HOUSING HEATS UP AT CHICAGO

By Robin I. Mordfin
In March 2011, the last building in one of Chicago’s largest high-rise housing projects, Cabrini-Green, was demolished, marking the end of an era of high-density public housing that was widely viewed as a tragic failure of public policy. But how have the tens of thousands of former Chicago public housing residents relocated from Cabrini-Green and other demolished projects fared, and what have the results meant for the city? School of Social Service Administration Professor Robert Chaskin and his coauthor Mark Joseph of Case Western Reserve University provide answers in their book *Integrating the Inner City: The Promise and Perils of Mixed-Income Public Housing Transformation*. Integrating the Inner City is the result of six years of field work conducted by the authors and their research team. “The book takes a close look at the CHA’s Plan for Transformation. The plan was to demolish most of the most distressed large-scale public housing complexes and replace them with newly constructed mixed-income developments,” Chaskin said. “The idea was to address the problem of concentrated urban poverty and the failures of public housing in the city by integrating public housing residents into new communities or into other neighborhoods by expanding the provision of vouchers to subsidize their housing in the private market. The book is organized around this question of integration, how it is playing out, and to whose benefit. We also look at the policy as a whole, the ideas that drive it and how it is rolling out, the extent to which its goals are being met, and the reasons behind these outcomes, as well as suggest some alternative responses.”

Chaskin is one of thirteen members of an interdisciplinary working group established by the Law School’s Kreisman Initiative on Housing Law and Policy, and his work offers just one example of how housing research is heating up around campus as scholars identify problems, frame questions, and formulate solutions. Since the autumn of 2013, these researchers have been sharing their projects and ideas through the Kreisman Initiative on Housing Law and Policy, which was made possible by a substantial gift from David Kreisman, AB ’60, JD ’63, and his wife, Susan. The Kreisman Initiative is interdisciplinary at its core: it is codirected by Lee Fennell, Max Pam Professor of Law and Ronald H. Coase Research Scholar, and Benjamin Keys, Assistant Professor at Chicago’s Harris School of Public Policy. “We are working to bring together all the research on housing that is happening on campus,” explained Fennell. “Working group members are not only doing their own research, but also thinking about its significance in the real world; we are engaging not only with academics but also with practitioners and policymakers.”

At the Harris School of Public Policy, Assistant Professor Benjamin Keys, who codirects the Kreisman Initiative, is working with fellow working group member and Booth Professor Amit Seru to determine how Fannie Mae and Freddie Mac affect the regional distribution of prices and risk. “We are considering how they set their guarantee fees, and the way they basically subsidize riskier markets at the expense of safer housing markets,” Keys explained. “This inquiry is getting a lot of academic attention, as well as media and policy attention.”

Keys and Seru are also examining how the mortgage market is actually a way by which monetary policy is transmitted to households. Since the interest rates the Federal Reserve Bank sets affect mortgage rates, these in turn link to credit card rates and other sorts of debt. “When there are low mortgage rates, we see lower credit card debt and an increase in auto loans. It is interesting to see the stimulative effect of low interest rates on consumer behavior,” Keys added.

The housing research of the Kreisman working group and other Chicago researchers is available on the Kreisman Initiative website as a Working Paper series. Recent papers include Keys and Seru’s work with Booth Professors Joel Kim, ’16, was a Kreisman Summer Fellow at the National Housing Law Project in San Francisco.

**KREISMAN INITIATIVE ON HOUSING LAW AND POLICY**

THE UNIVERSITY OF CHICAGO LAW SCHOOL
Erik Hurst and Joseph Vavra from 2015 on the subject “Regional Redistribution through the Mortgage Market” and a paper on mortgages by Booth Professors Atif Mian and Amir Sufi. Mian and Sufi, who are the authors of the much-discussed 2014 book *House of Debt*, consider in their new working paper why mortgage fraud exploded from 2002 to 2005. Other research available on the site includes work from professors and lecturers at the Law School and the College on affordability, the bailout of Fannie and Freddie, interest rates and equity, urban spaces and property rights, and a number of other topics.

One recent paper is the work of Leo and Eileen Herzel Professor of Law Omri Ben-Shahar with Kyle Logue of the University of Michigan, “The Perverse Effect of Subsidized Weather Insurance.” The article explores the unintended effects of subsidized property insurance in hurricane- and severe-weather-heavy areas. The authors demonstrate that underpriced insurance facilitated enormous development along catastrophe-prone regions, especially in the waterfront areas of Florida. They also dispel the widely held belief that such subsidies are necessary to help middle class and struggling homeowners. Instead, they show, the bulk of the subsidy goes to affluent people.

Plans for additional inquiry are also underway. The Kreisman gift has made it possible to make a data purchase of more than two million credit records covering 2001 to 2014 that will facilitate research in a number of different areas. Keys, along with Booth Professor Neale Mahoney, will be the first to use the data, but other housing researchers at Chicago will potentially be able to use the data for additional projects. “Of course, this is anonymous data with great geographic information that will allow us to study the buying and selling of homes, and to look at the debt dynamics that go with physical relocation,” Keys said. Keys and Mahoney will also work to better understand the “debt spiral” that leads to bankruptcy or foreclosure. Their goal is to make it possible to identify people in trouble earlier and get them the help they need.

In other work, Professor Kathleen Cagney of the Department of Sociology is studying the Lakeside Development, a planned community to be built on the old U.S. Steel Plant Southworks site. The 600-acre development is to be the largest planned community in the country and will feature 15,000 residential units as well as retail space, restaurants, parkland, a new high school and a full-service marina. This development was the focus of a Kreisman breakfast event last year that included discussion of the respective roles of tax increment financing, affordable housing policies, and community benefit agreements.

Unsurprisingly, concerns about displacement and the effect of such an enormous project on the South Side community are at the forefront, all of which are central to Cagney’s interests. “Typically, what you would see is it would be a three or five block radius where some building would be razed and there would be some sort of exodus or replacement of population, but that is not the nature of the beast here,” Cagney told *South Side Weekly*. “One could make the argument that there might be spillover that could lead to gentrification or replacement of populations at the circumference of the site.”

But the Kreisman Initiative is not just about spurring cutting-edge research, it is also about providing venues at which researchers can share ideas. Last November, for example, the Initiative held a lunch session on the impact of urban development on low-income housing, a topic that is particularly relevant to the city of Chicago. Panelists included anthropologist Jesse Mumm, Clinical Professor of Law Jeff Leslie, and Adam Gross, ’95, director of affordable housing at BPI, as well as Ameya Pawar, the 47th Ward alderman. In April, another lunch talk that focused on the suburbanization of poverty included Charles Witherton-Perkins, the director of planning and urban development for the Village of Arlington Heights,
and Gail Schechter, the executive director of Open Communities, an organization that promotes inclusive communities in Chicago’s North Shore suburbs. “The different points of views about where people live, how they live, and where they want to live were absolutely fascinating,” commented Coase-Sandor Institute executive director Joseph Burton. “Everyone who attended, including the panelists, learned something new.”

On December 3, Chaskin and Joseph’s new book, *Integrating the Inner City*, was launched at the Newberry Library at an event that continued the theme of community engagement. The launch, which was cosponsored by the Kreisman Initiative, included a conversation between the authors and Chicago Public Radio host Natalie Moore and a video featuring the work of a group of Chicago Housing Authority residents aged 14 to 21, some of whom were in attendance at the event, who represent communities across Chicago.

The Kreisman Initiative will also be holding its first major academic conference June 3–4, 2016. The conference will focus on evidence-based innovation in housing law and policy and, in keeping with the values of the University of Chicago, will be interdisciplinary. It will include both theoretical and empirical contributions that will offer policy-relevant insights into how best to shape the future of housing and housing finance.

“We will bring together many of the best minds working on housing right now in the United States,” explained Fennell. “They will bring cutting-edge research to the question of what the future of housing should look like. But the event won’t just be for academics; we will also bring together a range of commentators, including practitioners and policy makers.” Panels will include papers on residential property values, affordability and discrimination, and housing market risk. Twelve high-profile academics are confirmed participants, including Sidley Austin Professor of Law Lior Strahilevitz, Ian Ayres (Yale), Raphael Bostic (University of Southern California), Matthew Desmond (Harvard), Ingrid Gould Ellen (New York University), Richard Epstein (New York
University), William Fischel (Dartmouth), Christopher Mayer (Columbia), Georgette Chapman Phillips (Lehigh University), David Schleicher (Yale), Stephanie Stern (Chicago-Kent), and Susan Wachter (University of Pennsylvania). The papers prepared for the conference by these academics and their coauthors will be collected in a volume that is under contract to be published by Cambridge University Press, both in print and as an online open-access book.

The Initiative has also been holding a series of interdisciplinary events for students and the public. These events provide forums in which research and real life issues can be examined by experts and stakeholders. Topics range across the housing spectrum, from the controversial Supreme Court decision on eminent domain in Kelo v. City of New London to a discussion about challenges facing Chicago’s Pilsen neighborhood, an urban area dealing with policy issues related to gentrification.

Other policy-relevant housing work is underway at the Law School Clinics. Mark Templeton, director of the Abrams Environmental Law Clinic, has a group of students working with energy efficiency entrepreneurs to reduce barriers to market-based solutions that will make energy use more efficient in new and existing housing stock. “A lot of people are not sure how much energy-efficient upgrades would cost, and they also don’t have cash to make the changes,” Templeton explained. “The idea is these companies would provide an audit for a home, they would upgrade the house, and the owners would pay a fixed monthly payment over time to the company to recoup the costs of the upgrade.”

The clinic is advocating for utilities to release energy usage information after putting appropriate privacy protections in place. “In a world of smart meters, the utilities have a lot of information that could be aggregated or otherwise made anonymous, and that data could be shared in a way that would allow entrepreneurs to understand which upgrades pay for themselves and to identify neighborhoods where outreach for these upgrades would be worthwhile,” Templeton added. Thus, students and professors have developed a model law and model rules that would balance privacy concerns with the benefits of increased access to this information by third parties that have a legitimate purpose.

At the Housing Initiative Clinic, Director of Clinical and Experiential Learning Jeff Leslie supervises 10 to 12 students each quarter who work with organizational clients to review land acquisition, construction, and financing contracts, as well as provide legal counsel and negotiation assistance. “We work with affordable housing developers and

An expert panel including Professors Omri Ben-Shahar and Mark Templeton discusses public and private solutions to infrastructural challenges presented by climate change.
Accountability, a think tank in Chicago.

“My work focused on the plan’s two main goals, to change the CHA’s role from manager and owner of public housing to that of a public housing investor with the intention of transitioning much of the ownership to the private market, and to redevelop or rehabilitate 25,000 units by 2009. They have only delivered 19,000 at this point,” Black said. “We documented how CHA failed to meet its delivery goal and the subsequent policy changes related to the plan.”

Black’s work inspired her to further pursue her goal of working in community organizing and advocacy after she graduates. “The CTBA gave me a good opportunity to translate skills from my Master of Public Policy program into accessible policy explanations for anyone to understand.”

Second-year law student Michaela Kabat spent her summer at the Lawyers’ Committee for Better Housing. “I chose to go there because I have lived in a lot of gentrifying neighborhoods. I felt partly responsible for the changes in those neighborhoods and wanted to do work on behalf of low-income tenants,” Kabat said. She worked on the Tenants and Foreclosure project, which works with renters in buildings that are going through foreclosure but are not owner occupied.

“This is a huge issue in Chicago and in a lot of neighborhoods near the University, like Woodlawn,” Kabat explained. “I spent a lot of time doing phone counseling, helping tenants who had questions about the process and wanted to know their rights.” Many did not know about the Keep Chicago Renting Ordinance, which requires successor owners to extend the lease of tenants or offer them $10,000 to move. She also conducted research to assist the organization with affirmative litigation related to the ordinance and did in-person intakes of people dealing with eviction.

Bringing greater attention to housing, which represents 18 percent of the nation’s economic activity, is one of the goals of the Kreisman Initiative, and it is clear that it is already influencing the future. 3L student Mara Easterbrook recently accepted the BPI’s Polikoff-Gautreaux Fellowship, named after alumnus Alexander Polikoff, ’53. Easterbrook will spend two years as an integral part of the BPI staff of attorneys and policy analysts who are working on housing issues. The students and researchers of the University have brought housing to the forefront and plan to keep it there. As Professor Keys put it: “We are making Chicago a destination for housing-related research. When the best researchers in the field think about what is cutting edge, they will see it being done at Chicago.”