

## HOUSING DISCRIMINATION COMPLAINT

### CASE NUMBERS:

(Title VIII)  
(Title VI)  
(Section 109)

### 1. Complainants

Chicago Area Fair Housing Alliance  
401 S. LaSalle St., Suite 1101  
Chicago, IL 60605

Chicago Housing Initiative  
2840 N. Milwaukee Ave.,  
Chicago, IL 60618

Neighbors For Affordable Housing  
5301 N. New England Ave.,  
Chicago, IL 60656

Kenwood Oakland Community Organization  
4242 S. Cottage Grove Ave.,  
Chicago, IL 60653

Pilsen Alliance  
1744 W. 18th St.,  
Chicago, IL 60608

ONE Northside  
4648 N. Racine Ave.,  
Chicago, IL 60640

Southside Together Organizing for Power  
602 E. 61st St.,  
Chicago, IL 60637

Lugenia Burns Hope Center  
710 E. 47th St., Suite 200W  
Chicago, IL 60653

Jane Addams Senior Caucus  
1111 N. Wells St., Suite 302  
Chicago, IL 60610

People For Community Recovery  
13330 S. Corliss Ave.,  
Chicago, IL 60827

### Representing the Complainants:

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### Summary of Allegations:

Pursuant to the Fair Housing Act, Title VI of the Civil Rights Act of 1964, and Section 109 of the Housing and Community Development Act of 1974, this complaint challenges the City of Chicago's longstanding policy and practice of honoring "aldermanic prerogative" for all affordable housing finance, land use, and zoning decisions, in a manner that permits local aldermen and their constituents to veto the placement of affordable housing in their predominately white neighborhoods and wards. The effect of those policies and practices described below has been to discriminate against black and Latinx households, families with children, and persons with disabilities.

**Chicago Area Fair Housing Alliance ("CAFHA")** is a non-profit consortium of fair housing and advocacy organizations, social service providers, government agencies, and municipalities committed to fair housing, diversity, and integration. CAFHA works to combat housing discrimination and promote equitable place-based opportunity through research, education, and advocacy. CAFHA served as the lead author of *A City Fragmented: How Race, Power, and Aldermanic Prerogative Shape Chicago's Neighborhoods*, which identifies the structural issues that reinforce Chicago's segregation and create inequitable opportunities. CAFHA provides training, education, and technical assistance to a variety of stakeholders from elected officials to community residents on the report and advocates for policies that advance racial equity. CAFHA also supports community-based organizations' efforts seeking to preserve and expand affordable housing in areas lacking or losing affordability. CAFHA provided fair housing expertise and support to the Chicago Housing Initiative's "Yes In My Backyard" campaign in the city's predominately white Jefferson Park neighborhood. The campaign combatted the fear and racism stoked by the opponents to a proposed affordable housing development.

**Chicago Housing Initiative ("CHI")** is a coalition of 11 community organizations based in Chicago neighborhoods organizing to amplify the power of low-income residents to preserve, improve, and expand subsidized rental housing, stabilize gentrifying communities, and advance racial and economic equity and inclusion across Chicago. CHI members include Access Living, Jane Addams Senior Caucus, Kenwood Oakland Community Organization, Logan Square Neighborhood Association, ONE Northside, Southside Together Organizing for Power, People for Community Recovery, Pilsen Alliance, Lugenia Burns Hope Center, Metropolitan Tenants Organization, and Neighbors for Affordable Housing. CHI works directly with low-income renters to forge a citywide organizing vehicle to increase their social, economic, and political power and advocate for the creation of accessible, integrated affordable housing across the City. CHI has been directly involved in organizing campaigns to build affordable housing in resource-rich neighborhoods and advance housing policies that ensure an equitable distribution of affordable housing across Chicago. CHI's actions include: organizing a citywide coalition to advance local laws to expand access to affordable housing across all wards through the Keeping the Promise Ordinance and successor Ordinances, Homes for All and Development for All; and organizing resident campaigns to build the first affordable multi-family housing in the predominately white Jefferson Park and O'Hare communities. Because of the City's commitment to aldermanic prerogative, CHI has had to re-direct staff time and resources away from other efforts in order to counter the opposition to affordable housing rooted in racial animus and ableism.

**The Jane Addams Senior Caucus (“Senior Caucus”)** is a member-based community organization led by concerned seniors in the Chicago area. The Senior Caucus works for economic, social, and racial justice for all seniors and the community through leadership development, organizing, and popular education. The Senior Caucus works on affordable housing creation, preservation, and enforcing the rights of seniors to safe, decent, and affordable housing. The Senior Caucus has devoted extensive resources toward ensuring affordable housing is built in communities of opportunity and works directly as a member of the Chicago Housing Initiative to pressure aldermen to use their prerogative in support of affordable housing.

**The Kenwood Oakland Community Organization (“KOCO”)**, organized in 1965 and located in historic Bronzeville on the near south side, is one of Chicago’s oldest community organizations. KOCO has been a strong source of direct support, advocacy, and empowerment for and with Kenwood-Oakland's predominantly low-income African American residents for more than fifty years. KOCO is a multi-issue, grassroots membership organization whose members guide and inform its organizational agenda. KOCO engages community leaders and supports their work on safe and affordable housing, among other issues. KOCO has an active Housing Committee whose members support and participate in its work on affordable housing, which ranges from local, city, state, and federal levels. KOCO has historically advocated for the creation and preservation of affordable housing through the development of tenant councils, advocating for public housing reform, working with private developers to support affordable housing, and advocating for improved federal housing policy. KOCO’s work has placed it in direct interaction with various stakeholders, including, but not limited to local, state and federal elected officials.

**Lugenia Burns Hope Center (“Hope Center”)** works to develop the civic engagement and empowerment of residents in Chicago’s Bronzeville neighborhood, and other communities, through education, leadership development and community organizing. It is through these avenues that Hope Center empowers community residents to find their voice and envision how they want their communities to be developed. Hence, Hope Center believes in community development by developing the community’s most precious asset - its people. Hope Center works on affordable housing, including ensuring the construction of affordable housing and the replacement of lost public housing units. Hope Center is also one of the leaders of the Rent Control Campaign. Additionally, Hope Center has worked to push the City to set aside city owned lots for affordable housing.

**Neighbors for Affordable Housing (“NfAH”)** is a grassroots community group led by far Northwest Side of Chicago residents who came together in March 2017 to bring the first multi-family affordable housing to Jefferson Park. NfAH recognizes the immense need for affordable, accessible housing on the far Northwest Side and throughout the City of Chicago. NfAH is a YIMBY movement calling for inclusive and integrated housing in an area of the city that has been segregated since its annexation into the City of Chicago almost 120 years ago. NfAH works alongside housing advocates from across the city to advance racial equity in city housing policies and practices. NfAH’s efforts include: advocating for the first ever affordable and accessible multi-family housing in Jefferson Park; working with developers to advocate for 30 units of

affordable housing at 8535 W. Higgins in the O'Hare Community - the first non-senior, Affordable Rental Ordinance ("ARO") affordable units for the 41st Ward since the ARO was passed in 2004; and joining the Chicago Housing Initiative to advance housing policies that ensure a more equitable distribution of affordable housing across all Chicago wards.

**ONE Northside** is a mixed-income, multi-ethnic, intergenerational organization that unites our diverse communities on Chicago's northside and advances racial equity. ONE Northside eliminates injustice through bold and innovative community organizing that develops grassroots leaders who act together to effect change. ONE Northside's Affordable Housing Team fights campaigns that defend the North Side's diverse neighborhoods against gentrification through preserving existing affordable housing and push to develop more of it.

**People for Community Recovery ("PCR")** is a community-based organization located in the Altgeld Gardens public housing development that focuses on housing rights and environmental justice, and serves communities across the far southside of Chicago. PCR advocates policy and program changes on issues such as housing, economic equity, the environment, health, and education.

**Pilsen Alliance** is a social justice organization committed to developing grassroots leadership in Pilsen and neighboring working class, immigrant communities in Chicago's Lower West Side. Pilsen Alliance works for quality public education, affordable housing, government accountability and healthy communities. Pilsen Alliance's goals include using innovative community education tools and programs, direct action organizing campaigns and advocacy initiatives reflecting the popular education philosophy of building social consciousness for personal and social collective transformation. Pilsen Alliance strives towards making housing equity a reality by advocating for policies such as lifting the ban on rent control, community driven and community accountable zoning processes, fair property tax rates and assessments, support and defense of homeless residents, expansion and improvement of access to public and subsidized housing, ARO reform and tenant advocacy.

**Southside Together Organizing for Power ("STOP")** is a community organization that builds the power of residents on the Southside of Chicago to impact the forces and decisions that affect their lives. STOP fights for human rights, racial and economic justice through organizing, popular education, and leadership development amongst people most directly affected by issues like gentrification, displacement, incarceration and criminalization of youth of color and health cuts. For the past 16 years, STOP has fought for affordable and equitable housing by organizing tenant councils in at-risk subsidized housing on the southside of Chicago to preserve the affordable nature of the properties, ensure equitable redevelopment, improve living conditions and management, and build the movement for the human right to housing.

## **2. Other Aggrieved Persons**

Residents of Chicago who have been subjected to discriminatory treatment or segregation by the City of Chicago on the basis of race, color, disability, national origin or familial status.

**3. The following is alleged to have occurred or is about to occur:**

The City of Chicago’s longstanding policy and practice of “aldermanic prerogative” – whereby the City of Chicago delegates to the City’s 50 aldermen and alderwomen (“aldermen”) unfettered power over zoning, land use, city lots, and public financing, in order to decide where, if, and how affordable housing is built in their wards – discriminates on the basis of race, color, national origin, familial status, and disability, and perpetuates segregation on those bases, notwithstanding the city’s certifications it would overcome such segregation. These same policies and practices violate the City of Chicago’s duty to affirmatively further fair housing.

**4. The alleged violation occurred because of:**

Race, color, national origin, familial status, and/or disability.

**5. Address and location of the property in question (or if no property is involved, the city and state where the discrimination occurred):**

Throughout the City of Chicago

**6. Respondents**

City of Chicago operating through Office of Mayor, City Council, Aldermen, Department of Planning and Development (“DPD”), and Office of Budget and Management (“OBM”)

Serve: Anna M. Valencia  
Office of the City Clerk  
City of Chicago  
121 North LaSalle Street, Room 107  
Chicago, Illinois 60602

**7. The following is a statement of the facts regarding the alleged violation:**

Among Chicago’s predominantly white communities, there exists a desire to preserve neighborhood racial demographics. The City of Chicago, through the policy and practice of aldermanic prerogative, allows the discriminatory animus of private constituents to permeate local housing and community development decisions, which in turn reinforces the rigid segregation of the City of Chicago. Aldermanic prerogative is an especially critical tool over zoning decisions in white neighborhoods. The City’s unfettered commitment to aldermanic prerogative has resulted in decades of missed opportunities to develop affordable housing in predominately white neighborhoods lacking a sufficient supply. The impact of that loss is disproportionately felt by black and Latinx households, families with children, and persons with disabilities in need of affordable housing.

Predominately white communities and white constituents in Chicago, fearing neighborhood racial change, engage in aggressive NIMBY tactics to block family affordable housing. These

tactics include publicly raising concerns over changing community values, school overcrowding, declining property values, negative stereotypes about subsidized housing residents, and community safety, all of which have been found to be camouflaged racial expressions. In the face of this pressure, aldermen – whether they personally agree with the community’s view or not – capitulate to these discriminatory demands and exercise their aldermanic prerogative to prevent affordable housing projects from moving forward.<sup>1</sup> Thus, the City’s policy and practice of giving aldermen unfettered power over multifamily rental housing in their wards discriminates, by intent and effect, on the basis of race, color, national origin, familial status, and disability and perpetuates segregation on those bases.<sup>2</sup>

Aldermanic prerogative concentrates decision-making power among Chicago’s higher-income white households and sets in motion a powerful adverse impact on the racial diversity of the city. If Chicago demographic trends continue, with higher income whites moving in and low- and moderate-income people of color being pushed out, predominantly white areas will continue to expand and erect barriers to access for others.<sup>3</sup>

This policy and practice has frustrated and impaired the ability of the complainants to advance fair housing and create additional multifamily affordable rental housing in Chicago’s predominantly white communities. Aldermanic prerogative has required them to divert limited resources to investigate and counteract the discriminatory and segregative effects this policy and practice has had on the housing choice of the protected classes referenced above.

**a. Specific Allegations**

**I. FOR MORE THAN 80 YEARS, THE CITY OF CHICAGO HAS MAINTAINED A POLICY AND PRACTICE OF HYPER-LOCAL CONTROL OVER THE SITING OF AFFORDABLE HOUSING**

The City Council’s control and influence over the siting of affordable housing has been central to the city’s operation since the 1930s, beginning with decisions made over where public housing would be sited. Despite aldermanic prerogative being exposed nearly 50 years ago as the central,

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<sup>1</sup>*A City Fragmented: How Race, Power, and Aldermanic Prerogative Shape Chicago's Neighborhoods*, 18 (2018), [http://povertylaw.org/files/docs/CityFragmentedLowRes%20\(1\).pdf](http://povertylaw.org/files/docs/CityFragmentedLowRes%20(1).pdf). Attached as Exhibit 1.

<sup>2</sup> A local government does not avoid liability by claiming that it was simply acquiescing to a desire of their constituents. See *Palmore v. Sidoti*, 466 U.S. 429, 433 (1984); See also *Lucas v. Colo. Gen. Assembly*, 377 U.S. 713, 736-37 (1964); See also *United States v. Yonkers Bd. of Educ.* (Yonkers I), 837 F.2d 1181, 1224 (2d Cir. 1987). See also *Innovative Health Sys. Inc. v. City of White Plains*, 117 F.3d 37, 49 (2d Cir. 1997) (finding that “a decision maker has a duty not to allow illegal prejudices of the majority to influence the decision-making process. A ... discriminatory act [is] no less illegal simply because it enjoys broad public support.”).

<sup>3</sup> Within the last decade, Chicago lost 181,000 black residents and nearly 30,000 households making less than \$100,000 annually. (Marwa Eltagouri, *Chicago only major U.S. city to lose population from 2015 to 2016*, CHI. TRIB. (May 25, 2017) <http://www.chicagotribune.com/news/local/breaking/ct-chicago-census-met-20170524-story.html>.; Inst. for Hous. Studies at DePaul Univ., *Calculation of data from American Communities Survey 5-year estimates*, (2006-2010 and 2011-2015).)

discriminatory driver of where affordable housing was sited, it remains a central mechanism wielded to maintain residential segregation in Chicago.<sup>4</sup>

When Chicago Housing Authority's ("CHA") first executive secretary Elizabeth Woods was appointed in 1939, she set out to champion the construction of racially-integrated public housing across Chicago. But both the federal government and Chicago aldermen fiercely opposed her efforts.<sup>5</sup> White residents, concerned that racially integrated public housing would be "the end of their neighborhoods," compelled their aldermen to oppose the siting. Alderman John Duffy accused the CHA of stirring up unrest in Chicago. "By putting up a project in every section of Chicago they could infiltrate Negroes," Duffy said.<sup>6</sup>

In 1947, when CHA tried to institute integrated housing in Fernwood Park Homes on the far South Side, local alderman Reginald DuBois said that "[w]e all want to protect our homes, and the people of this community will put up a stout fight."<sup>7</sup> DuBois went so far as to join the leaders of a violent backlash that met the new black tenants as they attempted to integrate. DuBois introduced a resolution to the City Council, declaring that the CHA insisted on using housing strategies that were singular from the opinions of both other local agencies and "a great majority" of Chicago residents.<sup>8</sup> In 1948, out of fear that impending federal legislation would lead to integrated public housing in white neighborhoods, the City Council pressured the Illinois legislature to bestow the City Council with powers to approve or disapprove sites selected by the CHA. The same day that federal legislation was enacted to construct more than 800,000 units of public housing across the country, the CHA submitted a proposal to the City Council that 40,000 integrated units sited all over the city be built in the next six years. The City Council first considered where to site the first seven buildings, totaling 10,000 units of housing. The aldermen approved only two of the sites, located near existing public housing in predominantly black neighborhoods, and rejected the rest. With the aldermen staunchly against integration of public housing, and the CHA refusing to back down, Mayor Martin Kennelly authorized the aldermen to work directly with the CHA to devise a plan. John Duffy and William Lancaster used the opportunity to develop what came to be known as the Duffy-Lancaster compromise, which sited 10,500 units of public housing on either land within impoverished black areas or vacant land just outside of these areas. The plan was approved by the City Council in August 1950.<sup>9</sup> In 1954, new leadership of the CHA gave Chicago's aldermen carte blanche approval authority over the site-selection of public housing in their wards, where sites without aldermanic approval would be withdrawn from consideration. If the community and the alderman objected to a proposed site, the project would not proceed. Through the 1950s and 1960s, the City Council's power over the siting of public housing ensured that CHA built more than 20,000 units of family public housing, with nearly all in black communities. Aldermen with white constituents dismissed proposals for

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<sup>4</sup> A City Fragmented, *supra* note 1, at 19.

<sup>5</sup> Adam Cohen & Elizabeth Taylor, *American Pharaoh: Mayor Richard J. Daley - His Battle for Chicago and the Nation*, 70 (2001).

<sup>6</sup> *Id.* at 77.

<sup>7</sup> *Id.* at 79.

<sup>8</sup> *Id.* at 76 - 77.

<sup>9</sup> *Id.* at 86.

public housing in their wards, while black aldermen would push through proposals for public housing in their wards, recognizing their constituents' need for affordable housing.<sup>10</sup>

These policies and practices led to the nation's first major public housing desegregation lawsuit – *Gautreaux et al. v. Chicago Housing Authority*.<sup>11</sup> Judge Richard Austin, who issued the first judgment order in *Gautreaux* in 1969, marveled that more than 99% of CHA family units could be deeply segregated, with black tenants in black neighborhoods, “without the persistent application of a deliberate policy.”<sup>12</sup> As part of the relief in the litigation, the CHA was ordered by the court to ignore the Illinois statute that required aldermanic approval of sited public housing.<sup>13</sup> The City Council, stripped of the ability to informally pre-veto individual sites, chose to instead exercise their statutory veto power by refusing to hold mandatory approval hearings for sites.<sup>14</sup> The CHA, believing that any public housing they sought to build would be shot down by a recalcitrant City Council, did not submit any proposals or build any public housing between 1969 and 1974.<sup>15</sup> Judge Austin took the veto power away from aldermen in 1974, theoretically placing the power to site public housing in CHA's hands, instead of the City Council.<sup>16</sup>

Even so, in 1987, after only a few thousand units were built over the nine years following the judge's order to ignore City Council's statutory veto, the court appointed a receiver to oversee public housing scattered site construction in Chicago.<sup>17</sup> The sites that were constructed, even under receivership, were located primarily in black or Latinx wards, and were nowhere near enough to house everyone in need of public housing.<sup>18</sup> While *Gautreaux* partially overcame the barriers enacted by the City and local aldermen, virtually nothing has changed for all other forms of site-based affordable rental housing. Ultimately, nearly 80 years later, the impact of aldermanic prerogative – blocking multifamily affordable rental housing – remains unaltered.

## **II. THE CITY OF CHICAGO'S POLICY OF “ALDERMANIC PREROGATIVE” DISCRIMINATES AGAINST RACIAL MINORITIES, FAMILIES WITH CHILDREN, AND PERSONS WITH DISABILITIES.**

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<sup>10</sup> Mary Pattillo, *Black on the Block: The Politics of Race and Class in the City*, 188 (2007). In 1965, 53 black neighborhood organizations called the West Side Federation, wrote a letter to the Public Housing Administration (“PHA”), asking that CHA's proposal for nine more developments be disapproved, citing the CHA's “pervasive pattern” of segregation. In response the PHA Commissioner acknowledged that aldermen were blocking integration, noting that “[we] are also advised that sites other than in the south or west side, if proposed for regular family housing, invariably encounter sufficient objection in the Council to preclude Council approval.” (BPI Chicago, *What is Gautreaux?* (2013), <https://www.bpichicago.org/wp-content/uploads/2013/12/what-isgautreaux.pdf>)

<sup>11</sup> *Gautreaux v. Chicago Hous. Auth.*, 296 F. Supp. 907 (N.D. Ill. 1969).

<sup>12</sup> *Id.* at 910.

<sup>13</sup> *Gautreaux v. City of Chicago*, 480 F.2d 210 (7th Cir. 1973), *cert. denied*, 414 U.S. 1144, 94 S.Ct. 895, 39 L.Ed.2d 98 (1974).

<sup>14</sup> *Gautreaux v. Chicago Hous. Auth.*, 342 F. Supp. 827, 829 (N.D. Ill. 1972).

<sup>15</sup> *Gautreaux v. Chicago Hous. Auth.*, 384 F. Supp. 37, 38 (N.D. Ill. 1974). *See also* Alexander Polikoff, *Gautreaux and Institutional Litigation - The Lawsuits*, 64 CHICAGO-KENT L. REV., 451, 459 (2013).

<sup>16</sup> *Gautreaux v. Chicago Hous. Auth.*, 342 F. Supp. 827 (N.D. Ill. 1972), *aff'd*, 480 F.2d 210 (7th Cir. 1973).

<sup>17</sup> Order, *Gautreaux I & II* (consolidated), *supra* note 13 (filed May 13, 1987).

<sup>18</sup> Larry Bennett, Janet Smith, & Patricia Wright, *Where are Poor People to Live?: Transforming Public Housing Communities*, 245 (2006).



The City of Chicago’s vigorous maintenance of the pattern and practice of aldermanic prerogative violates civil rights laws and discriminates, by intent and effect, against racial minorities, families with children, and persons with disabilities.

## **1. Demographics of the City of Chicago and Chicago Residents in Need of Affordable Housing**

Made up of almost 3 million residents, Chicago’s predominate racial and ethnic groups (white, black, Latinx) each makeup about one third of the City’s population.<sup>19</sup> Of the City’s 50 wards, 18 (36%) are majority black, 14 (28%) are majority white, and 14 (28%) are majority Latinx.<sup>20</sup> In Chicago, black and Latinx renters are disproportionately represented among those in need of affordable housing. 65% of black, 57% of Latinx, and 28% of white renters have incomes below 50% of the Area Median Family Income. This means that black and Latinx renters are more likely to need and be eligible for affordable or subsidized housing than are white renters. Moreover, black and Latinx renters are disproportionately represented among those in need of affordable housing based on relative population shares.<sup>21</sup> As well, many individuals with disabilities in Chicago need affordable, accessible housing. A disproportionate percent of persons with disabilities – more than one-third – live below the federal poverty line.<sup>22</sup>

## **2. The City of Chicago Is A Recipient of Federal Housing and Community Development Dollars**

Since 1974, the City has been a recipient of federal housing and community development funds from HUD, including those under the CDBG, HOME Investment Partnership (“HOME”), Emergency Shelter Grant (“ESG”), and Housing Opportunities for People with AIDS (“HOPWA”) programs (collectively, the “Block Grant Programs”).<sup>23</sup> The City has also benefited from federal loan guarantees pursuant to Section 108 of the Community Development Act, 42 U.S.C. § 5308, as well as other federal housing and community development funding programs.

As a result of the City’s actions, black and Latinx families and persons with disabilities have been deprived of opportunities to live in integrated, resource-rich communities, and the United States has been deprived of the benefit to which it is entitled under Title VI of the Civil Rights Act of 1964, the Fair Housing Act, and Section 109 of the Housing and Community Development Act of 1974, in that the more than \$1 billion in CDBG and other funds received by the City should be used to expand housing choice for these protected classes, and promote

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<sup>19</sup> U.S. Census Bureau, *Community Quick Facts* (2017), <https://www.census.gov/quickfacts/fact/table/chicagocityillinois/LND110210>.

<sup>20</sup> Elliott Ramos, *Interactive: City Council-approved Chicago Ward Map*, WBEZ News (Jan. 19, 2012), <https://www.wbez.org/shows/wbez-news/interactive-city-council-approved-chicago-ward-map/52630c78-06ad-4e98-8aab05bd3ca72e24>.

<sup>21</sup> U.S. Census Bureau, *Comprehensive Housing Affordability Strategy Database* (2011-2015), <https://www.huduser.gov/portal/datasets/cp.html>.

<sup>22</sup> U.S. Census Bureau, *American Community Survey*, Table S1703 (2012-2016), [https://factfinder.census.gov/bkmk/table/1.0/en/ACS/16\\_5YR/S1703/1600000US1714000](https://factfinder.census.gov/bkmk/table/1.0/en/ACS/16_5YR/S1703/1600000US1714000).

<sup>23</sup> A City Fragmented, *supra* note 1, at 18.

healthy, integrated neighborhoods.

### **3. The City of Chicago's Residential Segregation**

By the City's own admission to the U.S. Department of Housing and Urban Development ("HUD"), Chicago is now, and has been for more than 50 years, "a highly segregated city," with whites segregated on the North, Northwest, and far Southwest Sides, blacks almost exclusively on the West and South Sides, and Latinx populations in clearly identifiable clusters on the North, Northwest, Southwest and far Southeast Sides. Except for the expansion of Latinx households, these color lines have remained virtually unchanged since the 1980 Census. Among all racial group comparisons in Chicago, black-white segregation is the most pronounced. The city is well-aware of this segregation and the ways in which it drives inequities in access to opportunities like jobs, community services, neighborhood amenities, and schools.<sup>24</sup> The City of Chicago has been aware since at least 1969 of the effect that aldermanic prerogative's hyper-local veto power over affordable housing has on the segregation patterns of the city.

### **4. The Tools of Aldermanic Prerogative**

When making decisions that shape Chicago neighborhoods, aldermanic prerogative forces aldermen not to comply with their civil rights obligations and instead do what will allow them to maintain elected office. The result is a culture where aldermen in predominantly white and low-poverty areas erect barriers to affordable housing, particularly family affordable housing, to preserve the status quo. In turn, aldermen in predominately black and Latinx wards that have faced chronic disinvestment and whose constituents need affordable housing more often welcome it. At the same time, aldermen in gentrifying areas face diminished power to stave off the market forces creating an increasingly unaffordable housing landscape. The policy of aldermanic prerogative, in all its many forms, perpetuates and maintains residential segregation in the City of Chicago.

#### **a. Community Support And Aldermanic Support Requirements As A Condition of Receipt of City Funds**

In deference to its policy of aldermanic prerogative, the City of Chicago has long erected a series of barriers for developers seeking to create affordable housing with City resources, including federal housing and community development funds, Tax Increment Financing ("TIF"), and the City's allocation of Low-Income Housing Tax Credits ("LIHTC"). The central rule: the alderman and his or her constituents must support the project or the developer will not receive the resources.

The City's centralization of affordable housing resources into one pipeline ensures this rule is rigidly maintained. Chicago channels much of the HUD funds it receives for affordable housing

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<sup>24</sup> City of Chicago, *Analysis of Impediments to Fair Housing Choice* (2016), <https://www.cityofchicago.org/content/dam/city/depts/cchr/AdjSupportingInfo/AdjFORMS/2016%20Adjudication%20Forms/2016AIttoFairHousing.pdf>.

development into the Multifamily Loan Program (“MFLP”). The MFLP also centralizes the application for all affordable housing funds. The financing sources include LIHTC and federal, state, and local funds (including TIF). These funds are awarded as first and second mortgage loans, city land, and city bonds and often provide important gap financing.

Pursuant to the City of Chicago’s 2017 Qualified Allocation Plan (“QAP”), which sets out the City’s eligibility priorities and criteria for awarding LIHTC for developments in 2018 and 2019, as well as previous years QAPs, a developer’s initial application, called the Stage One Multifamily Submission, must include “evidence of community input and support for the project.”<sup>25</sup>

As well, the City’s Multifamily Application Instructions, which outline what developers must include in their application for the release of LIHTC and federal community development funds, as well as state and local funds (including TIF<sup>26</sup>), explicitly require that the initial application, called the “Stage One Submission,” present a plan for community input as well as letters of aldermanic and community support.<sup>27</sup>

The community support and aldermanic support requirements in the 2017 QAP and the Multifamily Application Instructions are nothing new. Prior QAPs from 2011, 2009, 2006, and 2001 contain the same requirements.<sup>28</sup> Likewise, the City of Chicago’s internal Department of Housing Procedures from 2004, note that development projects in need of city funds over \$150,000 are initially assessed on a variety of factors including documented aldermanic support. Once the internal loan committee approves the project, an Intergovernmental Affairs Memo packet is prepared for City Council review. Internal procedures dictate that this packet must include a signed aldermanic support letter—the first item listed in the mandatory checklist. Chicago’s Multifamily Financing Program Guide also directs project managers, when conducting feasibility reviews, to assess the level of aldermanic and community support.

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<sup>25</sup> City of Chi. Dept. of Planning and Dev., *Low-Income Housing Tax Credit Qualified Allocation Plan*, 5 (2017), [https://www.cityofchicago.org/content/dam/city/depts/dcd/general/housing/2017\\_Qualified\\_Allocation\\_Plan.pdf](https://www.cityofchicago.org/content/dam/city/depts/dcd/general/housing/2017_Qualified_Allocation_Plan.pdf).

<sup>26</sup> Projects selected for TIF funding must be consistent with the goals of the local redevelopment plan. Though TIF can be used for a wide array of projects, including affordable housing, requiring consistency with a council approved redevelopment plan allows aldermen to constrain the scope of uses and deny housing developers TIF funds. In fact, affordable housing must be explicitly included in the plan to be considered an “allowable use.” Many TIF districts have an industrial focus, creating a reasonable rationale for excluding housing from the redevelopment plan, but others exclude affordable housing from their objectives despite covering commercial areas with viable zoning for mixed-use. Other districts limit the type of housing allowed. For example, the Western Avenue North Redevelopment Plan encourages “the development of Senior Housing” and no other types. With these limitations, majority white, low poverty wards spend less TIF on affordable family housing than the wards with higher poverty levels and higher black and/or Latinx populations.

<sup>27</sup> City of Chi. Dept. of Planning and Dev., *Multi-Family Housing Financial Assistance Application Instructions*, Section III B (2017), [https://www.cityofchicago.org/content/dam/city/depts/dcd/general/housing/2017\\_MF\\_Application\\_Instructions.doc](https://www.cityofchicago.org/content/dam/city/depts/dcd/general/housing/2017_MF_Application_Instructions.doc).

<sup>28</sup> City of Chi., *Low-Income Housing Tax Credit Qualified Allocation Plan*, Section III B (2011), <https://www.cityofchicago.org/dam/city/depts/dcd/Housing%20Programs/DraftLIHTCAP.pdf>.

(The requirement was also included in the same location in the qualified allocation plans for the years 2001, 2006 and 2009.)

Thus, aldermen control the funding mechanisms for affordable housing and have the power to refuse funding for affordable housing developments they or their constituents do not approve of. Not only do these requirements hinder development, they are also inconsistent with fair housing and civil rights requirements. In addition, they are inconsistent with recent guidance by the Internal Revenue Service. IRS Revenue Ruling 2016-29 clarified that the Internal Revenue Code “neither requires nor encourages housing credit agencies to honor local vetoes.”<sup>29</sup>

Because the City grants veto power to aldermen and their constituents, MFLP projects are continually sited outside of predominantly white and low-poverty areas.<sup>30</sup> These patterns are unlikely to change until those barriers are removed. Developers interviewed express an unwillingness and inability to front the significant financial costs of preparing an application if there is no aldermanic support. High cost uncertainty and high likelihood of rejection in predominantly white and low-poverty areas drive developers to restrict their operations to safer bets—areas where affordable housing has previously been approved. After multiple FOIA requests and interviews with developers, there is no evidence of a project receiving funds without a letter of aldermanic support.

Inequities in the amount and placement of affordable housing development become even more apparent when comparing multi-family development to senior development. While senior and multifamily developments use the same application, have access to the same resources, and undergo the same review process, they face markedly different obstacles and outcomes because of the policy of aldermanic prerogative. Senior affordable housing does not experience the same level of resistance or absolute concentration by wards. Despite seniors (or those over age 65) making up only 10% of Chicago’s population, senior housing made up 39% of all affordable new construction and preservation from 2009-2013. Senior affordable housing is also the only type of affordable housing constructed in predominantly white areas.<sup>31</sup>

On the other hand, between the start of 1992 and the end of 2017, the city approved loans for nearly 3,394 subsidized units of multifamily housing in new construction projects:

- 3,052 (90%) of these units were located outside of predominantly white and low-poverty areas;
- Just 5 wards, or 10% of total wards, accepted over half (59%) of all units, while the aldermen of more than half (27 or 54% of total) of Chicago’s wards did not accept even a single multifamily unit;
- For the wards that opted-out of affordable housing, 62% of their constituent block

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<sup>29</sup> Rev. Rul. 2016-29, 6. (“When state housing credit agencies allocate housing credit dollar amounts, § 42(m)(1)(A)(ii) does not require or encourage these agencies to reject all proposals that do not obtain the approval of the locality where the project developer proposes to place the project. That is, it neither requires nor encourages housing credit agencies to honor local vetoes.”) The Ruling finds that state housing finance agency Qualified Allocation Plans that have a local support requirement are acting inconsistent with § 42 (m)(1)(A)(ii) as well as federal fair housing laws.

<sup>30</sup> A City Fragmented, *supra* note 1, at 47.

<sup>31</sup> Marisa Novara, *Is fear of young people driving our housing supply?*, Metro. Planning Coun. (Mar. 16, 2016), <http://www.metroplanning.org/news/7283/Is-fear-of-young-people-driving-our-housing-supply>.

groups were majority white and low-poverty.<sup>32</sup>

While evidence was clearly available to the City of Chicago to demonstrate that virtually all of Chicago's family rental housing was being located in predominantly black and/or Latinx and high poverty areas, aldermen were allowed to continue to wield aldermanic prerogative to erect barriers to affordable housing projects in white areas. Aldermen considerably relax their use of tools to restrict housing development for senior housing; the same majority white wards which account for 2% of new construction multifamily housing account for 15% of all senior housing.<sup>33</sup> Developers and complainants have directly observed that senior housing is simply less controversial because it is not associated with the same negative and discriminatory stereotypes that are attached to multifamily developments.

The distribution of senior projects suggests that an equitable distribution of family affordable housing units is possible were it not for community opposition and its influence on aldermanic prerogative. Fear of neighborhood racial change has hindered balanced family affordable housing development and undercuts the city's duty to affirmatively further fair housing.

#### **b. Zoning Advisory Councils**

One of the most powerful tools used to influence affordable housing development is the use of constituent committees, known as Zoning Advisory Councils ("ZAC"), to decide or advise the alderman on zoning in the ward. Ten wards, a majority of which (eight) are on the predominately white North/Northwest side, have established formal ZACs. Aldermen within these wards rely on the ZAC as the primary informer on issues relating to residential development.<sup>34</sup> ZACs are used to preserve the white demographic of a ward, but also to preserve predominantly white groups within wards. For example, Alderman O'Shea's 19th ward has an active ZAC with a history of attempting to prevent new, "high density" residential development in those areas within his ward that are predominantly white, such as Mount Greenwood.<sup>35</sup>

ZACs also use their power to impact the overall nature of a development. For example, ZACs, as a pre-condition of receiving their approval, will require a developer to reduce the number of affordable housing units in a project, reduce the size of units so they are not available to families with children, or even require the developer to change their proposal to include for sale units rather than rental units. This is especially true in city wards on the North and Northwest sides.<sup>36</sup>

Nine additional wards, six of which are on the North or Northwest sides, in lieu of establishing official ZACs, call on resident advisors or neighborhood associations within their wards to coalesce into a type of ad hoc ZAC. Formal or ad hoc, ZACs possess tremendous power to influence aldermen and make final decisions over affordable housing, effectively shutting down

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<sup>32</sup> A City Fragmented, *supra* note 1, at 46 - 47.

<sup>33</sup> *Id.* at 47.

<sup>34</sup> *Id.* at 24, 27, Appendix B.

<sup>35</sup> Howard Ludwig, *New Condos, Apartments on 111th St. Would Require Neighbors' OK Under Plan*, DNAINFO (Sept. 29, 2015), <https://www.dnainfo.com/chicago/20150929/mt-greenwood/new-condos-apartments-on-111th-st-would-require-neighbors-ok-under-plan/>.

<sup>36</sup> A City Fragmented, *supra* note 1, at 25.

proposals before the City’s Department of Planning and Development even considers a proposal. ZACs, most notably on the predominately white North and Northwest sides, also create ward-level development requirements as additional mandates over and above the Department of Planning and Development’s own proposal requirements.<sup>37</sup>

These requirements and accompanying financial investment often have the effect of deterring developers from attempting to develop affordable housing in certain wards entirely. A common element of the development processes is the requirement to hold a community meeting before the developer receives aldermanic support. Community meetings are often hijacked by a vocal minority fearful of neighborhood change; these meetings invite early and discriminatory opposition to a project and, in turn, result in the alderman not offering their support for it.<sup>38</sup>

For example, in the predominately white community of Edison Park, the 41<sup>st</sup> ward ZAC ensured that Alderman Anthony Napolitano would not only oppose affordable rental housing but any rental housing. Even though the proposal only included 4 units of affordable housing under the Affordable Requirements Ordinance (“ARO”), more than 500 people showed up to oppose the project.<sup>39</sup> In response, the developer attempted to appease the ZAC and local opponents by reducing the number of affordable ARO units. Community opposition continued, with talk of overcrowded schools, “newcomers coming in this tight knit neighborhood” and only “[wanting] people who are living the same way as me.”<sup>40</sup> The ZAC voted against the project and Napolitano capitulated to that decision, stating that “[p]eople are paying a lot to live in this neighborhood exactly as it is, and they don’t necessarily want to see it filled with multi-unit rental buildings.”<sup>41</sup>

While the City may argue that ZACs provide an opportunity for meaningful community engagement, the City is well aware of the fact that the ZACs and the community meetings held by them often foment the racial animus of neighborhood opponents to affordable housing, which results in most aldermen blocking the project. Comments at community hearings and online in addition to protest posters over proposed developments before a ZAC take on a range of racist language and covert racial expressions, e.g.:

- “I don’t care if you charge \$1,800. There are certain people you want to live here and certain people that you don’t.”;

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<sup>37</sup>*Id.*

<sup>38</sup> *Id.*

<sup>39</sup> *Id.* at 30; Chicago’s Affordable Requirements Ordinance (“ARO”) mandates an affordable housing component for all projects that require rezoning, use of city-owned lots, or that receive city financial assistance. Under the current ARO, developers may construct units on-site, off-site, or pay an in-lieu fee in order to comply. Even though on-site ARO units represent a small percentage of affordable units being included in a new development, ARO housing has become a lightning rod for white communities opposed to affordable housing. *Id.* at 40-44.

<sup>40</sup> Alex Nitkin & Heather Cherone, *Edison Park Condo Proposal Still Faces Heat From Community, Despite Tweaks*, DNAINFO (Nov. 11, 2016), <https://www.dnainfo.com/chicago/20161111/edison-park/edison-park-mixed-use-condo-development>.

<sup>41</sup> Alex Nitkin, *Red Hot Edison Park Wants To Stay Exactly As It Is, Alderman Says*, DNAINFO (Jan. 10, 2017), <https://www.dnainfo.com/chicago/20170110/edison-park/edison-park-real-estate-property-taxes-condos-proposal-defeated-chioromski>.

- “I Have worked in Lincoln park which have low income housing apartments, marshfield gardens, and Cabrini green, but are responsible for 90 percent of robberies, shootings, and drug transactions which occur daily.”;
- “I think it’s just going to bring a bunch of desperate low-income families that are going to overcrowd our schools and bring crime, and bring all their problems with them.”;
- “What ability do you have, if any, to prevent a renter from passing the screening process, and then bringing in every miscreant brother, uncle, cousin, son they have? You can call us elitist ... but I call us homeowners. I’ve lived here my whole life, and if you think we’re going to believe this building will only be for retirees and veterans, then you’re crazy.”;
- “No CHA – No Crime”;
- “These people are like dirty diapers.”<sup>42</sup>

While 62% of majority white wards have a ZAC, only 31% of majority black and/or Latinx wards have a ZAC. Predominantly black and/or Latinx wards with a ZAC, whether informal or formal, have on average 320% more affordable units in the ward than their majority white counterparts. Therefore, ZACs in predominantly black and/or Latinx wards function differently than those in white wards, with predominantly white ward ZACs blocking affordable housing and predominantly black and/or Latinx ward ZACs facilitating the development of it.<sup>43</sup>

### **c. Downzoning**

By reducing density through downzoning, aldermen increase the power they have to block affordable housing development by preemptively reducing the likelihood of higher density proposals and ensuring that proposals that do come through will trigger ward specific approval processes, such as ZAC approval.

By reducing allowable density, housing supply is constricted, raising not only housing cost – particularly rents – but land value as well, much to the detriment of affordable housing development. Downzoning also eliminates the potential incentive to redevelop existing properties by reducing or eliminating “zoning headroom” or the difference between the amount of development (floor area/number of dwelling units) that exists on a particular property and what is allowed by the zoning district in which it is located. By reducing zoning headroom, properties that may have been targets for redevelopment, with a potential for an affordable housing component, are in effect eliminated.

Aldermen have used their land-use powers to downzone large swathes of land, often under pressure from local community groups who oppose affordable housing or even just rental housing. In areas where development pressure exists, areas suitable for multifamily development are frequently downzoned to reduce the allowable floor area and number of dwelling units permitted in an attempt to prevent or limit new construction. Again, this power is not equalized.

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<sup>42</sup> A City Fragmented, *supra* note 1, at 32-34, 57-58.

<sup>43</sup> *Id.* at 26.

Downzoning to advance future affordable housing opportunities is not always offered the same support from the city as downzoning with the intention to block it.

As a politically controlled and localized land-use tool, downzoning has been applied more forcefully in predominantly white, low-poverty areas and has shaped these wards over time, altering future development potential. Since 1970, the average majority white ward has downzoned 0.46 square feet of space for every remaining foot of multifamily zoning in their wards today, significantly reducing the supply of housing and erecting barriers to housing development. Excluding the 46th ward, which was previously represented by affordable housing supporter, Alderman Helen Shiller, the 13 other majority white wards account for 48% of the total downzoning's in the city and only a single new construction multifamily project, the 2017 44 unit Independence Library Project in the 45th ward. Despite containing 25% of the present multifamily zoned land of the city, only 1% of the total new, affordable multifamily units have been constructed in these wards.<sup>44</sup>

Aldermen in predominately white wards are often candid about their reason for downzoning. In 2018, Alderman Napolitano (41<sup>st</sup> ward) downzoned PD#347, located at 8601 W. Bryn Mawr, which could have supported up to 397 residential units. Napolitano expressly acknowledged that the downzoning was done to block “high-density” developments that “do not have the best interests of our neighborhood in mind.”<sup>45</sup> The City’s Department and Planning Development and fellow aldermen support these efforts to downzone in order to block affordable housing.

However, aldermen who try to downzone to promote affordable housing are given no such deference. In late 2017, Alderman Carlos Ramirez-Rosa, who represents a rapidly gentrifying community which includes Logan Square, sought to downzone an area so that a future re-zoning would trigger the ARO and an opportunity to push for affordable housing. The downzone never moved forward, however. Alderman Daniel Solis, chair of the City Council’s Zoning Committee, indefinitely deferred the matter.<sup>46</sup>

Comparatively, since 1970, wards with majority black and/or Latinx populations have downzoned 0.09 square feet of space for every remaining foot of multifamily zoning present in their wards today. These aldermen exercise their zoning powers at a rate nearly five times slower than their peers in majority white wards. These 35 wards account for just under 30% of total downzonings in the city. Because aldermen use their prerogative to downzone, 75% of the city’s current multifamily zoned land is located outside of majority white wards and a disproportionate amount of new, affordable multifamily housing, 98%, is constructed there.<sup>47</sup> Conversely, 25% of the city’s multifamily zoned land is in predominantly white wards while just 2% of new affordable multifamily housing is constructed in these areas.<sup>48</sup>

#### **d. Indefinite deferral**

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<sup>44</sup> *Id.* at 36 - 37.

<sup>45</sup> *Id.* at 38.

<sup>46</sup> *Id.* at 40.

<sup>47</sup> *Id.* at 5.

<sup>48</sup> *Id.* at 21.



In situations where zoning relief is required for an affordable housing development, or a residential project triggers the city's ARO, aldermen use extra-parliamentary maneuvers to delay, or in effect stop, projects in the approval process. Fellow City Council members, especially when aldermanic prerogative is being used to block affordable housing, defer to aldermanic ward decisions and even foster efforts to carry those wishes out.<sup>49</sup>

All zoning map amendments and planned developments are required to be reviewed by Chicago City Council Committee on Zoning, Landmarks and Building Standards ("Zoning") before going to the full City Council for passage. The City of Chicago has an unlawful policy of permitting the committee chairperson to defer matters upon the request of an alderman, including a request to "defer a matter indefinitely" which has the effect of killing the project "in committee."<sup>50</sup> The development community, especially developers of affordable housing, understand that aldermanic prerogative can ensure a project never gets heard. This ex-parliamentary maneuver of deferring or indefinitely deferring the matter for 6 months has the effect of denying the application, regardless of whether the full City Council has a vote on the application or not.<sup>51</sup> The City appears well-aware of the fact that aldermen have no legal right to indefinitely defer a project.<sup>52</sup> Even still, when Alderman Napolitano sought to indefinitely defer the Higgins Road Project in his ward, which would have created needed ARO units in a job rich area of the City, fellow council members granted his request.<sup>53</sup> The powerful Committee Chairs for Zoning and Finance, Alderman Solis and Alderman Burke, rigidly adhere to this policy of granting the indefinite deferral requests of aldermen who seek to block affordable housing. Solis defended the council's actions last year, remarking that "[o]n matters of zoning changes, the Chicago City Council has always given great deference to the Alderman of the ward where a change is requested."<sup>54</sup>

And when complainants have attempted to advance legislation to limit aldermanic prerogative and advance a more equitable distribution of affordable housing, Housing Committee Chair, Alderman Joe Moore (49<sup>th</sup>), refuses to permit a hearing, essentially indefinitely deferring any attempts to address the City's continued violations of civil rights laws.

#### **e. Control of city-owned lots**

The City of Chicago controls a large inventory of parcels throughout the city and, through various programs, makes them available to developers. This land inventory provides opportunities to build affordable housing by reducing a major cost barrier to development, especially in resource-rich areas. Any sale of city-owned land for residential development

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<sup>49</sup>*Id.* at 54.

<sup>50</sup> *Id.*

<sup>51</sup> *Id.*

<sup>52</sup> *Id.* at 65.

<sup>53</sup> *Id.* at 66.

<sup>54</sup> Maya Dukmasova, *How's Chicago supposed to desegregate when developments with affordable housing can be blocked by aldermen on a whim?* CHI. READER, (Jan. 5, 2018), <https://www.chicagoreader.com/Bleader/archives/2018/01/05/how-s-chicago-supposed-to-desegregate-when-developments-with-affordable-housing-can-be-blocked-by-aldermen-on-a-whim>.

triggers the city's Affordable Requirements Ordinance mandating 10% of the units be affordable.<sup>55</sup>

City-owned land is often used in affordable development projects as a part of the "local matching contribution" required for the use of federal funds such as the HOME program. Projects that do utilize city-owned land for housing developments are universally located in the predominately higher poverty and racially concentrated South and West Sides. No city-owned parcel of land has been used to build a single affordable dwelling unit in the majority white, low-poverty wards on the north side, even though the city owns and controls over 56 acres of land in these areas as of the publishing of the latest inventory in October 2017.<sup>56</sup>

Disposition of the properties requires City Council action, thus providing the opportunity for the exercise of aldermanic prerogative. Not only is land disposition under the Negotiated Sales Program subject to a letter of aldermanic support and Redevelopment Agreement with the City, but certain parcels may be earmarked by aldermen for "potential city projects," in effect removing them from the developable land inventory. Aldermen opposed to affordable housing in their wards withhold city-owned land for "other purposes" or simply refuse to approve the sale of land for housing projects, which in turn eliminates the city's ARO requirements.<sup>57</sup>

The city's land inventory does have potential for development in low-poverty areas: 324 parcels with a total area of 2,413,660 square feet fall within low-poverty areas. An analysis of these city-owned land inventory identified parcels by size and current zoning estimates and found a portion sufficient to develop, estimating 2,567 units by right in low-poverty areas, 615 of which are located in many predominately white, wealthy and/or quickest gentrifying communities in Chicago including Lakeview, Lincoln Park, the Near North Side, Near West Side, Near South Side, Logan Square, and West Town.<sup>58</sup> The supply of affordable housing in resource-rich areas would nearly double if these lots were developed for multifamily housing. However, aldermanic prerogative creates a major impediment to developing these lots for affordable housing.<sup>59</sup>

## **II. THE CITY OF CHICAGO'S AFFH CERTIFICATIONS SHOULD BE DEEMED UNSATISFACTORY, BECAUSE THE CITY OF CHICAGO HAS TAKEN ACTION CONTRARY TO ITS AFFH OBLIGATION.**

The City of Chicago is a longtime recipient of federal housing and community development funds, a significant portion of which are to address the affordable housing needs of low- to moderate-income households. For fiscal year 2017, Chicago received \$101,423,429 in federal CDBG, ESG, HOME, and HOPWA program funds.<sup>60</sup> As a condition of receipt of these funds, Chicago certifies annually to compliance with federal civil rights laws, including the duty to affirmatively further fair housing. This obligation requires the City of Chicago to take

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<sup>55</sup> A City Fragmented, *supra* note 1, at 50.

<sup>56</sup> *Id.*

<sup>57</sup> *Id.* at 50, 52.

<sup>58</sup> *Id.* at 53.

<sup>59</sup> *Id.* at 52.

<sup>60</sup> *Id.* at 18.

meaningful actions, beyond simply combating discrimination, to address disparities in housing needs and access to opportunity, and to create balanced and integrated living patterns. The AFFH certification is Chicago's promise that it will analyze segregation and disparities in access to opportunity, take appropriate actions to address the factors that contribute to segregation, and maintain records reflecting the analysis and action steps taken.<sup>61</sup>

For new construction projects using HOME funds, additional analysis of each project according to the Site and Neighborhood Standards is required to ensure that each project will not further segregation.<sup>62</sup> Under this analysis, the participating jurisdiction is prohibited from placing a project in an area of minority or poverty concentration unless "sufficient and comparable opportunities exist" outside of concentrated areas or one of several conditions of overriding need are met. The conditions for placing housing in areas of minority and poverty concentration may not be repeatedly used "if the use of this standard in recent years has had the effect of circumventing the obligation to provide housing choice."<sup>63</sup> The analysis requires the participating jurisdiction to identify the racial and ethnic makeup of the area, justify the placement of the project, and to consider the marginal effect of the project's placement on the opportunities offered by the participating jurisdiction's housing inventory.

The City of Chicago's actions and omissions as alleged here contradict its duty to AFFH. The City of Chicago has pursued this commitment to aldermanic prerogative despite being on notice of its negative fair housing and civil rights implications since *Gautreaux* and, more recently, with CAFHA's report, *A City Fragmented*, and its inconsistency with the City's AFFH obligation. Therefore, the City of Chicago's AFFH and civil rights certifications should be deemed unsatisfactory.

## 1. Conclusion

Under all applicable laws and regulations, HUD has the authority to review the discriminatory actions and inactions of the Respondent alleged herein. The Secretary also has the obligation and responsibility to review the Respondents' submissions and certifications in applications for federal funds and to enforce compliance therewith.

For the reasons set out above, the Complainants ask HUD to:

- i. Declare and enjoin Respondent's policies and conduct as violations of 42 U.S.C. § 3604, Title VI of the Civil Rights Act, and Section 109 of the Housing and Community Development Act of 1974;
- ii. Deem the Respondent's civil rights and AFFH certifications insufficient to support the obligation of federal funds;
- iii. Awards Complainants damages pursuant to its proof in these proceedings; and
- iv. Award any other relief that available pursuant to the Fair Housing Act, Title VI, or Section 109, including monetary damages, reasonable attorneys' fees, and costs.

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<sup>61</sup> 24 C.F.R. §§ 91.225(a)(1); 570.601(a)(2)(2017).

<sup>62</sup> 24 C.F.R. §§ 92.202(b)(2017); 24 CFR 983.57(e)(2017).

<sup>63</sup> 24 C.R.F. § 983.57(e)(3)(vi) (2017).

**8. The most recent date on which the alleged discrimination occurred:**

Ongoing as of the date this Complaint was submitted.

**9. Types of Federal Funds identified:**

The City of Chicago receives federal funds, including CDBG, HOME, ESG, and HOPWA dollars, through the U.S. Department of Housing and Urban Development.

**10. The acts alleged in this complaint, if proven, may constitute a violation of the following:**

Fair Housing Act  
Title VI of the Civil Rights Act  
Section 109 of the Housing and Community Development Act

Dated: 11/15/18

Respectfully submitted,

/s/ Katherine E. Walz

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