



Pushing the Poor Out of House and Home

by [Bob Quellos](#) - July 18, 2007

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In May 2006, proud leaders of the City of Chicago stood in front of the TV cameras to announce their plans to bid for the 2016 Summer Olympics.

Their plan was ambitious. The city would build an immense new stadium in Washington Park on the South Side, and a sports complex at the former Meigs Field Airport, located on the edge of Lake Michigan, just outside Chicago's downtown Loop district. Plus, there would be an Olympic Village to house 17,000 athletes and officials—built in the developing near South Side, at a cost of \$1.1 billion.

But the hype surrounding the Olympics bid couldn't hide the glaring contradictions—at the same time as the city promised to spend tens of billions of dollars, severe budget restraints have been imposed on the day-to-day operations of the Chicago Transit Authority, Chicago Public Schools and Chicago Park District.

As much as anything, the campaign for the 2016 Games has cast a light on an ongoing housing crisis for the city's working majority—symbolized by the city's gutting of the Chicago Housing Authority (CHA), the agency that runs the public housing system, and the stream of residents leaving Chicago as one of the most basic of necessities becomes harder and harder to afford.

But the Olympics bid has also brought to light the brewing anger with the politicians, corporate executives and wealthy investors who are causing the crisis—and it is opening the way for activists to tell the real story of Chicago's "transformation" and organize for an alternative.

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SINCE THE 1984 Games in Los Angeles, the Olympics have been perceived by major cities as an opportunity for additional revenue. "The Los Angeles games recorded a surplus of \$232.5 million and alerted cities to the Olympics as a potential vehicle for economic gain as well as a source of prestige," wrote author Douglas Booth.

However, time has shown that the LA Games were the exception rather than the rule. For most cities, hosting the Olympics created the opposite of a profit windfall—instead, they have been unable to keep costs out of the red.

The 2006 Winter Olympics organizing committee in Turin, Italy posted a \$32 million shortfall, to be paid in full by the city. For the most recent summer Games in Athens, the total cost to the Greek government swelled to more than \$14 billion, according to budget figures released after the Games closed. Now, five years before London's 2012 Games are scheduled to begin, construction costs are 40 percent—or \$29 billion—over budget.

The downside of hosting the Olympics doesn't end with negative account balances. The history of recent Olympic Games is littered with stories of massive resident displacement that has gone mostly unnoticed and unreported. According to Canadian activist Maryann Abbs:

In Salt Lake City, the government planned to create 2,500 new units of affordable housing—only 150 units were created. There was a 300 percent rent increase in some residential hotels. In the year before the Sydney Olympics, there was a 400 percent increase in tenant evictions. In Atlanta, Project Homeward Bound gave Atlanta's homeless a one-way ticket out of town before the Olympics began. In Calgary, the government promised to create low-income housing. None was created—only a few new university residences were built.

During the 1998 Olympics in Seoul, as many as 720,000 people were relocated, leading a Catholic NGO to state that South Korea vied with South Africa as “the country in which eviction by far is most brutal and inhuman.”

Tragically, the upcoming summer Olympics in Beijing will dwarf all other Games in terms of housing displacement. According to the Center on Housing Rights and Evictions, upwards of 1.25 million residents of Beijing have already been evicted due to the Olympics.

Chicago won't witness the same drastic displacement of residents that occurred for the benefit of the Games in Seoul and Beijing. That's not because the city has exercised caution around displacement, but because it is already years into a clearance of public housing—a scheme for phased demolition over many years known as the “Plan for Transformation.”

Only a few blocks west of the Washington Park site of the proposed Olympic Stadium is the southern tip of what—until 2005—was the Robert Taylor Homes. Once the largest public housing development in the world, the Robert Taylor Homes stretched north and south for two miles, comprising more than 4,300 housing units. Currently, the former site is being redeveloped. Of the 2,550 planned units in the finished project, only 851 will be public housing replacement units.

According to Ben Joravsky of the Chicago Reader, the city's end goal for public housing redevelopment was about middle-class development, not improving housing for the city's poor:

The CHA's so-called Plan for Transformation opened up the South, North, and West Sides to gentrification and development. Of course, [Mayor Richard] Daley doesn't come right out and admit he got rid of the poor people. He goes along with the idea that the plan was about finding them adequate low-income housing.

Introduced in 1997, the “Plan for Transformation” is already six years behind schedule. Upon completion, it will have outsourced the majority of CHA units to the private market, allowing the CHA to shed responsibility for the built structures.

The reorganization is no small feat. Its immense scale led Jonathan Fanton of the John D. and Catherine T. MacArthur foundation to state, “It's probably the biggest project since the Chicago Fire.”

Many residents have been given Housing Choice Vouchers (HCV) to find housing on the private market. However, the CHA does not track the whereabouts of these residents, so activists have only anecdotes to judge from.

“Communities on the city's South and West Sides, such as Roseland and Englewood, have been inundated with families displaced from the high-rises,” wrote Chicago Tribune reporter Antonio Olivo. “Most now live in privately owned Section 8 homes, some as bad or worse than their old units.”

Through the new criteria put forward under the city's plan, the CHA is, in effect, dumping two-thirds of its public housing stock. It has also put further constraints on residents moving back into their previous neighborhoods once they are redeveloped. Effectively, it has instituted a vetting process for residents, who are now required to work a minimum of 30 hours a week or attend school to be placed in housing.

The outcome of this policy is likely to be devastating. As William Wilen and Rajesh Nayak wrote in a 2004 research paper, “If the CHA's screening criteria—especially the work requirements—remain unchallenged, advocates estimate that only 12 percent to 15 percent of the families...will be allowed to return.”

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THIRD-WORLD poverty is certainly not the first image that comes to mind when arriving in downtown Chicago.

The single resident occupancy buildings that once characterized the South Loop are gone, and the Loop itself has undergone a rapid transformation centered on a revived theater district, the multimillion-dollar Millennium Park on the lakefront and numerous high-rise developments.

This transformation led to Mayor Daley to comment in 2002, “[Tourists] expect Nelson Algren, and they get Martha Stewart.”

But since most tourists don't roam through Chicago's devastated South and West sides, viewing the city through their eyes provides a remarkably narrow picture. The Martha Stewart version of Chicago may exist downtown and in certain neighborhoods, but behind the facade remains the grit characterized in Algren's 1951 essay *Chicago: City on the Make*, which detailed the city's crooked politicians, hustlers and slums.

The reality is that while a number of residents are benefiting from the city's economic and construction boom, many more are grappling with immense poverty and extreme racial segregation.

These trends are largely ignored by official voices, as noted by left-wing writer Paul Street, who stated, "Forty years later, in the glorious age of 'the global city,' the poor and often deeply poor Black children of Chicago's ghettos appear to be more officially invisible than they were in [Martin Luther] King's time."

Backing up Street's assertion is a 2005 report by the Chicago Urban League highlighting many of the socio-economic contradictions at play in Chicago.

According to the report, 16 percent of Black households in Chicago live in deep poverty, and a quarter of the metropolitan area's Black households are officially poor. The corresponding rate for white households is 5.6 percent. Of the city's top 15 neighborhoods for child poverty (ranging between 55 and 71 percent), 10 are Black and the remainder Latino.

Chicago's current housing market further exacerbates the impact of poverty. In 22 Chicago neighborhoods, 19 percent or more of rental households spend half or more of their income on housing—each of these neighborhoods is 90 percent or more African American.

Following the national trend, the housing market in Chicago witnessed continual growth in recent years. Even with sales sliding in January 2007, the Chicago Tribune reported that prices went up 2.1 percent in a single month, leaving the median cost of a single-family home and condo at \$245,000.

According to Ginnie Mae, the government mortgage agency, a family of four earning the Chicago median income of \$46,748 would be well short of being able to afford the median sale price of a Chicago single-family home—even without prior debts or commitments.

These figures are a product of national trends. In just the last five years, housing prices in the Chicago metropolitan region grew by 51.1 percent, close to the national average of 55.2 percent. In dollar terms, the median cost of a U.S. home was \$177,000 in February 2001—by June 2006, it had risen to \$276,000.

Of course, this increase in housing values hasn't nearly been matched with an equal increase in wages.

While the boom in housing prices has treated one end of the economic spectrum well, it has created a nightmare for the average homeowner. Nationally, the rate of foreclosures this year is already nearing 2002, when in one quarter, a record number were recorded.

Chicago has been hit especially hard by this trend in foreclosures, with rates running at twice the national average. In fall 2006, Crain's Chicago Business reported: "In the Chicago metro area, one household in every 471 is in some stage of foreclosure. That compares with one in 658 households for Illinois and one in 1,030 for the nation."

A recent study by Loyola University in Chicago stated, "The rising foreclosure rate is primarily explained by the decline of housing affordability and the rise in predatory and sub-prime (high interest) lending."

The rise in sub-prime loans is a byproduct of the housing boom. Sub-prime loans typically have interest rates that are 2 to 3 points higher than for prime loans. Over the last few years, sub-prime loans moved into high gear, comprising 20 percent of new mortgages in 2006—up from 5 percent in 2001.

Zealous loan agents, in a push to process more mortgages, grant them without requiring proof of income or tax returns. As Scott Van Voorhis of the Boston Herald wrote, "Many of the now beleaguered home buyers the agency sees were conned into buying homes they could not afford by fast-talking mortgage brokers, who often earn thousands in fees from these deals."

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OVER THE last 10 years, Chicago has increasingly orientated on the needs of the middle and upper classes. The combination of poor housing stock, skyrocketing prices, predatory lending and a dismantled public housing system has dealt a severe blow to the living standards of many Chicagoans.

Those who can no longer afford to live in the city have been forced to move into the suburbs, where a lack of services increases the strain of daily life.

Chicago's bid for the 2016 Games will further this current trend. If the city is awarded the Games, the Olympic torch will be blazing a trail of gentrification through the South Side.

Over the last 30 years, as the city lost its industrial base, it turned toward other means to ensure its tax base—chiefly handouts to big corporations (such as Boeing), which shifted the tax burden further onto homeowners and then renters.

At the same time, federal funding for public housing has been continually slashed, and the future doesn't look any brighter. According to the Center on Budget and Policy Priorities, under George Bush's proposed 2008 budget, HUD alone faces \$2 billion in cuts.

Despite claims to the contrary, Chicago does have resources to provide for its residents. That was proven yet again by Mayor Daley himself—who quickly found \$500 million for the 2016 Olympic Games to cover the inevitable cost overruns.

While Chicago's Olympics bid is an unwelcome farce for many of the city's residents, it does create the opportunity for activists and residents to point out the glaring contradictions highlighted by it.

Chicago highlights the way the housing market in the U.S. has continually squeezed the poor and working class—and proves why housing needs to be seen as a human right.

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