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"The Power of Partnerships: Insights from Chicago's Plan for Transformation"

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Thank you, Terry, for that generous introduction. It is a privilege working with you, Sharon, and your talented staff. I deeply admire your leadership, which has transformed the CHA into a powerful instrument for social change, a place that smart and passionate people want to work. Your inspiring vision, effective management, and deep belief in the potential of public housing residents to achieve a better life has earned confidence across our city.

When Terry asked me to speak to you today, I wondered what I could say about public housing to the most knowledgeable group in the world. I know you have heard Terry's report, toured the new mixed-income communities, and seen a panel on how key city agencies are working together to improve schools, parks, and economic development in these neighborhoods on the rise.

What I can add is a portrait of how the civic community has forged a partnership with the city. We recognize that Mayor Daley's bold vision for the transformation of high-rise ghettos of isolation into new communities of hope is a once-in-a-lifetime opportunity. We want history to record that on our watch we seized the chance to revitalize inner-city Chicago and improve the lives of thousands of our fellow citizens.

I speak to you in two capacities, as President of the MacArthur Foundation, but also as co-chair of the Partnership for New Communities. The Partnership is a donor-advised fund at the Chicago Community Trust that brings together Chicago's civic leadership in support of the Plan for Transformation.

First, a word about MacArthur. While best known for the MacArthur Fellows program, we do much more: we work in 65 countries around the world in conservation, population, human rights, and at home on community development, housing, and education. We are unusual among large international foundations because we have a deep commitment to our hometown – about a third of our domestic grants go to the Chicago region.

Our work here is animated by the belief that America's inner cities are sources of untapped human and economic potential. In partnership with LISC, over 10 years, MacArthur is investing \$150 million in sixteen of Chicago's high-poverty neighborhoods. In each of them, we are funding priorities identified by the residents

themselves -- schools, housing, jobs, crime reduction, economic development. We believe that by working on all these issues at once, these communities can become healthy on a sustainable basis. And through this recovery will come a city and region more competitive in the global economy.

But this progress cannot happen if the Plan for Transformation does not succeed. Seven of our sixteen neighborhoods encompass the CHA sites and others are affected by families that relocate from demolished high-rises. Because we have a deep interest in every aspect of the Plan, MacArthur has committed an additional \$50 million to making it work.

More than most, you understand the challenges – a massive construction project, decades of mistrust between the CHA and the residents; the interim movement of thousands of people; the good design necessary to attract a mix of incomes; the social services essential to help public housing families get jobs, increase their incomes, improve their health, and all the rest.

When the Mayor announced the Plan in 1999, the magnitude of the opportunity was not immediately apparent to civic leaders. Public education was the number one priority of the business community, which generously gave time and money to improve our schools.

Over the previous decade, housing had not figured as prominently among civic concerns. The links among stable housing, good education, and healthy neighborhoods were not well-appreciated, pessimism about Chicago's notorious public housing was high, and the CHA had been in federal receivership.

Who would stand up for decent, affordable housing as the critical path for human and community growth and vitality? Who would mobilize private resources in support of the transformation plan, invest in the new communities, provide jobs, improve neighborhood schools? Who would gather objective evidence about how the Plan was working, bear witness to its success and shortcomings? Who would provide a safe haven for Terry to share his most vexing problems?

In a spontaneous burst of civic responsibility, in 2003, a number of us had the same thought. Why not form a Partnership for New Communities dedicated to supporting the Plan for Transformation? Donald Stewart, then CEO of The Chicago Community Trust, offered to host a donor-advised fund. MacArthur and the Trust made the first contributions.

Recruiting the rest of our partners was easy: everyone said "yes."

We started with Presidents Don Randel of the University of Chicago and Lew Collens of IIT, two institutions that bordered the new neighborhoods. We also wanted business executives who could speak to the commercial potential of these areas, so we invited several CEOs: Quintin Primo of Capri Capital; Tony Perruca of Bank of America, and Jack Greenberg of MacDonald's. We knew jobs and services would be important, so we

were glad that Desiree Rogers from Peoples Gas and Frank Clark from ComEd joined us. Eden Martin, who heads the Civic Committee of the Commercial Club, was another early member, as was Francis Cardinal George of the Chicago Archdiocese. And Linda Wolf of Leo Burnett came on to help with the public outreach.

The Partnership's activities are straight-forward: we want to help the new neighborhoods succeed by encouraging people of diverse means to live there, generating economic opportunities for lower-income residents, and connecting them to the economic and social mainstream.

Let me illustrate our work with a few vignettes, organized in four buckets.

The first is money.

We expect the Fund to disburse \$15 million over a few years for economic development, training residents to get and keep jobs, attracting a mix of incomes, and nurturing a sense of community in the nine new neighborhoods.

Some examples:

- To assist residents make the transition, we support neighborhood groups like the South Side's Ujima and the Near West Side Community Development Corporation to help residents meet the strict work and credit requirements of the new communities. More than 200 public-housing residents found employment after completing job training programs at places like the Council on Adult and Experiential Learning and the Rockwell Leadership Network. Hundreds more will benefit from the Partnership's Workforce Development Initiative with the CHA and the Mayor's Office of Workforce Development.
- Not all families will want to come back to the new mixed-income communities. Some will use Section 8 vouchers in other neighborhoods. The Archdiocese established a regional housing office to coordinate its community acceptance campaign. It has encouraged all 378 of its parishes to welcome at least two public housing families into their neighborhoods and provide them with ongoing assistance.
- Other programs are helping families on the path to self-sufficiency. Citywide, the Centers for Working Families helped low-income residents prepare 25,000 tax returns this year for total refunds of over \$35 million. The Abraham Lincoln Centre in Oakwood Shores trains residents to use the Internet to file for government programs like the Earned Income Tax Credit. The Centre helped local families claim more than \$1.4 million in additional income.

- The Partnership is also funding market research to help promote economic development in the new neighborhoods. A recent study by the Chicago-based MetroEdge demonstrated that the Cottage Grove commercial corridor has \$675 million in buying power, but that \$450 million goes elsewhere due to a lack of retailers.

Building on information like this, Capri Capital and Bank of America have loaned executives to help neighborhoods craft plans for commercial development to keep economic activity in the neighborhood – more convenient, and more jobs for residents. Over \$1 million-worth of pro-bono services have been donated so far.

- Neighborhood shopping helps attract a mix of incomes – so do good schools. With help from the MacArthur and Joyce Foundations, the University of Chicago is sponsoring five charter schools and will assist with 15 more. No wonder the market rate units are selling briskly, reminding us of the link between housing and good schools.
- Despite what skeptics thought, the market rate units will be fully subscribed. Now the challenge is to strengthen the bonds of community among people of all races and incomes. MacArthur is supporting the development and property managers at Oakwood Shores, the Community Builders, to sponsor youth groups, a neighborhood association, block clubs, and holiday celebrations – all investments in strengthening the social fabric of the community.

The Partnership does more than give money: its members provide jobs, subsidize employees to buy homes in the new neighborhoods, invest in school improvement and commercial development.

Here are some examples:

- Peoples Gas, Bank of America, and the University of Chicago's hospital complex are hiring public housing residents as employees in entry-level jobs that pay good wages and come with health benefits.
- The University of Chicago, IIT, Bank of America, and MacArthur have started employer-assisted housing programs that help employees buy first homes in the new communities. Twenty-five other employers are following suit.

Through IIT alone, more than 50 people have begun homeowner counseling and 5 have already signed on the line for homes in one of the new neighborhoods.

- 3) The third way the Partnership assists is by giving a fair and credible assessment of the Plan's progress. With Terry and Sharon, we have met editorial boards of local media – the Tribune, the Sun-Times, Crain's – which has resulted in more balanced coverage of the Plan, as well as some supportive editorials.

But we are not just cheerleaders – we understand that having good data about the successes and the challenges is critical to our credibility and to the CHA's determination to do better. Solid evidence of what is actually happening will help ensure that people are treated fairly -- and keep isolated, unhappy cases from becoming symbols that suggest wider problems.

MacArthur is funding independent research into how residents experience the relocation process, what moving has meant for families, whether people are better off in their new homes, and how social and support networks have been strained.

Here are highlights from what we have learned:

- A survey by Chicago's National Opinion Research Center shows that three-quarters of those who have moved say their apartments are better; two-thirds feel their neighborhoods are better; and 60 percent believe their children's schools are better. The Urban Institute's five-city study of HOPE VI corroborates these findings: Two-thirds of the Chicago public housing residents who have moved report that they are more satisfied in their new homes and feel safer in their new neighborhoods.
- There is room for improvement, however. A Northwestern University study of voucher holders showed that only four out of ten moved to “opportunity” neighborhoods – areas with significantly higher income, better schools, and other amenities. The study's silver-lining: recipients of “mobility counseling” were more likely to move and more likely to move to better conditions.

I have been impressed by how open Terry and his staff are to the research findings. Adjustments in the relocation process, like greater reliance on one-on-one coaching, reflect the CHA's determination to make good use of critical comments.

This leads to my final point.

- 4) As a group, we meet on a quarterly basis with Terry, who is an *ex-officio* member. We are a sounding board and a resource for him as he takes on one of the toughest jobs in the country. He can talk to us in complete confidence about what keeps him up at night, try out a new idea, or engage in self-reflection in a safe venue.

He can also ask for our help in strengthening the CHA itself.

- For instance, MacArthur helped the CHA build a computer system to track every family it relocates. We supported a planning process that produced guidelines for redeveloping the public housing sites and connecting them to the surrounding community. And we funded the development of the CHA's Service Connector program, which provides support services to residents and connects them to jobs and other community resources.
- Final example: all of you know that explaining a transformation of this complexity to the residents, potential new neighbors, the civic leadership, and the public at large is critical for maintaining momentum. Leo Burnett helped CHA remake its image and identity, including better print and video materials, a new logo evoking a bright future, and a citywide ad campaign putting a human face on this massive physical renewal.

These vignettes offer a mosaic of civic commitment to the Plan for Transformation. I hope they show that our Partnership is deeply engaged and knowledgeable, with the credibility to say the Plan is succeeding.

The job is not done, but we will stay the course until the last building is built, until the new mixed communities are settled and sustainable, until those relocated on Section 8 vouchers are comfortable in their new neighborhoods, until individual opportunity is realized through jobs, better schools, and effective social services.

The word transformation was well chosen. Our mission is not fixing up a block or two, not about a few high-profile social programs, not about a temporary fix. Transformation means deep, widespread, and permanent changes. In the words of Chicago's master planner, Daniel Burnham: "Make no little plans; they have no magic... Make big plans, aim high in hope and work."

We know that Chicago is not alone – that you and your cities have big plans as well. This transformation process reflects the most fundamental element of the American character: we are a caring society, animated by our belief in individual initiative. Together, we are making a powerful affirmation that the American Dream of fairness and opportunity is alive and within grasp.

Thank you.