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## A Homes Guarantee for Chicago

Bobby Vanecko

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## A Homes Guarantee for Chicago

Bobby Vanecko

### INTRODUCTION

According to the 2019 *State of Rental Housing in Cook County* Report from the Institute for Housing Studies at DePaul University, 43.3% of people in Cook County rely on the private rental market for housing.<sup>1</sup> About half of those households are rent burdened, meaning that they spend at least 30% of their income on rent. In addition, there are currently 86,324 people experiencing homelessness in Chicago.<sup>2</sup> This crisis mirrors the situation in cities across America, where in the last fifty years median rents have risen 61% while median wages have grown just 5%.<sup>3</sup> During a recent interview, commenting on the housing crisis in the context of her new book *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership*, Keeanga-Yamahtta Taylor said that:

“As long as there is a price on shelter, it will be inaccessible to millions of people. Compound that with the federal government’s resistance to public housing, and you end up in a situation where a significant portion of the population can never be adequately housed. When it’s just left up to the market to determine the floor on housing prices, it will go as high as humanly possible. That’s what we’re experiencing now—historically high rents, historically high levels of housing insecurity. Fifty-one percent of people are paying 30 percent or more of their income on rent. We keep talking about a housing crisis—is it a crisis if it’s been in this state for the last hundred years? I don’t think it’s a crisis. I think this is housing under capitalism. It’s insecure, it’s unstable, it’s every person for themselves.”<sup>4</sup>

<sup>1</sup> INSTITUTE FOR HOUSING STUDIES AT DEPAUL UNIVERSITY, 2019 STATE OF RENTAL HOUSING IN COOK COUNTY (2019), available at <https://www.housingstudies.org/releases/state-rental-2019/>.

<sup>2</sup> Will Guzzardi, Robert Peters, Delia Ramirez & Ram Villivalam, *A Way to Reduce Homelessness — And the Deficit*, CRAIN’S CHICAGO BUSINESS (Nov. 6, 2019), <https://www.chicago-business.com/opinion/way-reduce-homelessness-and-deficit>.

<sup>3</sup> *How Housing Became the World’s Biggest Asset Class*, THE ECONOMIST (Jan. 16, 2020), <https://www.economist.com/special-report/2020/01/16/how-housing-became-the-worlds-biggest-asset-class?fsrc=scn/tw/te/bl/ed/howhousingbecametheworldsbiggestassetclassahistory>.

<sup>4</sup> Nawal Arjini, *Keeanga-Yamahtta Taylor Says There Is No Housing Crisis: “It’s Just Housing Under Capitalism,”* THE NATION (Sept. 24, 2019), <https://www.thenation.com/article/keeanga-yamahtta-taylor-race-profit/>.

Chicago is a prime example of the problems that result from relying solely on the private market for housing. The seeming permanence of this crisis demonstrates that it will never be resolved unless the government plays a much larger role through policies such as social housing and rent control. Fortunately, there are many organizations and housing policy experts throughout Chicago and the country who are working to develop and implement these transformative changes.

### HOMES GUARANTEE

One example is the “Homes Guarantee” campaign launched in 2019 by People’s Action, a national network of grassroots community organizations committed to racial and economic justice.<sup>5</sup> Through this plan, People’s Action calls for major policy reforms at the federal, state, and local levels to ensure that no one is houseless. These policy plans were developed with the insights of grassroots leaders who have been directly impacted, including people who have experienced homelessness and housing insecurity.<sup>6</sup> These leaders worked with housing advocates and policy experts to build the plan, which would “build 12 million social housing units and eradicate homelessness; reinvest in existing public housing; protect renters and bank tenants; pay reparations for centuries of racist housing policies; and end land/real estate speculation and de-commodify housing.”<sup>7</sup>

One of these grassroots leaders is Chicagoan David Zoltan, who worked to ensure that the plan addressed the housing struggles faced by low income people with disabilities.<sup>8</sup> Zoltan lost a leg due to an injury suffered during a manual labor job in 2016, and afterwards he struggled to find housing for over a year in a city where less than 1% of apartments were both affordable and accessible.<sup>9</sup> Another grassroots leader is Linda Armitage, a Chicago public housing resident and organizer with the Jane Addams Senior Caucus.<sup>10</sup> After Armitage lost her home during the foreclosure crisis, she moved into a senior

<sup>5</sup> Greg Kaufman, *This Housing Policy Proposal is Radically Inclusive*, THE NATION (Nov. 12, 2019), <https://www.thenation.com/article/homes-guarantee-housing-policy/>.

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

<sup>7</sup> PEOPLE’S ACTION, A NATIONAL HOMES GUARANTEE BRIEFING BOOK (2019), *available at* <https://homesguarantee.com/>.

<sup>8</sup> Kaufman, *supra* note 5.

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

<sup>10</sup> Megan Day, *Ilhan Omar is the Fighter the Tenants’ Movement Needs*, JACOBIN (Nov. 22, 2019), *available at* <https://jacobinmag.com/2019/11/ilhan-omar-tenants-movement-homes-guarantee-public-housing>.

building owned and operated by a nonprofit.<sup>11</sup> When they later decided to try to sell the building to the highest bidder, Armitage got involved with the Jane Addams Senior Caucus and won a campaign for the building to be bought by the Chicago Housing Authority.<sup>12</sup> The perspectives of Armitage and Zoltan and others who have directly experienced housing insecurity were crucial to the development of the Homes Guarantee plan, it is unlikely that People's Action could have built such a comprehensive proposal that is attuned to the realities of America's housing crisis without them.

### RENT CONTROL

There are many leaders throughout Chicago who are working to address the city's affordable housing crisis. For example, the 2019 Chicago Teachers Union strike highlighted many of the housing policy demands which have entered the public consciousness as a result of social movements and grassroots activism. At a town-hall forum in support of repealing Illinois' statewide ban on rent control, a Chicago Teacher's Union (CTU) organizer said that rising rents and evictions cause some Chicago Public Schools to experience around 50 percent student turnover each year.<sup>13</sup> This perspective is what led CTU to advocate for policy change like rent control and real estate transfer taxes during the recent strike. Similarly, the Homes Guarantee plan suggests lifting statewide bans on rent control and adopting a national rent control standard.<sup>14</sup>

The fight for rent control in Illinois has been led by the Lift the Ban Coalition, which includes several grassroots organizations including the Kenwood Oakland Community Organization (KOCO), Northside Action for Justice, and the Lugenia Burns Hope Center.<sup>15</sup> The coalition is organizing support for two bills that will be proposed to the Illinois General Assembly in the spring of 2020; these include HB255, which would repeal the 1997 Rent Control Preemption Act, and HB2192, which would establish statewide rent regulations.<sup>16</sup> In addition, while CPS and Chicago Mayor Lori Lightfoot declined to endorse rent control in 2019, CTU members and their supporters provided the movement with essential advocacy throughout the strike.

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<sup>11</sup> *Id.*

<sup>12</sup> Day, *supra* note 10.

<sup>13</sup> Maya Dukmasova, *Chicago Tenants Continue to Demand "Rent Control Now,"* CHICAGO READER (Oct. 16, 2019), <https://www.chicagoreader.com/chicago/illinois-rent-control-ban-repeal/Content?oid=74775767>.

<sup>14</sup> Homes Guarantee, *supra* note 7, at 11.

<sup>15</sup> Dukmasova, *supra* note 12.

<sup>16</sup> *Id.*

A powerful political movement is necessary for these bills to pass, as they face significant opposition from both the real estate industry and liberal and conservative politicians. Opponents often argue that rent control would reduce the housing supply by disincentivizing development, despite the findings of previous studies of the approximately 200 U.S. cities with rent control.<sup>17</sup> The reality, as economist J.W. Mason explains, is that “none of these studies have found evidence that introducing or strengthening rent regulations reduces new housing construction, or that eliminating rent regulation increases construction. Most of these studies do, however, find that rent control is effective at holding down rents.”<sup>18</sup> For example, New York City organizers won a campaign to strengthen rent regulations in June of 2019, and since then evictions for nonpayment of rent have dropped 46% according to a *Wall Street Journal* analysis.<sup>19</sup> Mason attributes the unwavering opposition to rent control, even when its effectiveness is proven empirically, to the “free market” dogma adhered to by politicians in both parties — similar to historical arguments against raising the minimum wage.<sup>20</sup> However, once political pressure finally pushed state and local governments to raise minimum wages, none of the negative employment effects predicted by neoclassical economists came to fruition, and today it is widely accepted that minimum wages do not reduce employment.<sup>21</sup> The movement for rent control hopes to transform the political landscape in the same way.

The reason why rent control does not have negative effects on housing supply is because a large portion of housing rent is also economic rent, explained by Mason as “a payment that someone receives from some economic activity because of an exclusive right over it, as opposed to contributing some productive resource. When a landlord gets an income because they are lucky enough to own land in an area where demand is growing and new supply is limited, or an income from an older building that has already fully paid back its construction costs, these are rents in the economic sense. They come from a kind of monopoly, not from contributing real resources to production of hous-

<sup>17</sup> J.W. Mason, *Considerations on Rent Control* (Nov. 14, 2019), <http://jwmason.org/slackwire/considerations-on-rent-control/>.

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

<sup>19</sup> Josh Barbanel, *New York Evictions Are Plunging Under New Rent Control Law*, *THE WALL STREET J.* (Nov. 26, 2019), <https://www.wsj.com/articles/new-york-evictions-are-plunging-under-new-rent-control-law-11574793114>.

<sup>20</sup> Mason, *supra* note 17.

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

ing.<sup>22</sup> Further, the simplistic supply and demand model fundamentally misunderstands the purposes of rent regulation.<sup>23</sup> Rent control is meant to limit arbitrary increases in rent so that people are not displaced and neighborhoods are able to sustain a diverse range of incomes.<sup>24</sup> There are moral reasons why long-term tenants have a legitimate interest in being able to stay in their homes, but there are also several economic justifications such as the fact that high tenant turnover leads to less stable communities, which discourages neighborhood investment.<sup>25</sup> Most opponents of rent control also ignore the fact that most rent control laws do not apply to new properties or improvements made to existing buildings, so landlords will still be able to make a profit for productive work — rent control merely captures the unearned economic rents that automatically accrue to scarce resources like housing.<sup>26</sup> As jurist Duncan Kennedy writes, “Giant rent increases with no equivalent improvement in housing conditions, along with displacement, represent a gigantic forced transfer of wealth from middle and low income tenants to landlords and developers.”<sup>27</sup> That money would be much better spent ensuring that housing is not such a scarce resource, because it is a human right.

Accordingly, the Homes Guarantee plan calls for a national rent control standard limiting rent increases to 1.5 times the Consumer Price Index, or 3%, whichever is lower.<sup>28</sup> Further, as the New York experience has shown, in order for rent control to be effective, tenants must be protected from eviction and other pressure from landlords.<sup>29</sup> Consequently, the Homes Guarantee would establish a renter’s bill of rights that prohibits evictions without good cause, and gives tenants the right to lease renewal, the right to a free lawyer at eviction court, and the right to form tenant unions, among other protections.<sup>30</sup> Progressive Chicago city council members have also taken note of the arbitrary displacement that results from landlords being able to evict people for any reason, so they are planning to introduce a “Good Cause/Just Cause” ordi-

<sup>22</sup> Mason, *supra* note 17.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

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

<sup>27</sup> Duncan Kennedy, *In Defense of Rent Control and Rent Caps*, LAW AND POLITICAL ECONOMY (Feb. 3, 2020), <https://lpeblog.org/2020/02/03/in-defense-of-rent-control-and-rent-caps-part-i-of-ii/>.

<sup>28</sup> Homes Guarantee, *supra* note 7, at 11.

<sup>29</sup> Joshua Hunt, *The Art of Eviction*, THE NATION (Feb. 3, 2020), <https://www.thenation.com/article/society/eviction-new-york/>.

<sup>30</sup> Homes Guarantee, *supra* note 7, at 11-12.

nance.<sup>31</sup> This would only allow landlords to evict tenants for an actual reason like nonpayment of rent or breaking lease terms.<sup>32</sup> However, they have been very clear that this ordinance would only be effective if rent control is also enacted, because otherwise landlords would just hike up rents for people they do not want and then evict them for nonpayment.<sup>33</sup> Further, while rent control is an effective way to preserve the existing stock, the overall scarcity of affordable housing requires that we implement other policy measures to increase supply.<sup>34</sup> That is where social housing comes in.

### SOCIAL HOUSING

The Homes Guarantee proposes that the federal government fund the building of 12 million new social housing units over the next ten years.<sup>35</sup> This portion of the plan has already been endorsed by Congresswoman Ilhan Omar, who recently introduced the Homes for All Act.<sup>36</sup> The Homes for All Act “will fulfill the promise of a homes guarantee by building 12 million new public housing and private, permanently affordable rental units — vastly expanding the available affordable housing stock, driving down costs throughout the market, and creating a new vision of what public housing looks like in the United States.”<sup>37</sup>

Social housing is different from public housing as it has existed in America, and the proposed plans have departed from the flaws of that model. Public housing programs in big cities like Chicago create problems because they are means-tested and available only to the poorest people, which concentrates poverty and leads to disinvestment and privatization.<sup>38</sup> Further, in extremely segregated cities like Chicago, means-tested public housing leads to

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<sup>31</sup> Mina Bloom and Mauricio Peña, *Invisible Evictions: As Developers Flock To Logan Square And Pilsen, Renters Quietly Forced Out*, BLOCK CLUB CHICAGO (Feb. 5, 2020), <https://blockclubchicago.org/2020/02/05/invisible-evictions-as-developers-flock-to-logan-square-and-pilsen-renters-quietly-forced-out/>.

<sup>32</sup> *Id.*

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

<sup>34</sup> 2019 State of Rental Housing in Cook County Report, *supra* note 1.

<sup>35</sup> Homes Guarantee, *supra* note 7, at 4.

<sup>36</sup> Day, *supra* note 10.

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

<sup>38</sup> Karen Narefsky, *The Case for Public Housing*, DISSENT MAGAZINE (Nov. 20, 2015), [https://www.dissentmagazine.org/online\\_articles/case-for-public-housing-vienna-chicago](https://www.dissentmagazine.org/online_articles/case-for-public-housing-vienna-chicago).

overpolicing, surveillance, and the criminalization of poverty.<sup>39</sup> Therefore, in plans put forward by People's Action and the thinktank People's Policy Project, social housing would be available to all city residents, allowing local governments to establish a progressive system of individualized rents based on income and ability to pay.<sup>40</sup> This way, social housing would solve the failures of the private market, where developers only build new units for upper income buyers and luxury renters.<sup>41</sup> By greatly expanding the supply of mid-range and affordable units, more people would be able to find housing, and the price pressure would lower rents for the whole market.<sup>42</sup> When government housing is fully-funded and built at a large scale, as in Vienna where almost half of the city's residents live in social housing, it acts as an effective rent control mechanism because private landlords cannot charge much more than government rent or else they will not be able to attract tenants.<sup>43</sup>

Taking account of the failures of the privatization of housing in the United States, the Homes Guarantee's social housing would be permanently off the private, speculative market; instead the properties would be owned by municipalities, nonprofits, or public housing authorities (PHAs).<sup>44</sup> Both the Homes Guarantee and the People's Policy Project plans would fund the building and operating costs through a combination of government investment and rent from tenants.<sup>45</sup> Municipalities could borrow money from municipal bond markets or from the federal government, secure capital grants from the federal government, and use money from state and municipal taxes.<sup>46</sup> Costs could also be shifted from regressive programs like the mortgage interest tax deduction, which disproportionately benefits already-wealthy homeowners while costing

<sup>39</sup> Runa Rajagopal, *Building Justice: How Segregation Enables Over-Policing of Communities of Color*, CITY LIMITS (Sept. 26, 2016), <https://citylimits.org/2016/09/26/how-segregated-housing-enables-over-policing-of-low-income-communities-of-color/>.

<sup>40</sup> Kennedy, *supra* note 25.

<sup>41</sup> Emma Ockerman *Tons of New Apartments Are Being Built That Almost No One Can Afford*, VICE NEWS (Jan. 15, 2020), [https://www.vice.com/en\\_us/article/z3bnme/tons-of-new-apartments-are-being-built-that-almost-no-one-can-afford?fbclid=IWAR0uaPDsBzilRZ0ORVA3syjIEgxghjtyOifgCLWcjD3CuBCgYQUmVc7EdsU](https://www.vice.com/en_us/article/z3bnme/tons-of-new-apartments-are-being-built-that-almost-no-one-can-afford?fbclid=IWAR0uaPDsBzilRZ0ORVA3syjIEgxghjtyOifgCLWcjD3CuBCgYQUmVc7EdsU).

<sup>42</sup> Ryan Cooper and Peter Gowan, *A Plan to Solve the Housing Crisis Through Social Housing*, PEOPLE'S POLICY PROJECT (Apr. 5, 2018), <https://www.peoplespolicyproject.org/2018/04/05/a-plan-to-solve-the-housing-crisis-through-social-housing/>.

<sup>43</sup> Narefsky, *supra* note 32.

<sup>44</sup> Homes Guarantee, *supra* note 7, at 6.

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

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

the federal government more than double the annual budget of the Department of Housing and Urban Development (HUD).<sup>47</sup>

Needless to say, these programs also anticipate a much more progressive tax system than what currently exists in the United States, where the working class pays a higher tax rate than billionaires when you take into account federal, state, and local taxes.<sup>48</sup> While a progressive tax system is urgently necessary, utilizing public debt to build and operate social housing should not be perceived as a risky approach to policy. According to Mason, throughout the last decade, “The seemingly permanent reality of low interest rates has changed the debate over the sustainability of government finances, with prominent mainstream economists suggesting that public debt no longer poses the dangers it was once thought to. The revived idea of secular stagnation has suggested that economic stimulus may not be a problem for occasional downturns, but an ongoing necessity. And the urgency of climate change has created big new tasks for the public sector.”<sup>49</sup>

#### GREEN NEW DEAL

Accounting for existential crises like climate change is part of what drives the maximalist approach of an initiative like the Homes Guarantee. Accordingly, the plan includes a proposal to conduct energy retrofits on existing public housing, which by 2050 could reduce 550 million metric tons of carbon emissions per year.<sup>50</sup> This part of the plan has also garnered national attention. Further, it was incorporated into the Green New Deal for Public Housing Act recently introduced by Representative Alexandria Ocasio-Cortez and 2020 Presidential Candidate/Senator Bernie Sanders, who have both endorsed the Homes Guarantee.<sup>51</sup> The plan would require that all social housing be built with carbon neutral materials and geared towards low energy use, with no-carbon appliances, rooftop solar panels, and more.<sup>52</sup> The Homes Guarantee

<sup>47</sup> Narefsky, *supra* note 32; *see also* Henry Rose, *How Federal Tax Expenditures That Support Housing Contribute to Economic Inequality*, 44 REAL ESTATE L. REV. 48 (2015).

<sup>48</sup> Emmanuel Saez and Gabriel Zucman, *How to Tax Our Way Back to Justice*, THE NEW YORK TIMES (Oct. 11, 2019), <https://www.nytimes.com/2019/10/11/opinion/sunday/wealth-income-tax-rate.html>.

<sup>49</sup> Arjun Jayadev and J.W. Mason, *The Crash of Austerity Economics*, THE AMERICAN PROSPECT (Oct. 8, 2019), <https://prospect.org/culture/books/the-crash-of-austerity-economics/>.

<sup>50</sup> Homes Guarantee, *supra* note 7, at 7.

<sup>51</sup> Day, *supra* note 10; *see also* Daniel Aldana Cohen, *Eco Apartheid is Real*, THE NATION (July 26, 2019), <https://www.thenation.com/article/archive/green-new-deal-housing-climate-change/>.

<sup>52</sup> Homes Guarantee, *supra* note 7, at 7.

plan also notes the importance of public transit to housing and climate policy, including goals of building social housing on public land near already existing transit, and decarbonizing public transit while making it universally accessible.<sup>53</sup> However, the plan also acknowledges that for both social housing and decarbonization efforts to be effective, we must enact major reforms to land-use rules.<sup>54</sup>

### ZONING

The most important land-use reform that must be made is the limitation or elimination of single-family zoning. Seventy-nine percent of all residential land in Chicago is zoned to only allow for single-family homes, which contributes to the city's segregation and affordable housing crises as well the urban sprawl that produces brutal traffic congestion and unsustainable levels of carbon emissions.<sup>55</sup> Changing these laws to allow for multi-family buildings would allow the city to build social housing on publicly owned land in these areas, expanding the supply of affordable housing while also integrating the city racially and economically.<sup>56</sup> Furthermore, increasing density and expanding clean public transit would help decrease the carbon emissions and safety risks that result from overreliance on cars.<sup>57</sup>

### THE PEOPLE'S HOUSING PLATFORM

The transformative potential of the Homes Guarantee was demonstrated by a new slate of laws recently proposed by some of the most progressive members of Congress. On January 29, 2020, legislators including Reps. Alexandria Ocasio-Cortez, Ayanna Pressley, Ilhan Omar, Rashida Tlaib, and Pramila Jayapal joined housing advocates, including members of People's Action, to introduce a set of seven laws titled "The People's Housing Platform."<sup>58</sup> It includes the aforementioned public housing bills introduced by Omar and Ocasio-Cortez, as well as a proposal from Rep. Pressley which would address

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

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

<sup>55</sup> Emily Badger and Quoc Trung Bui, *Cities Start to Question an American Ideal: A House With a Yard on Every Lot*, THE NEW YORK TIMES (June 18, 2019), <https://www.nytimes.com/interactive/2019/06/18/upshot/cities-across-america-question-single-family-zoning.html>.

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

<sup>57</sup> *Id.*

<sup>58</sup> Patrick Sisson, *AOC and Squad's People's Housing Platform: Tenant Rights, Tax Credits, and More*, CURBED (Jan. 29, 2020), <https://www.curbed.com/2020/1/29/21112405/aoc-squad-peoples-housing-platform-congress-legislation-housing>.

the public housing repair backlog, link infrastructure and transit spending, and reform zoning laws.<sup>59</sup> In addition, Rep. Tlaib’s proposal would repeal the president’s regressive “Opportunity Zone” program and instead create a federal Community Benefits Fund that would provide grants to community land trusts and land banks.<sup>60</sup> Rep. Jayapal’s plan is aimed at addressing homelessness, including increased funding for physical and mental healthcare and other support services.<sup>61</sup> The final bill in the platform is a tax credit proposal from Rep. Earl Blumenauer.<sup>62</sup> Illinois Rep. Chuy Garcia also plans on contributing to the platform, but his bill to address real estate speculation is still being finalized and won’t be released until later this year.<sup>63</sup> The People’s Housing Platform is a significant achievement and a vindication of the efforts of housing advocates like People’s Action, but the fight to build the support necessary to enact these bills is just beginning.

#### REIMAGINE CHICAGO

It will take a large grassroots movement to push politicians to enact the policies in the Homes Guarantee, but that potential was clearly demonstrated throughout the CTU and Service Employees International Union (SEIU) strike of 2019. Fortunately, CTU will continue the struggle through their work with the Grassroots Collaborative, a community-labor coalition that aims to “create transformative change to win fully funded resources for our public schools, social services, and affordable housing that working families depend on” through “aspirational campaigns [which] link Black and Latinx displacement, criminalization and corporate greed within a Rights framework, raising up and activating those most affected by systemic oppression.”<sup>64</sup> One campaign that would catalyze the establishment of a Homes Guarantee in the city is the Reimagine Chicago platform, which includes “targeted community in-

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

<sup>60</sup> Justin Elliot, *Treasury Inspector General Probes Possible Trump Tax Break Abuses*, PROPUBLICA (Jan. 16, 2020), <https://www.propublica.org/article/treasury-inspector-general-probes-possible-trump-tax-break-abuses>.

<sup>61</sup> Sisson, *supra* note 51.

<sup>62</sup> *Id.*

<sup>63</sup> *Id.*

<sup>64</sup> See *Who We Are*, GRASSROOTS COLLABORATIVE, <https://grassrootscollaborative.org/who-we-are/>.

vestment, expansion and protection of affordable housing, police accountability, jobs programs, and progressive revenue.”<sup>65</sup>

The Reimagine Chicago platform includes many facets of the Homes Guarantee, including the establishment of rent control, just-cause requirements for evictions, and expansion of the city’s public housing supply.<sup>66</sup> The platform also calls for a rehaul of the city’s tax system and financing priorities, including raising taxes on downtown commercial and luxury real estate and ending tax breaks and subsidies for wealthy corporations.<sup>67</sup> Each of these proposals is urgently necessary in Chicago today. Since 1980, racial discrimination and inequitable government policies have driven over 350,000 Black people from the city, according to a recent report from the University of Illinois at Chicago’s Institute for Research on Race and Public Policy.<sup>68</sup> As UIC Professor Barbara Ransby wrote, “the cost of housing has skyrocketed, schools and services feel out of reach or only for the few, and surveillance and police violence make some neighborhoods feel under siege even as street level violence, fueled by economic factors, continues to destabilize where poor and working-class Black people live. . . Yet, people have not only fled the growing inequality and injustice in the city, but have confronted and resisted it.”<sup>69</sup>

#### OBAMA CBA COALITION

One of the campaigns that Ransby writes about is the Obama Community Benefits Agreement Coalition, which includes the organizations Black Youth Project 100 and Southside Together Organizing for Power (STOP).<sup>70</sup> The coalition is organizing to prevent further displacement due to the Obama Presidential Library, as many South Side residents have already been pushed out since the library’s location was announced.<sup>71</sup> In order to “push back on being

<sup>65</sup> See *Reimagine Chicago Platform*, GRASSROOTS COLLABORATIVE, <https://grassrootscollaborative.org/reimagine-chicago-platform/>.

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

<sup>67</sup> *Id.*

<sup>68</sup> WILLIAM SCARBOROUGH, IVÁN ARENAS, AND AMANDA E. LEWIS, *Between the Great Migration and Growing Exodus: The Future of Black Chicago?* (2020), available at <https://irpp.uic.edu/research/StateOfRacialJustice.shtml>.

<sup>69</sup> *Id.*

<sup>70</sup> See *Obama Community Benefits Agreement Coalition*, COMMUNITY BENEFITS AGREEMENT, <http://www.obamacba.org/coalition.html>.

<sup>71</sup> Maxwell Evans, *With Obama Center On Horizon, Rent Hikes Already Hitting Woodlawn Residents: “They Want To Stay Here,”* BLOCK CLUB CHICAGO (Sept. 6, 2019), <https://blockclubchicago.org/2019/09/06/neighbors-rally-for-an-obama-center-cba-as-cost-of-living-creeps-higher-raising-alarm-in-woodlawn/>.

pushed out” the coalition introduced an ordinance to create a Community Benefits Agreement for the area within two miles of the library.<sup>72</sup> The ordinance would create a right of first offer for tenants, establish a community land trust, require at least 30% affordable units for new developments, and set aside all city-owned vacant land for affordable housing, among other protections.<sup>73</sup> However, instead of passing the ordinance supported the majority of city council members and affected ward residents, Chicago Mayor Lori Lightfoot introduced a different, watered-down ordinance that would only protect the area within three-fifths of a mile of the Obama library.<sup>74</sup> Nevertheless, the coalition has been at the center of some of the city’s most inspiring organizing work in the last few years, and they will continue to fight on behalf of their communities.

#### BRING CHICAGO HOME

Similar to the CBA battle, the Bring Chicago Home coalition has reached an impasse with Mayor Lightfoot regarding a proposal for an increase to real estate transfer taxes. The coalition proposed this tax on luxury properties as a progressive solution to Chicago’s homelessness crisis, and during the 2019 mayoral election Lightfoot committed to introducing the tax and using the revenue to combat homelessness.<sup>75</sup> However, once elected mayor, Lightfoot decided that she wanted to use the tax revenue for the city’s general budget instead of ending homelessness.<sup>76</sup>

According to Chicago Coalition for the Homeless Associate Director of Policy and Strategic Campaigns Mary Tarullo, the coalition responded with a proposal that includes a new rate structure to allow for Mayor Lightfoot’s desired changes.<sup>77</sup> However, the Mayor rejected that plan as well and took the fight to Springfield.<sup>78</sup> Previously, the tax proposal would have gone through City Council; the only way to increase such a tax is to pass a referendum and

<sup>72</sup> See *Obama Community Benefits Agreement Coalition*, *supra* note 70.

<sup>73</sup> See *Obama CBA Residential Area Affordable Housing Pilot Ordinance*, COMMUNITY BENEFITS AGREEMENT, <http://www.obamacba.org/ordinance.html>.

<sup>74</sup> Heather Cherone, *Ald. Taylor Vows To Block Lightfoot’s Scaled-Back Obama Center Affordable Housing Plan*, BLOCK CLUB CHICAGO (Feb. 5, 2020), <https://blockclubchicago.org/2020/02/05/ald-taylor-vows-to-block-lightfoots-scaled-back-obama-center-affordable-housing-plan/>.

<sup>75</sup> Guzzardi et al., *supra* note 2.

<sup>76</sup> *Id.*

<sup>77</sup> Interview with Mary Tarullo, Associate Director of Policy and Strategic Campaigns, Chicago Coalition for the Homeless (Feb. 27, 2020).

<sup>78</sup> *Id.*

then a city ordinance.<sup>79</sup> But if the Illinois General Assembly passes a law authorizing the tax increase, that process is not necessary.<sup>80</sup>

However, according to Tarullo, it is difficult to persuade the state legislature to pass a tax increase — especially during an election year.<sup>81</sup> CCH was able to stop Mayor Lightfoot’s proposal with their supporters in the Illinois House Senate, but they are now trying once again to work together and gain the mayor’s support for their proposal.<sup>82</sup> Accordingly, the coalition’s political supporters have proposed bills in each house of the Illinois General Assembly.<sup>83</sup> The proposed tax increase would only apply to transactions involving properties worth over \$1 million, and all properties under \$1 million would receive a tax cut — which means that 95.8% of all property transactions would be subject to lower taxes.<sup>84</sup> The proposal would generate an estimated \$167 million in new revenue, with \$88 million dedicated to the city’s general budget and \$79 million to address the city’s homelessness crisis.<sup>85</sup>

Tarullo stressed that the only way to gain enough support for these bills to pass would be to convince Mayor Lightfoot and her supporters to work with the coalition, which should be a simple proposal given the fact that two-thirds of likely city voters have expressed support for the Coalition’s proposal.<sup>86</sup> Unfortunately, it does still seem like it will be a tough battle. But CCH will continue their fight to end homelessness, and Tarullo invites concerned Illinoisans to learn more at [www.bringchicagohome.org](http://www.bringchicagohome.org).

## CONCLUSION

While this paper has mostly been focused on affordable rental housing, homeownership arguably plays an even bigger role in the current crises facing Chicago and the nation. In the New Deal era, Black Chicagoans were redlined out of the FHA-backed mortgage program, and in the 50’s and 60’s they were robbed of billions through the practice of contract buying, which returned after Black families were disproportionately displaced due to the foreclosure

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

<sup>80</sup> *Id.*

<sup>81</sup> *Id.*

<sup>82</sup> *Id.*

<sup>83</sup> *Id.*

<sup>84</sup> *Id.*

<sup>85</sup> *Id.*

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

crisis of 2008.<sup>87</sup> And even when Black Chicagoans are able to become homeowners, the city's entrenched segregation means that their properties are inherently undervalued. Further, the Cook County Assessor has for years conducted "assessments that systematically and illegally shift residential property tax burdens from Whites to Hispanics and African-Americans, and from the rich to the poor."<sup>88</sup> Therefore, while homeownership is important, it should not be seen as the only policy solution. As Keeanga-Yamahtta Taylor explains:

"The quality of life in U.S. society depends on the personal accumulation of wealth, and homeownership is the single largest investment that most families make to accrue this wealth. But when the housing market is fully formed by racial discrimination, there is deep, abiding inequality. There has not been an instance in the last 100 years when the housing market has operated fairly, without racial discrimination. From racial zoning to restricted covenants to LICs to FHA-backed mortgages to the subprime mortgage loan, the U.S. housing industry has sought to exploit and financially benefit from the public perceptions of racial difference. This has meant that even when no discernable discrimination is detected, the fact that Black communities and neighborhoods are perceived as inferior means that African Americans must rely on an inherently devalued "asset" for maintenance of their quality of life. This has created a permanent disadvantage. And when homeownership is promoted as a key to economic freedom and advancement, this economic inequality is reinforced, legitimized, and ultimately accepted."<sup>89</sup>

The permanence of this affordability crisis should make it clear that the private rental and homeownership markets will never solve the problem in Chicago or nationwide. As the People's Policy Project concluded their social housing proposal, "In the age of neoliberalism, far too much time and money has been spent on trying to coax private markets into accomplishing policy objectives. In housing provision as with health insurance, direct state action can get the job done better, faster, and cheaper."<sup>90</sup> A new study from the Harvard Joint Center for Housing Studies also confirms this assertion, con-

<sup>87</sup> Natalie Moore, *Contract Buying Robbed Black Families In Chicago Of Billions*, WBEZ NEWS (May 30, 2019), <https://www.wbez.org/shows/wbez-news/contract-buying-robbed-black-families-in-chicago-of-billions/d643ea19-2977-43d7-81c7-1d7a568c5c81>; Rebecca Burns, *The infamous practice of contract selling is back in Chicago*, CHICAGO READER (Mar. 1, 2017), <https://www.chicagoreader.com/chicago/contract-selling-redlining-housing-discrimination/Content?oid=25705647>.

<sup>88</sup> See <https://www.clccrul.org/bpnc-v-berrios-resource-page>.

<sup>89</sup> Keeanga-Yamahtta Taylor, *Against Black Homeownership*, BOSTON REVIEW (Nov. 18, 2019), available at <http://bostonreview.net/race/keanga-yamahtta-taylor-against-black-home-ownership>.

<sup>90</sup> Cooper, *supra* note 37.

cluding that, “only the federal government has the scope and resources to provide housing assistance at a scale appropriate to need across the country.”<sup>91</sup> Although we do know which policies would solve the crisis, it will not be easy to build the political will necessary for their enactment. Many private developers, politicians, homeowners, and non-rent burdened individuals prefer housing under capitalism because they either profit from it or have not experienced its destabilizing effects. However, groups like the Grassroots Collaborative, CCH, Obama CBA Coalition, and People’s Action are building the movement, so hopefully people across the country will join their struggle.

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<sup>91</sup> ALICIA MAZZARA, *Report: Rental Housing Affordability Crisis Worst for Lowest-Income Families*, CENTER ON BUDGET AND POLICY PRIORITIES (Jan. 31, 2020), <https://www.cbpp.org/blog/report-rental-housing-affordability-crisis-worst-for-lowest-income-families>.