair Housing Legal Clinic; Betsey Schuman-Moore; Mary Ellen Tamasy, Lake County Residential Development Corporation; Kevin Jackson, Chicago Rehab Network

General Discussion from floor

Site Visit: April 14, 2010

- **Tour of Housing in Southwest and South Side Chicago and Discussions with Community Residents**

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Five federal agencies participated in this UPR Session: the Department of State, the Department of Justice, the Equal Employment Opportunity Commission, the Department of Housing and Urban Development and the Department of Health and Human Services were represented.

- **Panel I: Discrimination in Public and Subsidized Housing in the Chicago Metropolitan Area**

The first panelist discussed his foundation's work concerning indigent families and the housing problems they face. He stated that the Chicago Housing Authority usually focuses its work on middle-income families, but the supply of housing does not meet low-income families' needs. He also stated that housing admissions policies exclude the poorest populations by requiring proof of work and credit checks. His recommendations included revisiting the Housing Act of 1937 to improve coverage for those suffering from poverty the most.

The second panelist focused on the Section 8 voucher program (a federal assistance program that sponsors subsidized housing for low-income persons). Although the goal of the program is to make housing affordable for low-income renters, this panelist stated that there has been inadequate access for families who are trying to relocate from segregated neighborhoods. The panelist stated that segregation in Chicago neighborhoods continues, with half of all Section 8 voucher holders living in just 10 of the 77 areas of the city. His recommendations included increased action by the local housing authority to further fair housing and increase mobility. Additionally, he called on the Department of Housing and Urban Development to develop better voucher guidelines and reduce barriers to moving between jurisdictions.

Next, participants discussed patterns of segregation and isolation, inadequate affirmative action programs, and mobility problems. One interlocutor noted that families who participate in voucher programs often face difficulties when they want to move to new neighborhoods for better schools and lower crime rates. Other panelists emphasized the need for preservation of affordable housing units as well as for increased use of tax credits for Latino and African American populations. The final panelist discussed housing opportunities and challenges for persons with disabilities. He recommended more affordable and accessible housing options as well as increased funding for fair housing from the Department of Housing and Urban Development.

A discussion session followed in which the following concerns were raised: corruption in the local housing sector, the importance of preservation, and the need for more grassroots involvement when discussing fair housing. Specifically, some interlocutors called on the Department of Justice to work with grassroots organizations in order to better track funds the

federal government gives to the city. Additionally, participants discussed how to better provide housing for low-income individuals who have been displaced.

- **Panel II: The Role of Discrimination in Contributing to the Present Crisis in Lending and Foreclosures in the Chicago Metropolitan Area**

The first panelist stated that although foreclosures have been a problem since the late 1990s, there was a dramatic increase in 2006. He claimed that lenders offering risky subprime mortgages target certain races and the level of foreclosures has increased due to high levels of segregation within Chicago. Further linking race to housing problems, he asserted that vacant foreclosed properties are disproportionately in African American communities. Another panelist spoke about a related issue, stating that predatory lending is often targeted at minority populations as well.

Another panelist discussed the foreclosure crisis and how two initiatives, the Regional Home Ownership Preservation and the Cook County Mediation Program, are working to address it. He stated that some of the challenges the initiatives work to overcome concern the lack of mortgage counseling services in Chicago, especially in the Southwest and Northwest suburbs. He also stated that in most foreclosures the borrower does not receive counseling and that capacity-building activities are very important in the region. A panelist asked why loan modification is usually not given to subprime loan borrowers. He described high household debt and procedural barriers as major obstacles and stated that in order to get a loan modification, a borrower must present two pay stubs, tax return documents, tax bills, and other forms. However, he asserted that many households do not keep such forms because in crisis situations, bookkeeping is often a last priority. Another serious obstacle he discussed was how, for many families, monthly expenses such as heating and food are greater than their monthly income. Another panelist said that illegal evictions are another major housing challenge, adding that under Illinois law, it can take seven months to go through the necessary legal steps to evict someone, but some owners had been evicted summarily before the process was completed. This panelist asserted that these people lost both their homes and their possessions.

Next, a civil society representative discussed the impact of the foreclosure crisis on communities lacking sufficient legal representation. He asserted that housing foreclosures violate the International Convention on the Elimination of all Forms of Racial Discrimination (CERD). Regarding the Obama Administration's new policy to deal with the foreclosure crisis, which he described as facilitating short sales of homeowners' properties, the panelist stated this policy was regrettable because it did not recognize the homeowners' right to keep their homes. He stated that this policy will accelerate the loss of homes by expediting short sales. More specifically, he said that despite promising language in the Home Affordable Modification Program (HAMP), a lack of oversight has rendered it ineffective. Other speakers on this panel addressed related topics including the impact of foreclosure on tenants, foreclosure filings on rental properties, increased home buying by minorities in segregated areas, and discrimination in

the rental market. An interlocutor stated that these foreclosures have a multiplier effect, as each apartment building foreclosed on leads to the eviction of several tenant families.

The last panelist stated that he saw an alarming trend of resegregation in the housing market in Illinois and violations of fair housing rules. His recommendations were to strengthen protections by compelling local governments to meet fair housing requirements, increasing enforcement of those requirements, allowing recovery of communities, increasing developing incentives, and providing counseling.

The panel was followed by a discussion session. When asked about ways to prevent predatory lending practices, some participants mentioned mortgage modification. One interlocutor offered that the main problem with mortgage modification is that the HAMP continues to leave key decisions with mortgage servicers. Some claimed that it fails in accountability and enforcement. Another area of concern regarded home equity conversion mortgages, or reverse mortgages. Interlocutors called for increased investment in the rental market as well as a prohibition on the use of federal dollars to vacate buildings when they can be salvaged.

- **Panel III: The Problem of Homelessness in the Chicago Metropolitan Region**

The first panelist stated that homelessness is the consequence of other systemic failures, and treating it as a unique issue ignores the root causes. He also said that Chicago's system of funding education with property taxes created unequal school systems, and that a lack of education is often a strong indicator of homelessness. He applauded the federal government's decision to include homeless children in No Child Left Behind measures. Finally, he described the criminalization of homelessness and the reluctance to treat mental illness as a disability as major obstacles to obtaining disability benefits and resolving homelessness. The second panelist stated that homelessness is a serious and growing problem, and that over 74,000 individuals experienced homelessness in Chicago from 2008-2009. Next, a civil society representative said the drivers of homelessness are usually outside the control of the people experiencing them. This representative said there has been a significant increase in chronic homelessness, and the vast majority of those experiencing it are minorities. She suggested ways to remedy this including increased financial assistance, improvement of prison discharge policies, permanent support of housing, employment and public benefits, affordable housing, and increased supportive services.

During the discussion period, participants said that criminal backgrounds could prevent people from obtaining adequate housing. Recommendations included reducing wait time for public housing from five years to twelve months for those just released from prison, considering conviction records and not arrest records, and ensuring that those with criminal backgrounds are aware of their right to appeal. One participant stated that day labor is an inadequate method to escape homelessness because of low wages.

- **Panel IV: Discrimination in the Private Housing Market in the Chicago Metropolitan Area**

The first panelist began the discussion with a statement that urban renewal can lead to displaced families. He described the segregation in the suburbs as intense. He was followed by a speaker who criticized high levels of segregation as well as its insufficient funding of education. He strongly recommended dissolving the Illinois Human Rights Commission, as he did not feel it was doing its job to protect the human rights of Illinois residents. The next speaker stated that there is currently a mismatch between jobs and housing, and more specifically, that many people find themselves with jobs but lack sufficient housing. She claimed that families with children are often victims of discrimination regarding housing, especially in the suburbs. Finally, she concluded that because of its relationship to discrimination, reliance on property taxes for school funding should be eliminated, and homeowners' associations need to be better regulated.

Next, a civil society representative asserted that where people in Chicago live determines most of their life choices. He claimed that Section 8 is a great program, but can also be problematic. He stated that the U.S. Government should not allow people to be denied housing simply because they are Section 8 recipients. He called on government agencies to exercise their authorities more aggressively to address disparate impacts on the allocation of housing units.

Other issues discussed by the panelists included racial and ethnic steering and the need for better enforcement, discriminatory housing advertisements on the internet and the accompanying lack of accountability, and an acute lack of family rental opportunities. A panelist observed that while the practice of racial and ethnic steering has been illegal since 1968, it continues. An interlocutor recommended that both consumers and realtors need to be educated about their rights and responsibilities under the law. Another recommendation was that housing advertisements on the internet need to be held to the same standards as advertisements in print media.

During the discussion session, interlocutors discussed a wide array of topics, such as zoning, corruption and patronage, discrimination in senior housing, and governmental obligations as mandated by CERD. Participants also discussed ways to access foreclosed properties. One interlocutor stated that the federal government needs to hold cities and suburbs accountable for their housing practices.

- **General Discussion**

During the General Discussion section, participants from civil society stated a need for better oversight and enforcement of rules by the Department of Justice. Additional comments from participants concerned unions and land distribution programs. Finally, a civil society representative stated that his organization would be monitoring whether or not the U.S. Government responds to the UN's recommendations.

- **Site Visits**

On April 14, several representatives of different U.S. Government agencies participated in a tour of the Southwest and South Side of Chicago. Tour leaders from community groups told the following as background. While initially built in integrated neighborhoods, public housing units were later constructed solely in African American communities. A court ruled that this was being done purposely in order to segregate the races, so housing had to be more equally distributed. Unfortunately, progress on this was slow because the Chicago Housing Authority encountered problems when attempting to build units in certain areas. After ten years, scattered housing ended up mostly in Latino neighborhoods since many of these areas technically counted as white communities.

The U.S. Government representatives also viewed areas where large, high-rise public housing units had been torn down. According to tour leaders, while some of these areas have been redeveloped with low-rise, mixed income housing, there has been a net loss of housing units. This has led to lower populations in the area and the closure of some schools. Tour leaders also told the federal government representatives that with 77 distinct ethnic communities, Chicago is the most segregated city in the country.

Later, the U.S. Government representatives met with several community organizers from civil society organizations in Southwest Chicago. The dialogue began with a presentation about the Marquette Park neighborhood and the large number of predatory lenders in the area. As a result, hosts said, the neighborhood has been devastated by foreclosures despite community organizers trying to reduce the number of mortgage brokers in their neighborhood. The organizers described Illinois state House Bill 4050, which would have required people acquiring a mortgage to receive counseling and be entered into a database for monitoring purposes. Organizers said that, although it was meant to increase transparency, the bill was not implemented because some argued that it targeted minority businesses. More specifically, they said, the former governor suspended the bill and stated that it may be negatively affecting the communities it was intended to protect from predatory lenders. The organizers contend that the bill should have been allowed to take effect, since it would have reduced the issuance of faulty mortgages and predatory lending by providing pre-mortgage counseling.

Finally, the organizers told the Federal representatives about a civil society organization's campaign that surveyed people in the community attending church services. After identifying individuals that were in default, organizers said, the campaign intervened with counseling, but this proved to be overwhelming. The organizers further stated that after deciding a broader community solution was necessary, the organization led a protest outside of a local bank. This resulted in the bank agreeing to modify loans. They said that the bank offered to give loans to over 500 families who were 60 or more days behind on their mortgage payments. So far, they stated, almost 100 individuals have come to the bank with income statements and are currently working on solutions to their loan problems.

Also while in Chicago, representatives of the Departments of State and Justice met with a representative of the Jewish United Fund to discuss issues of concern his organization has witnessed in the Chicago metropolitan area. He noted that incidents of anti-Semitism, including hate speech, vandalism and violence, are all on the rise. In particular, he has seen demonstrations, ostensibly in support of the Palestinian people and against Israeli policy, include troubling anti-Semitic imagery and speech, including swastikas and calls for the death of Jews. He urged the government to increase its efforts to monitor and, where possible, prosecute illegal acts motivated by anti-Semitism.