

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

CHICAGO HOUSING INITIATIVE,	)	
COALITION TO PROTECT	)	
CHICAGO HOUSING AUTHORITY	)	
LAND, AND LUGENIA BURNS	)	
HOPE CENTER	)	
	)	No. 23-cv-3476
Plaintiffs,	)	
vs.	)	
	)	
THE UNITED STATES DEPARTMENT	)	
OF HOUSING AND URBAN	)	
DEVELOPMENT (HUD), MARCIA	)	
FUDGE, in her Official Capacity as	)	
Secretary of HUD, and the CHICAGO	)	
HOUSING AUTHORITY (CHA), an	)	
Illinois Municipal Corporation,	)	

Defendants.

COMPLAINT

INTRODUCTORY STATEMENT

1. This is an action brought by the Chicago Housing Initiative (“CHI”), the Coalition to Protect Chicago Housing Authority Land (the Coalition), and the Lugenia Burns Hope Center (the “Hope Center”), who represent their members and other Chicagoans in need of public and affordable housing, to halt the unlawful disposition of twenty-three acres of public housing land that occurred pursuant to an improperly granted United States Department of Housing and Urban Development (“HUD”) authorization.

2. The organizations and their members will be denied land set aside for public and affordable housing—without a transparent process or adherence to civil rights laws—if the Chicago Housing Authority (“CHA”) and HUD are allowed to proceed with the disposition of the public housing land in a highly desirable part of the City of Chicago.

3. If not stopped, twenty-three acres of land held in a public trust for the benefit of public and affordable housing will go to a billionaire soccer owner to build a sports training complex.

4. The twenty-three acres at issue is the site of the “ABLA Homes” and refers collectively to a CHA housing development that included the Addams Homes, Brooks Homes, Loomis Courts, and Abbott Homes. Decades earlier, as part of its Plan for Transformation, CHA demolished the Addams and Abbott Homes, rehabilitated Brooks Homes and Loomis Courts, and displaced thousands of ABLA families to racially segregated, economically depressed areas of the City. For years, CHA has promised those displaced ABLA families that they could return to new or rehabilitated units in their former neighborhood, but CHA failed to keep that promise.

5. CHA owns the land generally bounded by Roosevelt Road, Ashland Avenue, 14th Street and Loomis Street in Chicago (“ABLA Land”) which is subject to a Declaration of Trust (“DOT”) restricting its use for public and affordable housing. This ABLA Land has been long promised to the displaced ABLA residents and the larger community in need of public and affordable housing as a new source of affordable housing for those seeking to live in an area of opportunity close to the Illinois Medical District. The area offers a wide array of health care and

disability services, among other features that make it a highly desirable and suitable area for public and affordable housing.

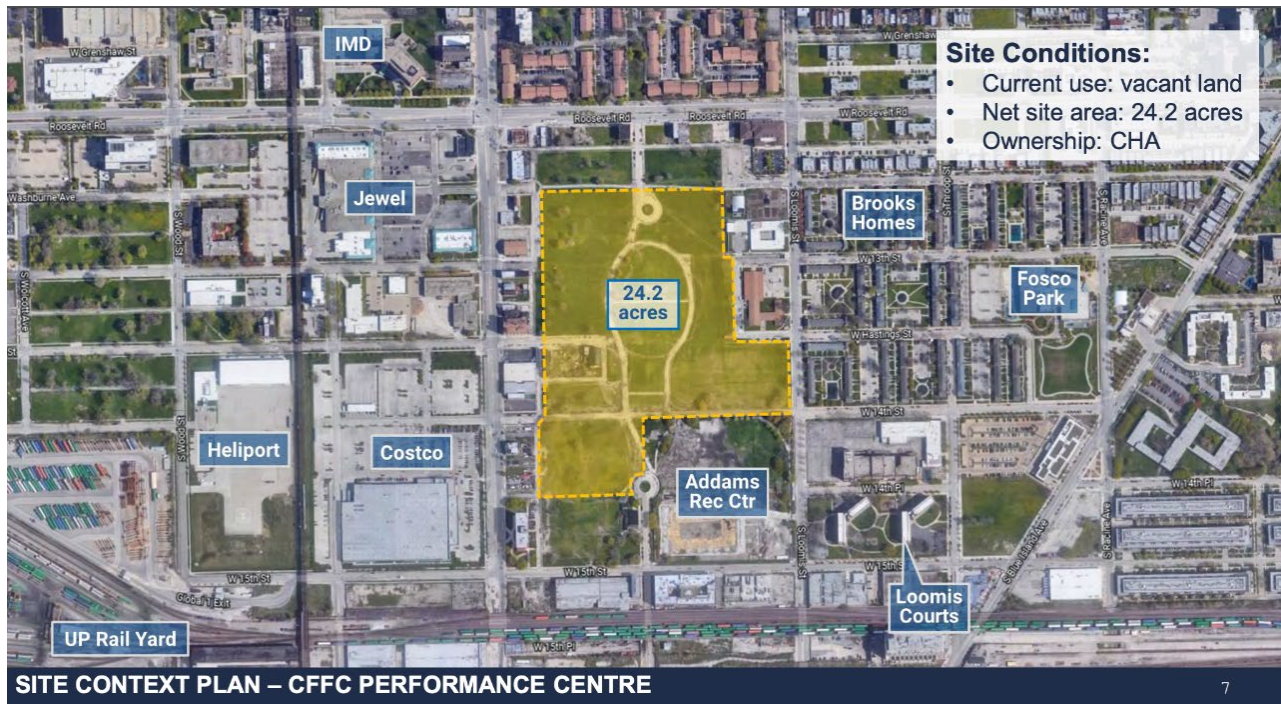


Photo Credit: Chicago Plan Commission

6. The ABLA Land is surrounded by rapidly gentrifying neighborhoods on Chicago's Near West Side. To the North are University Village, Little Italy, and the campus of the University of Illinois at Chicago. To the northwest are the Illinois Medical District and Tri-Taylor neighborhood. To the east is the massive "South Campus" development of market rate housing and commercial businesses. To the south—in addition to the several luxury developments along 15th and 16th Streets—is the most rapidly gentrifying and whitest part of Chicago's Pilsen (Lower West Side) community. The ABLA area offers easy access to good jobs, healthcare, shopping, parks, universities, transit, and many other amenities in Chicago's booming central core.

7. Over the last twenty years, the area has experienced both a steady increase in racial diversity and in economic growth, along with a stark reduction in the number of Black households

from 54% to 23%. Pursuant to the City of Chicago Affordable Requirements Ordinance, this area qualifies as a Community Preservation Area, which means it is already experiencing or is at high risk of experiencing displacement of existing low-income residents. This is consistent with analysis from the Institute for Housing Studies at DePaul University (“Institute for Housing Studies”) that shows high displacement risk pressure in the area due to rising housing costs and a concentration of vulnerable populations, which are disproportionately made up of households of color.

8. The same combination of factors that leads to high displacement risk especially among households of color, including Black households—recognized community infrastructure and assets and rapidly rising prices—also creates an “opportunity area” for low-income residents to benefit from easier access to quality jobs, public transportation, medical care, shopping, parks, universities, and the other amenities of the area, if they have access to stable, affordable housing. These factors also create opportunities for leveraging that demand to build and preserve affordable housing. The typical barrier in Chicago to building in an opportunity area, like Roosevelt Square, is lack of available land. Without additional commitments to create more affordable housing, more Black households are at risk of displacement, which will increase the racial segregation and gentrification of the area.

9. The CHA also recognizes the Near West Side as an opportunity area. In its mapping of areas to encourage low-income, majority Black residents with Section 8 Housing Choice Vouchers to move to communities with increased racial diversity and economic opportunity, the CHA identifies the Near West Side as a “mobility area.”¹ This designation means the CHA has

¹ *Chicago Housing Authority Mobility Counseling Program, Mobility Area Map* https://cha-assets.s3.us-east-2.amazonaws.com/s3fs-public/2019-12/2019_Mobility_Program%20Map.pdf (last visited May 31, 2023).

determined the area has 20% or less poverty and less than median reported violent crimes or an area with improving poverty and violent crime rates along with significant job opportunity and, as a result, will offer landlords higher rents in order to encourage their participation in the Section 8 program.

10. While CHA's primary purpose is to relieve the shortage of affordable, safe, decent, sanitary, and accessible housing by constructing, operating, and maintaining public and affordable housing, it is instead engaging in a no-bid deal with Joe Mansueto, the billionaire owner of a for-profit professional soccer team, to lease valuable land at the expense of putative public and affordable housing residents who will have to wait for over sixty years for housing to be developed and provided as promised. Making matters worse, the no-bid disposition of this land was done at the eleventh hour by the outgoing Chicago Mayoral administration of Lori Lightfoot and is antithetical to the stated campaign positions of newly-elected Mayor Brandon Johnson.

11. Without intervention by this Court, the ABLA land will effectively be permanently lost as a site for public or affordable housing, at a time where sufficiently sized, available, properly zoned land in an opportunity or gentrifying area is increasingly scarce. Despite this reality and CHA's primary obligation to provide affordable housing, CHA sought and received HUD approval to dispose of the land to the Chicago Fire Football Club, thereby permanently depriving Chicagoans in need of a chance to live in affordable housing in an opportunity area. But CHA's application and HUD's approval were completed in violation of federal civil rights law and its own rules and procedures: HUD failed to conduct a civil rights review before authorizing and approving the disposition of this land.

12. The disposition of the ABLA Land is part of a pattern and practice by CHA, with HUD approval given in the absence of a civil rights review, of substantially reducing the available

supply of land designated for public and affordable housing and giving it to for profit enterprises for a use other than affordable housing. These actions adversely impact the thousands of persons with disabilities and Black households who need and are more likely to be eligible for this housing. These actions deprive those constituents of sorely needed integrated housing opportunities.

13. Collectively, Plaintiffs CHI, the Hope Center, and the Coalition, have devoted thousands of hours to advocating that CHA return to its original purpose of meeting the public and affordable housing needs of low-income Chicagoans. This latest action by CHA and HUD is among a series of steps taken to destroy affordable housing in opportunity areas.

14. CHA worked with the City of Chicago to depart from normal policy and procedures on zoning matters for private, profit-motivated land deals, by agreeing to have the City of Chicago serve as the applicant for the zoning change, thereby shielding the Chicago Fire from having to make the required financial disclosures.

15. Despite the grave civil rights concerns identified by the Plaintiffs about the land disposition and the numerous exposed inconsistencies in CHA's application, HUD elected to approve CHA's disposition without completing a civil rights review.

16. On information and belief, CHA and HUD skipped necessary steps to complete a civil rights review because they wanted to rush to close this deal before Mayor Lightfoot was out of office.

17. Taken together, the actions of CHA and HUD contravene federal and state law, with both agencies ignoring their obligations to comply with federal civil rights laws. (hereinafter HUD and CHA may be collectively referred to as "Defendants").

18. Defendants' actions violate numerous statutory and regulatory duties, including Section 18 of the United States Housing Act of 1937 ("Section 18"), Title VIII of the Civil Rights

Act of 1968 (“the Fair Housing Act”) and its executive orders and implementing regulations, Section 504 of the Rehabilitation Act of 1973 (Section 504), the Quality Housing and Work Responsibility Act of 1998 (“QHWRA”), the Administrative Procedure Act (“APA”), and the Illinois Civil Rights Act.

19. Plaintiffs are faced with an imminent threat of irreparable harm. Plaintiffs seek declaratory and injunctive relief from this Court to end Defendants’ unlawful disposition of the ABLA land and any further steps taken to effectively permanently remove this land to construct public and affordable housing.

JURISDICTION

20. This court has jurisdiction over Plaintiffs’ claims under 28 U.S.C. §§ 1331 and 1343 (federal question and civil rights), 42 U.S.C. § 3613 (fair housing), 29 U.S.C. § 794a (Section 504), 28 U.S.C. § 1367 (supplemental jurisdiction), and 5 U.S.C. § 704 (authorizing judicial review of final agency actions.)

21. Plaintiffs seek declaratory and injunctive relief against the Defendant, pursuant to 28 U.S.C. §§ 2201, 2202.

PARTIES

A. The Plaintiffs.

22. CHI is a Chicago-based non-profit and member-based coalition with a mission to amplify the power of low-income Chicago residents to preserve, improve, and expand low-cost rental housing, stabilize communities facing displacement, and advance racial and economic equity and inclusion across all of Chicago’s diverse neighborhoods. Since 2014, CHI and its member groups have worked to hold CHA accountable for its failure to actually meet the affordable housing needs of low-income Chicagoans, including by challenging its massive

vacancies in public housing, its squandering of funds designated for the Section 8 Housing Choice Voucher program, and its pattern of disposing of public housing land.

23. The Hope Center is a Chicago-based non-profit dedicated to developing the civic engagement of residents in Chicago's Bronzeville neighborhood, and in other communities throughout the City of Chicago. The Hope Center does this work through education, leadership development, and community organizing. For at least a decade, the Hope Center has advanced policy and education to hold CHA accountable for its failure to meet the affordable housing needs of low-income Chicagoans.

24. Faced with the increasing number of CHA's land disposition activities, the Hope Center and CHI came together in March 2022 to form a new member-based coalition, the Coalition to Protect CHA Land. The Coalition's purpose is to address the increasing frequency and severity of CHA's land transfers to non-housing uses. The Coalition's membership includes families on the public housing waiting list and other families in desperate need of affordable housing in the community who will have to wait that much longer for affordable housing while they struggle with homelessness or are forced to live in inaccessible housing not proximate to healthcare facilities.

B. The Defendants.

25. Defendant HUD is the federal agency charged with administration and enforcement of all federal laws and regulations relating to the disposition of federal public housing land, including compliance with the Fair Housing Act, 42 U.S.C. §§ 3601 *et seq.*

26. Defendant Marcia Fudge is the Secretary of HUD, and, as such, is charged with the administration and enforcement of all functions, powers, and duties of HUD, including those related to the disposition of public housing land, the Fair Housing Act, and Section 504. Defendant

Fudge is sued in her official capacity. Hereinafter, Defendants HUD and Fudge are referred to collectively as “HUD.”

27. Defendant Chicago Housing Authority is an Illinois municipal corporation, created and existing under the Illinois Housing Authorities Act, 310 Ill. Comp. Stat. 10/1 *et seq.* CHA is a Public Housing Agency (“PHA”) within the meaning of 42 U.S.C. § 1437.

28. At all times pertinent hereto, the Defendant CHA has acted in its official capacity and under color of state law.

STATUTORY AND REGULATORY FRAMEWORK

29. The United States Housing Act of 1937 declares that it is “the policy of the United States to promote the general welfare of the Nation by employing its funds and credit to remedy the unsafe housing conditions and the acute shortage of decent and safe dwellings for low-income families.” 42 U.S.C. § 1437.

30. The national housing goal is the realization as soon as feasible of “a decent home and a suitable living environment for every American family.” 42 U.S.C. § 1441.

31. The demolition and disposition of public housing is authorized under Section 18, as amended in its entirety by QHWRA. 42 U.S.C. § 1437p. QHWRA’s amendments to the United States Housing Act of 1937 (“USHA”), resulted in significant changes to HUD’s applicable program regulations, including Subpart A of 24 CFR part 960 which, *inter alia*, sets forth the PHAs duty to “affirmatively further fair housing in the administration of its public housing program,” to “administer its public housing program in accordance with all applicable equal opportunity requirements imposed by contract or federal law, including authorities cited in [24 C.F.R.] § 5.105(a) . . . ” and to “submit signed equal opportunity certifications to HUD . . . including

certification that the PHA will affirmatively further fair housing” in accordance with 24 C.F.R. § 903.7(o). 24 C.F.R. § 960.103(a)–(d).

32. HUD has promulgated regulations, at 24 C.F.R. Part 970, detailing the administrative steps required to perform demolition or disposition activity in accordance with Section 18.

33. Each piece of vacant public housing land is subject to a declaration of trust or declaration of restrictive covenant (collectively, “DOT”) between the local PHA and HUD to ensure its future use for housing. The DOT “grants HUD an interest in public housing property. It provides public notice that the property must be operated in accordance with all public housing federal requirements, including the requirement not to convey or otherwise encumber the property unless expressly authorized by federal law and/or HUD.” 24 C.F.R. 905.108. The DOT has priority over all other use restrictions. 24 C.F.R. 905.505(c)(4).

34. Before undertaking any transaction involving the release of the DOT or the disposition of public housing land, Section 18 and 24 C.F.R. § 970 requires the local PHA to submit a disposition application, commonly referred to as a “Section 18 disposition application” to HUD for its approval. *See* 42 U.S.C. § 1437p(a)(2), 24 C.F.R. § 970.7.

35. The HUD Special Applications Center (“SAC”), located in Chicago, HUD’s Office of Fair Housing and Equal Opportunity (“FHEO”) and the affected HUD local field office, are vested with the responsibility of evaluating the submitted application’s compliance with Section 18 and the other relevant federal laws, including civil rights laws. Based on that review, SAC and the local field office approve or deny the disposition application.

36. Pursuant to Section 18, the principal burden of a PHA seeking to dispose of vacant public housing land is to certify in its disposition application that the retention of the land is not in

the best interests of the residents or the public housing authority. 24 C.F.R. § 970.17. A PHA could also certify to at least one of the following, that (a) the conditions in the area surrounding the project adversely affect the health or safety of the tenants or the feasible operation of the project by the PHA; (b) disposition allows the acquisition, development, or rehabilitation of other properties that will be more efficiently or effectively operated as low-income housing developments; (c) the PHA has otherwise determined the disposition to be appropriate for reasons that are consistent with the goals of the PHA and the PHA Plan and that are otherwise consistent with the Act. For dispositions involving vacant public housing land, the PHA could also certify that: (1) The non-dwelling facilities or land exceeds the needs of the development; or (2) The disposition of the property is incidental to, or does not interfere with, continued operation of the remaining portion of the development.

37. The PHA must also meet other certification requirements of Section 18 to gain HUD's approval for disposition. 42 U.S.C. § 1437p; 24 C.F.R. §§ 970.7, 970.17. This includes a certification that the disposition complies with the PHA's annual plan, a description of the land and other property involved in the disposition, a description of the method of disposition such as a long-term lease or sale at or below fair market value, a timeline for the proposed disposition, a statement justifying the disposition, the relocation plan if applicable, compliance with resident right to purchase requirements if applicable, an estimate of the fair market value of the property based on an independent appraisal, an estimate of the gross and net proceeds to be realized through the disposition activity, a description of the proposed use of proceeds, a copy of the PHA's Board of Commissioner's approval of the disposition resolution, evidence of consultation with local government officials, an environmental review, a certification that the disposition does not violate

any remedial civil rights order, agreement, or judgment, and any additional information necessary to support the application and assist HUD in making determinations.

38. The PHA's submissions must also include the QWHRA required civil rights certifications listed under 24 C.F.R. § 903.7(o), along with all supporting information, for compliance with all Section 18 and other applicable federal fair housing and civil rights laws. 42 U.S.C. 1437p(a); 24 C.F.R. 970.7. In furtherance of those requirements, Section 9 of the Disposition Application HUD-52860 states:

The PHA will comply with all applicable fair housing and other civil rights requirements, including but not limited to HUD's general non-discrimination and equal opportunity requirements listed at 24 CFR 5.105(a), as well as the duty to affirmatively further fair housing (AFFH) related to this SAC application. AFFH includes ensuring that the proposed inventory removal development is not in conflict with fair housing goals and strategies in [the] agency's [Public Housing Authority] or [Moving to Work] Plan, and is consistent with [the] agency's obligation to AFFH, certification and supporting activities. The PHA conducted the submission requirements of this SAC application (including removal justification; resident consultation, etc.) in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, [T]itle II of the Americans with Disabilities Act of 1990, state or local accessibility requirements, and other applicable civil rights laws. If HUD approves this SAC application, the PHA will carry out and implement this removal action (including relocation, if applicable) in conformity with all applicable civil rights requirements. The requirements for AFFH can be found at 24 CFR §§ 5.150–5.152, 5.154, 5.156, 5.158, and 5.169-5.180.

See Disposition Application, attached as Exhibit A.

39. HUD's Notice PIH 2021-07 provides further guidance of HUD's implementation of these rules and requires that "HUD's Office of Fair Housing and Equal Opportunity (FHEO) conducts a civil rights review of SAC applications, which may include applications for non-dwelling property. Pursuant to 24 CFR 970.7(a)(17), HUD may request additional information,

including information about . . . the PHA's affirmatively furthering fair housing certification under 24 CFR 903.7(o)."

40. HUD has a duty to disapprove a disposition application if it determines that any PHA certification is clearly inconsistent with information and data available to or requested by HUD regarding the requirements for disposition under federal law, including the PHA's "failure to meet the requirements for the justification for . . . disposition as found in . . . 24 C.F.R. § 970.17. . . ." 42 U.S.C. § 1437p(b)(1); 24 C.F.R. § 970.29.

41. Both Defendants have a duty not to discriminate, which includes an obligation to not approve actions that violate the Fair Housing Act's mandate not to discriminate by intent or effect. 42 U.S.C. § 3604.

42. Both Defendants also have a duty to comply with Section 504 of the Rehabilitation Act's antidiscrimination provisions which provide that "[n]o otherwise qualified individual with a disability shall, solely by reason of his or her disability, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance" 29 U.S.C. § 794(a).

43. Finally, both Defendants have a duty to affirmatively further fair housing, meaning that HUD and CHA must administer their programs, including the public housing program and related disposition process, in a manner that affirmatively furthers the policies and purposes of the Act. 42 U.S.C. § 3608. Both agencies must consider the impact of their actions on the goal of fair housing and evaluate alternatives in light of their fair housing implications. *Id.*

STATEMENT OF FACTS

A. CHA's Plan for Transformation Highlights the Fair Housing Implications of this Disposition Application.

44. For more than fifty years, CHA was subject to the 1964 judgment order in *Gautreaux v. CHA*, one of the longest running housing discrimination cases in the country. In that case, CHA was found liable for intentional race discrimination and discriminatory siting of its public housing projects. In 2018, CHA entered into a settlement agreement to bring that case to a close in 2024.

45. Despite the oversight by *Gautreaux* on discriminatory siting, CHA's actions over decades have decreased the supply of available, affordable housing for low-income Chicagoans, which has been particularly felt by Chicago's Black residents. At its peak, CHA owned and managed over 42,000 units of public housing in Chicago. In the 1990s, it began demolishing units at the high-density, high-rise developments built in highly segregated communities of color. In 2000, CHA initiated the Plan for Transformation, under which it formally committed to demolishing 18,000 more units of family public housing and promised to replace or rehabilitate a portion of those units, with a goal of restoring its total portfolio to 25,000 family public housing units in ten years. It would do so by constructing mixed-income communities at former public housing sites. Even if fully executed, over half of Chicago's public housing units, almost 13,000 family units, would be permanently lost. HUD gave CHA \$1.5 billion to demolish these 18,000 family public housing units and revitalize 25,000 total units.

46. Between 1995 and 2010, CHA demolished over 21,000 units of public housing, displacing 56,000 residents and leaving vacant lots where the high rises once stood.

47. Under the Plan, CHA committed to redevelop mixed income housing on the vacant parcels through private development partnerships. Under this model, CHA releases requests for

development proposals at a specific site, awards the redevelopment rights to a private partner, and then works with private partners to secure additional funding for affordable units, seek necessary amendments to local zoning, and apply for additional affordable housing and public financing from the city, state, and federal government. During what was supposed to be a ten-year plan, CHA only built 2,800 units in mixed-income developments and rehabilitated only 2,700 additional units.

48. Twenty-one years later, CHA and its partners have largely failed to build mixed-income developments and replacement housing across its portfolio as promised under the Plan and thousands of former public housing families have been lost in the process. In a report to HUD, CHA claimed that it met its revitalization of public housing units goal under the Plan For Transformation last year. It could only do so by not just counting the construction of the new 2,800 public housing units but also counting units developed through the project-based voucher (“PBV”) program. CHA has claimed that more than 5,000 of the revitalized units in PBV buildings owned and managed by private entities are replacement units under the Plan For Transformation. This is despite the fact that these units do little to meet the replacement housing needs of former CHA public housing residents or residents in need of affordable housing in the community. Many of these units already existed and were often already occupied by residents eligible for low-income housing when CHA counted them toward its revitalization goal.

49. CHA has also failed to create enough appropriately sized public housing units. The 18,000 high rise units that CHA demolished were family units, and yet more than 9,000 of the revitalized units are in senior housing developments, where the units are much smaller and not available to families with children.

50. CHA’s other primary vehicle for replacement housing has been the Section 8 Housing Choice Voucher program (“vouchers” or “HCVs”). Thousands of displaced public

housing families were given HCVs, including ABLA families, and moved into highly racially segregated, high poverty communities in Chicago. In 2003, CHA was sued for the pattern and practice of relocating former public housing residents to majority Black, high poverty neighborhoods. Despite this litigation, families with HCVs remain stubbornly segregated in majority Black, high poverty neighborhoods.²

51. HUD routinely authorized these actions in reliance on CHA's certifications and submissions. This failure in oversight has resulted in a loss that will only be exacerbated if CHA takes land that was supposed to be used for the construction of public housing and leases it to a soccer team.

52. CHA also fails to ensure their available housing subsidies meet Chicago's affordable housing needs. Since October 1, 1999, CHA has permanently lost more than 19,523 public housing units. While Section 9(g)(3) of the United States Housing Act, commonly referred to as the "Faircloth Amendment" limits the construction of new public housing units, it expressly permits PHAs to construct new public housing units if it does not result in a net increase in the number of units a PHA owned or operated as of October 1, 1999. CHA can therefore leverage significant federal "Faircloth Authority" to create up to 19,523 additional HUD-assisted housing units to address its waitlist and ameliorate Chicago's affordable housing shortage, but CHA has largely failed to do so. CHA has significantly more Faircloth Authority than any other Public Housing Authority in the country. CHA likewise underutilizes its Housing Choice Voucher program, with only 85% of its HCV allotment in use, despite the national standard of 95% HCV

² Natalie Moore, *Chicago's Section 8 Vouchers Increasing in Black Communities, Declining in White Neighborhoods*, WBEZ Chicago (May 2, 2019), <https://www.wbez.org/stories/more-section-8-vouchers-in-chicagos-black-neighborhoods-than-a-decade-ago/e461cdf4-22d1-45bd-9522-e0983c2d1c08>.

utilization. Additionally, on March 10, 2023, CHA's Office of Inspector General ("OIG") released an audit of CHA's Tracking & Management of Vacant Public Housing Units and found that 14.63% of its public housing units are vacant, despite HUD's national standard of 4%. This number does not account for the HUD approved vacancies or offline units, and the OIG even found that CHA was misrepresenting the status of units in its reports to HUD and thus had not obtained HUD approval for the vacancies.

53. At the same time, in the last ten or so years, while it could have been meeting its obligations under the Plan For Transformation, CHA has pursued a series of land sales, leases, and swaps with private and public partners for non-housing, mainly for-profit uses of the vacant land, without directly leveraging these transfers to bring public or affordable housing units back. CHA's recent decision at ABLA is a particularly egregious example of this trend.

B. CHA's Pattern and Practice of Land Disposition To For-Profit and Non-Housing Interests.

54. After the demolition of high rises and the snails paced failures at replacing affordable housing units, CHA has instead begun a redevelopment scheme focused on the disposition of land for private uses. These uses have not spurred affordable housing development.

55. With HUD's approval, land that was supposed to be reserved for public and affordable housing has been used for for-profit enterprises, non-profit uses, and use by other government agencies through CHA's pattern and practice of land transfers, including sales, long term leases, and land swaps. CHA land was used to build Targets, Mariano's grocery store, a privately owned XS Tennis facility, and an athletic field for a selective enrollment high school. Plaintiffs CHI and Hope Center actively opposed many of these land transfers, raising concerns that publicly available land designated for public and affordable housing should be used for that purpose, given the stark and unmet affordable housing needs in Chicago.

56. CHA is also disposing of its land at the former Harold Ickes Homes on the Near South Side to build a new high school for affluent residents in the South Loop.

57. On March 30, 2023, CHA CEO Tracey Scott presented at the City Club of Chicago and said that the “CHA is open for business” for new private partnerships and signaled that the disposition of the ABLA land was a north star for future development on CHA land.

58. CHA continued this practice once again just last month. At CHA’s board meeting on May 16, 2023, it authorized the submission of a Section 18 disposition application of the former site of the Robert Taylor Homes to XS Tennis Village for an expansion of its tennis facilities, to now include housing for tennis center employees and visiting athletes.

C. CHA’s Plan for the ABLA Homes.

59. The ABLA Homes was once Chicago’s second largest public housing development. Prior to its demolition, ABLA had 3,596 units, and once housed over 17,000 residents.

60. Beginning over twenty years ago, CHA demolished Addams and Abbott Homes, rehabilitated Brooks Homes and Loomis Courts, and displaced thousands of ABLA families to racially-segregated, economically depressed areas of the City. ABLA residents were the first CHA families to be displaced under the Plan for Transformation. CHA promised those displaced ABLA families that they could return to the 2,896 new or rehabilitated public housing units CHA would construct in a mixed-income development at their former neighborhood. Even back then, the ABLA community was rapidly gentrifying and CHA recognized its potential for developing affordable housing in an integrated, opportunity area. In 1998, at CHA’s request, the court monitoring the CHA’s fair housing obligations in the *Gautreaux* litigation deemed ABLA a “Revitalizing Area,” recognizing that it will likely become racially and economically integrated in

a short period of time. Indeed, as the City of Chicago sought to expand its downtown core west and private development interest only increased, it did just that.

61. ABLA is now a development now known as Roosevelt Square and the surrounding area qualifies as opportunity area by several measures. For the purposes of CHA's HCV program, the area qualifies as a "Mobility Area" based on relatively low poverty levels and violent crime rates.³ CHA incentivizes HCV participants to move to this type of area through increased rent payments for participants and other landlord-focused benefits. Under the City of Chicago's Affordable Requirements Ordinance, the area qualifies as a Community Preservation Area.⁴ The City of Chicago identifies Community Preservation Areas as "areas experiencing or at high risk of experiencing displacement of existing low-income residents."⁵ Analysis from the Institute of Housing Studies at DePaul University also shows the Roosevelt Square area is facing high displacement risk pressure, due to rising housing costs and a concentration of vulnerable populations.

62. Over the last twenty years, the area has experienced a steady increase in racial diversity, along with a stark reduction in the number of Black households from 54% to 23%. Without additional commitments to create more affordable housing, more Black households are at risk of displacement, which will increase the racial segregation and gentrification of the area.

³ See, e.g., Chicago Housing Authority, *Exception Payment Standard Information Sheet*, <https://cha-assets.s3.us-east-2.amazonaws.com/s3fs-public/2020-10/Exception%20Payment%20Standard%20Info%20Sheet%20for%20website%202021.pdf> (last visited May 30, 2023).

⁴ Chicago Mun. Code § 2-44-085(B) (defining community preservation area); Chicago's Dep't of Housing, *ARO Community Area Map*, https://www.chicago.gov/content/dam/city/depts/doh/aro/ARO_Community_Map.pdf (last visited May 30, 2023).

⁵ *Id.*

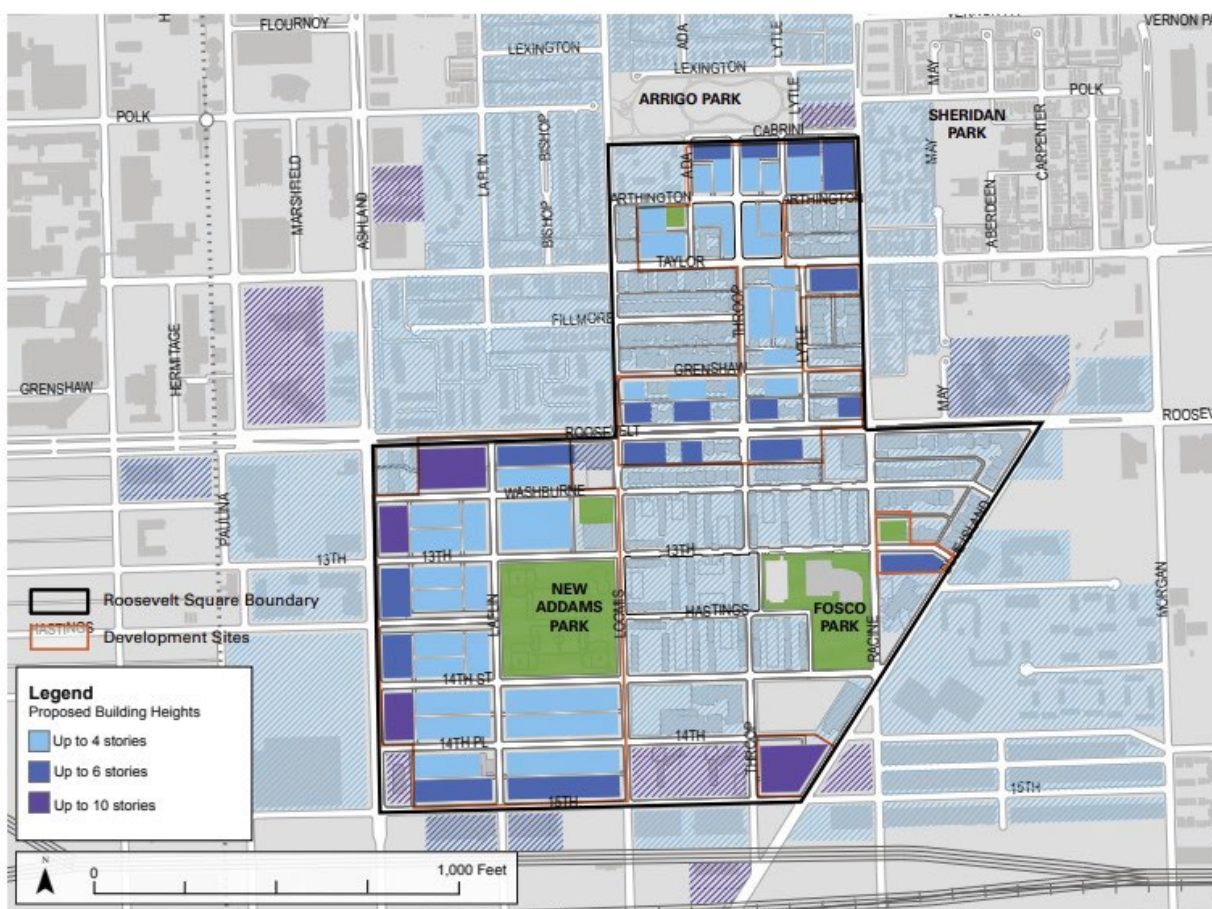
63. CHA partnered with Related Midwest to develop the promised, mixed-income housing on the site. Since the Plan for Transformation, CHA has steadily reduced its original commitment of 2,896 replacement public housing units at Roosevelt Square, but still must meet, at a minimum, the unit requirements set forth in the 2018 *Gautreaux* settlement. This includes the obligation to redevelop at least 775 public housing replacement units on the ABLA footprint. After years of lagging redevelopment, CHA has, to date, delivered only 245 of the minimum 775 replacement public housing units. As a result, ABLA families have been waiting nearly two decades for the replacement housing.

64. In 2016, in response to these delays, CHA and its private partners released an updated Master Plan for Roosevelt Square in 2016. The development partners included the below chart in the updated Master Plan in 2016, which shows, from left to right, the minimum obligations CHA has for redevelopment at Roosevelt Square; units constructed as of 2015; remaining, minimum unit obligations under *Gautreaux*; and the recommended number of units based on market conditions. The final column represents the total number of planned units at Roosevelt Square under the 2016 Master Plan.

Roosevelt Square as defined by the Plan for Transformation includes Brooks Homes, Loomis Courts, new construction completed to date, and future construction. The chart below outlines the strategy for new units only.					
	Plan for Transformation/ Gautreaux Requirements for New Construction	New Units Built to Date (2015)	Remaining Units Required to be Built per Gautreaux	Recommended Number of Units Remaining to Built	Total New Construction at full build out (including built to date)
CHA/ACC	755	245	510	510	755
Affordable	720	187	533	533	720
Market Rate	966	159	807	up to 1,307	up to 1,466
Total Units	2,441	591	1,850	2,350	2,941

FINAL REPORT March 2016

65. Under the 2016 Master Plan (which, on information and belief, has not been updated or amended by CHA), the majority of the public housing, affordable, and market rate units at Roosevelt Square was to be built on the twenty-three acres of land at issue here in the final phases of development. The 2016 Roosevelt Square Master Plan shows the current plan for ABLA land, which is primarily for residential housing with a mix of commercial and open space. As with



FINAL REPORT March 2016

other projects, CHA and Related approach the redevelopment in phases.

66. In 2021, CHA and Related Midwest applied for zoning changes for the most recent phase of development: Phase 3B of the Master Plan. In January 2023, CHA broke ground on this phase, which includes eighty public housing units. When completed, this will bring the number of delivered replacement public housing units to only 325, about 40% of the number minimum

required by *Gautreaux*. Again, the majority of the total remaining units—a minimum of 430 public housing units and 1,628 total units—were planned for the largest, contiguous plot of vacant land, which is at issue here.

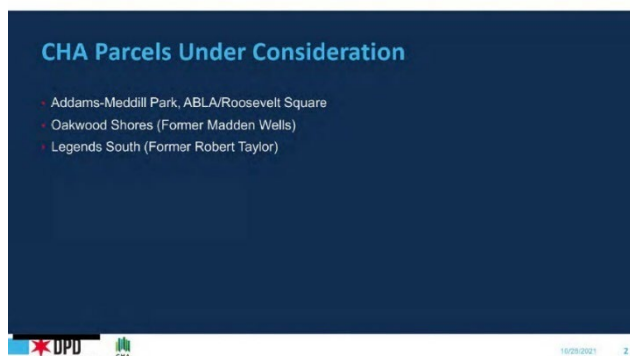
67. In 2018, CHA partnered with the City of Chicago, ComEd, St. Ignatius College Prep, and the Chicago Park District to finance the ComEd Recreation Center at ABLA with some of the same amenities proposed in the Chicago Fire lease. The ComEd Recreation Center is a private facility that is not usable by most CHA families because it is cost prohibitive.

68. CHA's plans for the land to be mixed income and mixed-use affordable housing included meetings with the Bethel Mennonite Community Church, a member of the Coalition to Protect CHA Land. Throughout 2019, the Bethel Church leadership presented CHA with a proposal to develop mixed income and intergenerational housing, complementary community space for urban agriculture and sustainable business development, and long-term employment opportunities.

69. On information and belief, there is no public or open bidding process for CHA's use of its land and instead, the land has become a giveaway to those connected to CHA or the City of Chicago, whether or not they are committed to creating affordable housing opportunities.

D. CHA and the City of Chicago’s Efforts to Lease Twenty-Three Acres of Public and Affordable Housing Land to the Chicago Fire.

70. CHA and the City of Chicago bypassed normal policy and procedure to push the disposition forward and failed to conduct a fair housing analysis. In the summer of 2021, the Chicago Fire scrapped efforts to acquire and build its training facility on Chicago Public Schools land in the Belmont Cragin neighborhood due to vocal community opposition to privatizing a park. By October, Mayor Lightfoot’s Office, the City of Chicago’s Department of Planning & Development (DPD), and CHA had come together to present the Chicago Fire with three potential sites for a soccer training facility, all on public housing land: ABLA/Roosevelt Square, Madden Wells/Oakwood Shores, and Robert Taylor Homes/Legends South. On information and belief, the parties offered these “opportunity sites” to the Chicago Fire without conducting a civil rights review or analyzing the impact on affordable housing redevelopment at each site or across CHA’s portfolio.



Ex. A, Part 1 at 234–35.

71. Not surprisingly, the Chicago Fire selected the most centrally-located, resource-adjacent, and gentrifying site: ABLA/Roosevelt Square. In November and December, CHA, City of Chicago, and Mayor Lightfoot’s Office met weekly to negotiate terms, before announcing the proposal or holding public meetings. On information and belief, CHA participated in these

meetings without evaluating the redevelopment and fair housing impacts of offloading these twenty-three acres of contiguous land at ABLA.

72. On January 27, 2022—after the parties finalized the terms—CHA CEO Tracey Scott sent a letter to the Local Advisory Council president Mary Baggett to invite her input on the proposal to build a training facility for the Chicago Fire. On that same day, the Mayor’s Office, Chicago Fire, and CHA issued a press release celebrating their plans to build the training facility on ABLA land and explaining that community meetings would begin in March. CHA meetings began with resident leadership in March and, on information and belief, the City and CHA represented to resident leadership that this was a done deal. CHA eventually held two public meetings in May 2022.

73. Plaintiffs first learned of the proposed land disposition to the Chicago Fire in late January 2022. Plaintiffs began investigating the proposal and reaching out to their members. In March 2022, Plaintiffs began monitoring the public engagement process as posted on DPD’s website. No public participation began until May, when Plaintiffs first participated in the meeting. The first meeting was for ABLA residents and the second was open to the general public. Plaintiffs’ membership attended the first meeting but walked out when it was clear that CHA was not there to listen to any broader resident participation. Plaintiffs also attended the second public meeting and submitted public comments objecting to the private use of the facility.

74. Throughout the Summer of 2022, Plaintiffs actively opposed the pending disposition. Plaintiffs attempted to testify at the May 2022 CHA Board Meeting but were unable to do so after a last-minute switch of the meeting from in person to hybrid. Undeterred, Plaintiffs testified at the hybrid July 2022 CHA Board meeting. CHA closed the meeting down after Plaintiffs chanted in opposition to the proposal. It is customary for CHA to respond to and

summarize all public comments at Board Meetings but it did not include the majority of Plaintiffs' testimony in its summary of the July meeting. On August 22, 2022, Plaintiffs sent an objection letter to HUD's Special Application Center detailing civil rights concerns and requesting a meeting.

75. Beginning in March 2022, CHA and the Chicago Fire turned to the required zoning changes at the planned development (PD) and, for the first time, had to directly confront the impacts on future housing development of rezoning the largest portion of ABLA land to recreational. On information and belief, the Chicago Fire drafted the amendments to the PD that would facilitate development of recreational and office space while the other parties, including CHA, provided feedback and sign-off. The final proposed amendment, now City Ordinance 2022-1838, reduced the residential development rights and maximum dwelling units allowed at the PD by 271 units. As a result, on information and belief, the available units now fall below the minimum housing redevelopment obligations under the 2018 *Gautreaux* settlement.

76. Staff at DPD and, eventually, members of the public, raised concerns about the impacts of the disposition and zoning on future development. CHA never shared an explanation of how it will continue to meet its development obligations on the site. In a departure from normal zoning policy and practice, CHA worked with the City of Chicago to have the City serve as the applicant for the Planned Development request, rather than the Chicago Fire. Throughout the early spring of 2022, the City of Chicago's Department of Planning and Development consistently took the position that "DPD does not recommend that either the City or Alderman be the applicant based on precedent. DPD and [Intergovernmental Affairs]'s guidance in the past has been that neither City departments or elected officials should file PD applications for private developments that will

generate profit. Additionally, the Fire project is mainly a private facility with limited public access, which adds to the argument that it should come from a private entity involved in the project.”

77. In April 2022, facing continued pressure from the parties to serve as the applicant despite this policy, DPD requested that the Chicago Fire submit a written request and rationale for DPD to review. On information and belief, the Chicago Fire never submitted a written request. Instead, on May 18, 2022, after DPD alerted the Chicago Fire about an incomplete submission that would require DPD to identify and analyze comparison data—and further delay the process—the Chicago Fire mobilized the other parties to once again lobby DPD to depart from standing policy.

78. On Friday, May 20, 2022, Ari Glass, Head of Real Estate for CFFC Owner Joe Mansueto, contacted Deputy Mayor Samir Mayekar and CHA CEO Tracey Scott about the delay. On information and belief, both offices then immediately lobbied city officials for DPD to reevaluate its decision. From that Friday to Monday, DPD suddenly changed its position: it would now act as the applicant for the private enterprise application.

79. As a result of this departure, the Chicago Fire did not make the standard financial disclosures required of applicants under Chicago Municipal Code Chapter 2-154, avoided certain zoning change notice burdens to other owners in the PD, and the parties withheld significant details of the proposal from community input and oversight. When a journalist later inquired about the anomaly, the City drafted ad hoc talking points to justify the exception.

80. DPD acting as the applicant also allowed the Chicago Fire to submit required application materials late, or incomplete, and still sail quickly through the rezoning process. DPD presented the zoning application to members of the Plan Commission on September 15, 2022, and then the City Council’s Committee on Zoning, Landmarks and Buildings Standard (Zoning Committee) on September 20, 2022. The Plan Commission had a September 8, 2022 deadline for

all applicant submissions; the Chicago Fire submitted required materials as late as September 12, 2022, and, on information and belief, had yet to resolve at least one substantive, open question about the PD amendments before the Commission vote. Nevertheless, the Plan Commission accepted the late submission and approved the incomplete application.

81. Next, the parties presented to the Zoning Committee, where a majority of present members recognized the anomalies and significance of the loss of twenty-three acres of public housing land and voted against the proposed zoning amendments, effectively blocking the deal for at least a month.

82. Then, in “an extraordinary reversal”⁶ and over the objections of other committee members, the Chairperson of the Zoning Committee, who had voted for the amendments, recessed the meeting instead of adjourning it, so he could call a special vote the next morning. In a move that “highlighted the power mayors have to implement their agenda,”⁷ the Zoning Committee reconvened the next day, hours before a full city council meeting, to revote on this single item.

83. At the September 21, 2022 rehearing, alderpersons championing this land disposition focused on the tradition of “aldermanic prerogative” a longstanding and informal policy of allowing alderperson-ward level control over the siting and placement of affordable housing, regardless of its civil rights implications.⁸ On the second vote, the Zoning Committee approved the proposal, which then went before the City Council that day. Over continued

⁶ Alice Yin & Gregory Pratt, *Chicago Fire soccer training facility approved after vote redo*, Chicago Tribune (Sept. 21, 2022), <https://www.chicagotribune.com/news/breaking/ct-chicago-fire-fc-soccer-training-facility-vote-20220920-3ixaqi6m7rhnczvonfhoymppxi-story.html>

⁷ *Id.*

⁸ Plaintiffs Chicago Housing Initiative, Lugenia Burns Hope Center, and multiple member organizations of the Coalition to Protect CHA Land have an active civil rights administrative complaint with HUD’s Office of Fair Housing and Equal Opportunity challenging this longstanding and discriminatory practice as violative of civil rights laws. *Chicago Area Fair Housing Alliance et al v. City of Chicago*, #. HUD Investigation Nos. OS-19-388b—OS-19-3895.

objections about procedural abnormalities, civil rights violations, and public housing land use, the City Council also voted in favor of the amendments. DPD acted as the formal applicant throughout, but CHA and the Chicago Fire were present in support of each presentation, discussion, and vote. On information and belief, at no time before these amendments did CHA conduct a fair housing analysis. In the process of pushing these zoning changes, CHA ignored not only their obligations under civil rights laws, but the required disposition procedures. Despite those departures, HUD approved the application in violation of its own obligations.

84. The City Ordinance 2022-1838 reduced the maximum dwelling units allowed at the PD by 271 units. Under the 2018 *Gautreaux* settlement, CHA must develop at least 1,210 public housing units on site or within one half mile of it and at least 32% of the units at the site must be public housing units. The Planned Development bulk tables cited in HUD's approval of the disposition as proof of CHA's compliance with this settlement agreement authorize only the construction of 3,070 total units, 200 units short of its overall requirements. To meet its *Gautreaux* obligations, Defendant CHA will have to pursue an upzoning process at another site or find other vacant property to build units on.

85. Furthermore, regardless of whether CHA can still meet this specific obligation, CHA will have to increase unit density on the remaining land to deliver affordable housing at ABLA, which implicates upzoning requirements, unit size constraints related to high rise buildings, and a host of recent and historical barriers to developing affordable housing in opportunity areas. In other words, CHA signed off on zoning amendments that put its redevelopment aspirations and obligations in a more difficult position moving forward. On information and belief, CHA supported the zoning amendments, including the reduction in

dwelling unit capacity, without analyzing or planning for the impacts on redevelopment or conducting a fair housing review.

86. On September 20, 2022, immediately after receiving city council approval, CHA submitted its disposition application, certifying that its justification for the disposition was pursuant to 24 C.F.R. § 970.17(d) and PIH Notice 2021-07. The application sought the disposition of twenty-three acres of land at fair market value through the execution of a long-term lease, which allows the Chicago Fire to utilize the land at its discretion for up to sixty years. CHA will receive at least \$23,000,000 within the first twenty years of its lease term. In the application, CHA proposed to use proceeds to rehabilitate Brooks Homes and Loomis Courts and provide parking improvements for William Jones Senior Apartments. CHA also promised Section 3 and Minority, Women, and Disadvantaged Business Enterprise (MWDDBE) participation during construction as well as internship and potential jobs at the facility.

87. Upon receipt of the disposition application, William Dawson, director of the Illinois Public and Indian Housing (“PIH”) Field Office stated: “[t]his application is for the disposition of the land via a long-term ground lease for the Chicago Fire FC. You know that issue which got really political and contentious, generated a FOIA, and then all of a sudden, not so much, no pun intended, FIRE from the locals when they ostensibly saw the terms of the deal. 😊”.

88. On October 7, 2022, CHA wrote a letter to Plaintiffs’ counsel stating “[g]iven resource constraints for the construction of affordable housing, putting these parcels into active use now under a public-private partnership and utilizing the funds that CHA would receive in connection with the proposed disposition will help catalyze affordable housing development on “shovel-ready” sites that remain in this redevelopment area. Additionally, there are other

opportunities for CHA to pursue public and affordable housing units in private development initiatives and on city-owned parcels within this area.”

89. CHA’s response ignores that this sixty-year commitment of land to the Chicago Fire is a substantial shift from what CHA has done elsewhere on vacant parcels in opportunity areas, in lieu of disposition. At the Lathrop Homes and Cabrini Green, also in rapidly gentrifying areas of the city, CHA has held the land until the market improves and affordable housing could be built.

90. On November 18, 2022 and November 28, 2022, Ann McKenzie submitted a supplemental application to the SAC, certifying that CHA will honor its replacement housing obligations at ABLA, and claiming that the revised Planned Development “illustrates that the committed units will fit with the proposed facility” and be able to provide “509 non-elderly units on-site or within one-half mile.” No mention was made of the problems inherent in the Planned Development that could prevent them from meeting their obligations. Nor was there any mention of the harm caused to low-income, disproportionately Black households and persons with disabilities by using this land for a purpose other than affordable housing.

91. On November 3, 2022, Plaintiffs counsel resubmitted Plaintiffs’ August letter and provided the SAC a copy of their submission to the City of Chicago’s zoning committee where Plaintiffs opposed the rezoning of the land. Plaintiffs again detailed the civil rights implications of the proposed disposition, citing the ongoing need for replacement housing in the ABLA community, the location of the land in a gentrifying and high-opportunity area that could be used for other affordable housing, and the obligation to affirmatively further fair housing.

92. In response to the Coalition’s letter, SAC Director Hornstein emailed Regional Administrator Shelley, PIH Director Dawson, and others from their offices to set up a meeting to

review the letter and to “see if we want to hear them out, or figure out if there is something we need to be doing here?” to which PIH Director Dawson said “I didn’t notice reference to any specific civil rights laws that CHA is allegedly violating, or is it just me? Has any civil rights litigation been filed or threatened? That said, I question whether we (HUD) should be taking meetings with folks just venting about an issue not really our own, or that is subject to litigation against one of the PHAs. I can think of a lot better uses for this esteemed groups time.”

93. SAC Director Hornstein however appeared to understand the Plaintiffs’ overall concerns as to the use of public housing land for a private soccer field rather than affordable housing, replying that “the issue is the use of land *that should be for more housing going for a soccer field. I do think we need to look at what they have promised and will they be able to achieve their goal, without the land in question?*” (emphasis added). Regional Administrator Shelley then replied “[t]hanks for defining the issue that we should discuss internally. I’m assuming the answer is yes, which would put us in a better public relations position. Question: do we need CHA in this conversation confirming its goal, and ability to achieve it? Have they memorialized such in writing?”.

94. Ultimately, though it has its own obligation to comply with civil rights laws and must ensure that PHAs using the Section 18 disposition process are also following civil rights laws, HUD never met with the Plaintiffs.



Michael Loria, *Chicagoans with disabilities inflamed over Chicago Fire's West Side Deal*, Sun Times (Nov. 30, 2022), <https://chicago.suntimes.com/2022/11/30/23486184/chicagoans-disabilities-protest-chicago-fire-training-center-abla-homes>.

95. On November 30, 2022, Plaintiffs held a protest and press conference at the offices of Morningstar Inc., an investment firm whose founder Joe Mansueto owns the Chicago Fire Football Club, after then Mayor Lori Lightfoot revealed she had received a \$25,000 campaign donation from Mansueto. This donation came just two months after the City and CHA pushed the zoning proposal through city council. Plaintiffs condemned the proposal to dispose of land in an opportunity area and impact it would have on people with disabilities who need accessible housing and low-income families of color in need of affordable housing.

96. For months, Plaintiffs unsuccessfully sought to secure a copy of the full application for disposition and attachments from CHA. At this point fully aware of the Plaintiffs' objections

to the ABLA Land disposition, CHA refused to turn over much of the disposition application. CHA claimed the disposition application was a draft, and thus not subject to Freedom Of Information Act requests, despite the application having been formally submitted to HUD. These actions impeded and interfered with Plaintiffs' ability to bring additional information to HUD about the inconsistencies with the CHA's application and certifications. Not until HUD approved the disposition application did the Plaintiffs receive a complete copy of the application and ground lease. Defendants continue to withhold internal communications.

97. On December 12, 2022, Plaintiffs' counsel submitted to the SAC additional information including a report from the University of Illinois Chicago's Nathalie P. Voorhees Center for Neighborhood and Community Improvement (Voorhees Center). Despite not having the benefit of CHA's full disposition application, Plaintiffs presented HUD with a host of inconsistencies with CHA's application from the parts that they did have and urged HUD to deny the disposition application because it was inconsistent with the information provided during the consultation process and to the public. Plaintiffs further explained that this proposal should not be viewed in isolation from CHA and City of Chicago's fair housing obligations, and the civil rights analysis for this disposition application must go further than confirming the commitment to on site replacement units in compliance with the *Gautreaux* settlement. The Plaintiffs asserted that the civil rights review should also look at loss of this land in an opportunity area for future public or affordable housing, consistent with obligations by CHA and HUD under Section 504 and the Fair Housing Act, including the obligation to affirmatively further fair housing.

98. In its report, the Voorhees Center found that the Near West Side neighborhood has experienced significant change, "with a steady increase in racial diversity over the past twenty years with public and private investments." At the same time, the Near West Side has experienced

decreasing poverty and unemployment rates. While this area remains predominately rental housing, according to the City of Chicago's Affordable Requirements Ordinance Zone Map, "these areas are high opportunity areas for inclusionary affordable housing." The Voorhees Center found that unlike other CHA land dispositions, the ABLA land has stark differences in market conditions, which allowed for additional affordable housing units to move forward as recently as 2021, signaling a significant shift in CHA and City of Chicago policy.

99. The Vorhees Report also noted that the Chicago Fire proposal also posed a moderate to high risk of displacement of existing low to moderate income families in the area, relying upon the Institute for Housing Studies' Displacement Risk Index.

100. Vorhees noted that the

Near West Side, which includes Roosevelt Square, is experiencing rapid gentrification and is also surrounded by areas experiencing rapid gentrification, including University Village, Little Italy, and the University of Illinois Chicago (UIC) campus, the Illinois Medical District, the Tri-Taylor neighborhood, Pilsen (the most rapidly gentrifying neighborhood in Chicago), and University Village, a 930-unit residential development with 120,000 square feet of retail space. The area is also proximate to 'The 78,' a 62-acre mixed-use development that will include a major innovation hub, the Discovery Partners Institute (DPI).

With substantial ongoing public and private investment, access to jobs, healthcare, retail, and universities near the Chicago business district, the Voorhees Center finds that "Roosevelt Square is poised to become one of the fastest growing and most coveted communities in Chicago" and that "now is the opportune time to build affordable housing." HUD did not respond to this letter or the information from the Vorhees Center.

101. In January 2023, the Plaintiffs mobilized their base to send emails to HUD Secretary Fudge, Regional Administrator Shelley, SAC Director Jane Hornstein, and members of

Congress requesting that they reject the land disposition and sent a total of 936 letters in opposition to the disposition. HUD did not respond to these letters.

102. On January 24, 2023, Plaintiffs testified at the City Council Committee on Housing and Real Estate hearing where CEO Tracey Scott appeared to testify on CHA matters. Plaintiffs again objected to the Chicago Fire land disposition and urged CHA to withdraw the proposal.

103. Throughout this time, however, HUD and CHA met periodically to discuss the application and HUD asked CHA to submit supplemental information. Notably, HUD's Office of Fair Housing and Equal Opportunity (FHEO) asked that CHA provide information on following: the existing *Gautreaux* settlement agreement; CHA's outstanding HOPE VI obligations; an explanation of why this particular land was offered to the Chicago Fire; the process of site selection; the use of proceeds; the feasibility of higher density housing; information on former ABLA residents; and the \$35 million in HOPE VI grant to revitalize ABLA.

104. On February 10, 2023, CHA responded to FHEO's questions. FHEO asked CHA for a breakdown of the unit types and density in the remaining portion of the ABLA land. CHA did not provide a breakdown and instead solely provided information about the current redevelopment phase that broke ground on January 23, 2023, rather than any other future units to be developed at the site. When asked about the feasibility of constructing new units on site, including the evaluation of both current and future conditions, density, accessibility of units and the site, and the size of units, CHA responded that it utilizes its waiting list to provide insight into the demand for various sized units and reviews local and Chicago-wide demographics and distributes accessible units throughout the site. But CHA otherwise repeatedly failed to address the data provided by the Plaintiffs concerning unmet affordable housing needs of Black Chicagoans and persons with disabilities.

105. FHEO also asked CHA about the demographics of the families who were displaced at ABLA more than twenty years ago. Displaced families were promised the “right of return.” The slow pace of CHA’s redevelopment activities and CHA’s failure to keep track of residents resulted in many households being lost, passing away before their final unit selection, or selecting a final housing choice in non-opportunity areas. CHA responded that only 63% of the displaced residents had moved to their final housing choice, 25% of households are now deceased or were evicted, and CHA lost 11% of households. As a result, only 1% of displaced ABLA residents still maintain a Right of Return and 11% maintain their right to reinstatement. CHA also provided a demographic breakdown of the displaced residents, providing only race, gender, age, and family size, ignoring disability status entirely.

106. CHA also denied being a part of any discussions between the City and the Chicago Fire and said that it did not discuss alternative sites with the Fire. CHA said that “upon the City of Chicago’s request, CHA provided sites with vacant land that exceeded [twenty] acres where CHA knew that ample vacant land existed to build committed mixed-income housing.” However, city records secured through public records act requests show that CHA was a part of conversations with the Chicago Fire and participated in the meeting where the Chicago Fire was offered the three sites for selection, including the ABLA land at issue here.

107. CHA also stated that it commissioned a feasibility study to demonstrate that the committed replacement units can be located on vacant CHA-owned land on the footprint of the former ABLA Homes or in nearby areas. This submission was in direct contradiction to elsewhere in the application where CHA stated that units could be rebuilt within the approved amendments to the Planned Development. Thus, CHA had not completed a study to determine if they could

replace all of the units within the ABLA footprint, prior to the disposition of existing ABLA land and importantly, prior to its Section 18 certifications.

108. On February 24, 2023, CHA and HUD's SAC and FHEO met to discuss the fair housing concerns at the site. On information and belief, FHEO needed additional information to conduct its civil rights review and this was discussed during this meeting.

109. On February 28, 2023, the date of the local mayoral election, CHA sent a follow up letter to FHEO, presumably in response to questions they could not answer during the February 24, 2023 meeting. In its response, CHA agreed it would replace units in the northern and southern part of site once the financing was secured, explained why other sites were not offered to the Chicago Fire, and noted that the land was always planned for the last phase of the ABLA redevelopment.

110. Later that day, Mayor Lori Lightfoot came in third place and failed to make the runoff election. On information and belief, Mayor Lightfoot's defeat sped up HUD's determination on CHA's disposition application and, critically, at the expense of a civil rights review of the disposition application by FHEO.

111. Indeed, less than a week later, on March 6, 2023, HUD approved the disposition application and CHA signed a lease with the Chicago Fire Football Club a few days later on March 9, 2023. The SAC approval came from James Isaac on behalf of Jane Hornstein. James Isaac previously worked for the Chicago Housing Authority as its Director of Real Estate Development and acting Director of Capital Construction.

112. Hearing nothing from the SAC and unaware that HUD had approved the application and CHA had executed the lease, Plaintiffs' counsel submitted yet another letter. This letter went to HUD's FHEO on March 6, 2023, and reiterated the fair housing implications of this proposal

and urged HUD to reject the application. Plaintiffs resubmitted data and argued, once again, that HUD's civil rights review must look beyond whether or not CHA could build the remaining replacement units at ABLA, and also look at loss of this land in an opportunity area for future public or affordable housing, consistent with obligations by CHA and HUD to Section 504 and the Fair Housing Act, including the obligation to affirmatively further fair housing.

113. Plaintiffs then held a protest at HUD on March 8, 2023, requesting that HUD slow down its approval until the new mayoral administration could review the proposal. Plaintiffs, once again, requested to meet with the SAC to discuss this proposal and express their concerns.

114. Not until March 13, 2023, did CHA disclose in a press release that it had been given HUD's approval for the land disposition and signed the lease with the Chicago Fire.

115. On March 14, 2023, Plaintiffs held yet another press conference condemning HUD's approval of the disposition.

116. Plaintiffs immediately filed additional public records requests to determine how and why HUD had approved the application.

117. On April 4, 2023, Brandon Johnson won the municipal runoff election for Mayor. On the campaign trail, Mayor Johnson promised to "[h]old the CHA accountable by immediately enacting a freeze on the transfer of CHA land to non-housing uses."⁹

118. On April 11, 2023, Plaintiffs' counsel again wrote to HUD requesting that it suspend any further action on the disposition and review its decision as inconsistent with its obligations under the APA. For the first time since Plaintiffs began objecting to this proposal in August 2022, HUD responded, simply stating "HUD concluded the application met all of the

⁹ *Affordable Housing*, BRANDON JOHNSON, <https://www.brandonforchicago.com/issues/affordable-housing> (last accessed on June 1, 2023).

criteria set forth in Section 18 of the U.S. Housing Act 1937, 24 CFR 970, as well as PIH Notice 2021-07. Therefore, the SAC reviewed the application and approved it on March 6, 2023.” HUD’s approval of the CHA’s disposition application constitutes final agency action that fails to further HUD’s fair housing obligations and likewise violates § 706(2)(A) and (C).

119. On April 25, 2023, CHA broke ground on the facility with the Chicago Fire, Mayor’s Office, and HUD present. Plaintiffs attended the groundbreaking and were barred from attending the press conference.

120. On information and belief, HUD still has not lifted the Declaration of Trust at this time.

121. Plaintiffs then actively reached out to the Illinois Congressional delegation and U.S. Representative Maxine Waters, Ranking Member of House Financial Services Committee, which oversees HUD’s activities. In both cases, Plaintiffs raised concerns about HUD and CHA’s actions, their disregard for a full civil rights review, and the perceived rushed nature of the approval in light of Lightfoot’s defeat.

E. HUD did not investigate Plaintiffs allegations or concerns or conduct a full civil rights review.

122. Even though CHA’s certifications were clearly inconsistent with information within HUD’s possession, HUD approved CHA’s disposition application for the ABLA land based upon its certification that it met the disposition requirements under Section 18, including its civil rights certifications. HUD’s letter of approval is attached as Exhibit B. This approval came even though information and data available to and requested by HUD made it clear that CHA’s disposition application continued to defy civil rights laws.

123. HUD’s approval letter also failed to provide any review of Plaintiffs’ claims that CHA’s actions here were inconsistent with civil rights laws.

124. On information and belief, HUD failed to complete the civil rights review of the disposition application, including a consideration of the impact the disposition of the ABLA land would have on Black households and people with disabilities.

125. On information and belief, HUD's Office of Fair Housing and Equal Opportunity did not complete its review of this application to determine the civil rights implications of the disposition application before HUD granted its approval. This is despite the fact that central to the Plaintiffs' objections were the civil rights implications of the land disposition.

126. HUD's failure to investigate the civil rights implications of CHA's decision here and its actions overall was in conflict with HUD's duties not to discriminate and to affirmatively further fair housing. Both CHA and HUD also failed to consider less discriminatory alternatives to these actions which would better advance the principles and purposes of the Fair Housing Act, including consideration of the integrative housing opportunities by preserving the land at ABLA for use later as public and affordable housing, just as they are doing at other sites in opportunity areas.

127. Not only did HUD fail to investigate Plaintiff's concerns, but like CHA, it repeatedly blocked Plaintiffs' request for public records in order to participate and engage in the disposition process. The full disposition application, lease, and appraisal were released only after HUD approved the application.

INJURIES SUFFERED BY THE PLAINTIFFS

128. Defendants' actions threaten Plaintiffs with imminent and irreparable injury by allowing the removal of land held in the public trust for public and affordable housing to be utilized for up to sixty years by a professional soccer team. Plaintiffs' mission is frustrated and their membership, who are overwhelmingly people of color and persons with disabilities living in or in

need of public housing, will be deprived of land dedicated for future housing development in an opportunity community.

129. Over the last twenty years, the area has experienced a steady increase in racial diversity, along with a stark reduction in the number of Black households from 54% to 23%. According to the City of Chicago and Institute for Housing Studies, it continues to experience high risks for displacement of low-income tenants, including Black households and people with disabilities. Without additional commitments to create more affordable housing, more Black households and households with disabled members are at risk of displacement, which will increase the racial segregation and gentrification of the area.

130. According to the Chicago Blueprint for Fair Housing, an analysis that relied on HUD's own data, Black people in Chicago disproportionately experience housing problems, such as cost burdens, a lack of basic facilities, and overcrowding. Racially and Ethnically Concentrated Areas of Poverty (so called "R/ECAPs") are clustered on the South and West sides of Chicago, and populated by residents that are 78% Black. These areas also have the highest concentration of households experiencing at least one housing problem.

131. HUD data also shows that individuals and families living in any type of HUD-supported housing in Chicago are more likely to be Black than any other racial group. Indeed, 84% of households served by the CHA are Black, even though Black households comprise only 29.2% of Chicago's population.

132. Approximately 11.3% of the Chicago population has a disability, and many of these individuals need an affordable and accessible unit. People with disabilities face barriers to employment, making them more likely to be low-income and require a housing subsidy. Almost a third of people with disabilities in Chicago live below the federal poverty line, the percentage

for those without disabilities is half as much. While 66.5% of people without disabilities in Chicago are employed, the figure is just 25.4% for those with disabilities. In the private housing market, people with disabilities are often forced to choose between accessibility and affordability. This challenge is especially acute for individuals under the age of sixty-two who do not qualify for senior housing. HUD reports that 21% of households served by Defendant CHA have a family member with a disability. Among households with a head of household sixty-two years or older, 54% have a head of household or spouse with a disability.

133. On information and belief, a common reasonable accommodation request made by CHA residents with disabilities is to transfer to a unit in close proximity to the Medical District in order to be close to their medical provider. CHA cites its dearth of accessible units in the area as a reason to delay in granting the accommodation request or deny the accommodation request entirely. FHEO is currently conducting a Section 504 Compliance Review of CHA's disability rights practices, including its failure to follow reasonable accommodation and modification requirements. Its civil rights review of CHA's application for disposition would have considered CHA's broader patterns of discrimination based on disability.

134. The Defendants' plans to dispose of the ABLA land would have an adverse discriminatory impact on Black households and persons with disabilities because this group is disproportionately eligible for subsidized housing and disproportionately represented among the ABLA Homes residents and the public housing and Housing Choice Voucher wait list applicants.

135. Defendants' actions have caused and will continue to create a severe hardship for plaintiffs and their families.

136. The Plaintiffs have no adequate remedy at law.

CAUSES OF ACTION AGAINST HUD

COUNT I

Violation of the Administrative Procedure Act: Failure to Ensure Compliance with the Section 18 Disposition Requirements Pursuant to the United States Housing Act of 1937 & 24 C.F.R. § 970.

137. Plaintiffs reallege and incorporate all foregoing allegations into this section.

138. Defendant HUD is an agency within the meaning of 5 U.S.C. § 701(b)(1) of the Administrative Procedure Act.

139. By approving CHA's disposition application for the ABLA land without duly considering the inconsistencies Plaintiffs presented, Defendant HUD violated its duty not to approve the disposition of federal public housing land without first requiring housing authority compliance with 42 U.S.C. § 1437p(a)(2) and its implementing regulations at 24 C.F.R. § 970.7, 970.17, 970.29.

140. By approving CHA's disposition application for the ABLA land, even though CHA's certifications were clearly inconsistent with the information and data available to HUD, HUD violated its duty to disapprove such an application pursuant to 42 U.S.C. § 1437p(b)(1).

141. Pursuant to the Administrative Procedure Act, 5 U.S.C. § 706, Plaintiffs are entitled to declaratory relief and judgment.

COUNT II

Violation of the Administrative Procedure Act: Failure to Conduct Civil Rights Review Required by the United States Housing Act of 1937 & 24 C.F.R. § 970.

142. Plaintiffs reallege and incorporate all foregoing allegations into this section.

143. Defendant HUD is an agency within the meaning of 5 U.S.C. § 701(b)(1) of the Administrative Procedure Act.

144. Despite the violations alleged above, Defendant HUD approved the Defendant CHA's disposition application, even though 42 U.S.C. § 1437p(b)(1) requires it to disapprove an

application when the PHA's certification that it had met the statutory and regulatory requirements for dispositions is clearly inconsistent with the information and data available to HUD.

145. Defendant HUD likewise circumvented necessary civil rights review of the disposition application, even after information was presented to it calling CHA's civil rights certifications into question. Defendant HUD thus took actions that were arbitrary, capricious, an abuse of discretion, not in accordance with law, in excess of statutory authority and without observance of procedures required by law, within the meaning of 5 U.S.C. § 706(2)(A),(C), and (D)

146. Pursuant to the Administrative Procedure Act, 5 U.S.C. §706, Plaintiffs are entitled to declaratory relief and judgment.

CAUSES OF ACTION AGAINST CHA

COUNT III

Violation of the United States Housing Act of 1937, 42 U.S.C. § 1437p: Failure to Meet the Section 18 Disposition Test.

147. Plaintiffs reallege and incorporate all foregoing allegations into this section.

148. Defendant CHA is a "person" within the meaning of 42 U.S.C. § 1983, and its actions described herein were taken under color of state law.

149. By submitting a disposition application for public housing land that misstated key details concerning the proposal, Defendant CHA disposed of federal public housing land without first complying with 42 U.S.C. § 1437p and its implementing regulations at 24 C.F.R. part 970. By certifying that it had met the statutory and regulatory requirements for disposition under Section 18 when it had not in fact complied, CHA violated its duty not to dispose of federal public housing land until it complied with 42 U.S.C. § 1437p and its implementing regulations.

COUNT IV

Violation of the Illinois Civil Rights Act, 740 ILCS § 23/1 et seq.: Discrimination Based upon Race.

150. Plaintiffs reallege and incorporate all foregoing allegations into this section.

151. Defendant is a unit of local government as defined by 740 ILCS § 23/1.

152. The Illinois Civil Rights Act (“ICRA”) prohibits any “unit of State, county, or local government” from “exclud[ing] a person from participation in, deny[ing] a person the benefits of, or subject[ing] a person to discrimination under any program or activity on the grounds of that person’s race” 740 ILCS § 23/5(a)(1). ICRA also prohibits Defendant CHA from “utiliz[ing] criteria or methods of administration that have the effect of subjecting individuals to discrimination because of their race.” *Id.* at (a)(2).

153. As set forth in the allegations above, Defendant CHA’s departure from policies and procedures in order to allow the lease of dedicated public housing land in a rapidly gentrifying community to a professional soccer team owned by a billionaire intentionally discriminates against Plaintiffs and the members they represent, primarily Black households, by denying affordable housing opportunities.

154. Defendant CHA’s action also have the effect of subjecting Plaintiffs and their members to discrimination based on their race by utilizing methods of administration that have the effect of perpetuating segregation, disproportionately impacting Black households by using this land in an opportunity areas for a purpose other than affordable housing.

CAUSES OF ACTION AGAINST BOTH CHA AND HUD

COUNT V

Violation of the Fair Housing Act, 42 U.S.C. §§ 3604, 3613, and the Quality Housing Work Responsibility Act of 1988, 42 U.S.C. § 1437c: Discrimination based upon Race and Disability.

155. Plaintiffs reallege and incorporate herein all foregoing allegations into this section.

156. Defendant HUD is an agency within the meaning of 5 U.S.C. § 701(b)(1) of the Administrative Procedure Act. For purposes of the Quality Housing Work Responsibility Act of 1998, Defendant CHA is a “person” within the meaning of 42 U.S.C. § 1983, and its actions described herein were taken under color of state law.

157. Defendants’ actions discriminate against the Plaintiffs, by intent and effect, by departing from policies and procedures in order to allow the Chicago Fire to secure land in an opportunity community to build their soccer facility, thereby removing twenty-three acres of land from use for affordable and accessible housing development. This action perpetuates segregation by removing land dedicated to public and affordable housing in a rapidly gentrifying community, in close proximity to the Medical District. This action further has a disparate impact by denying people of color and people with disabilities in need of affordable housing the ability to live in an opportunity community. Defendant HUD approved CHA’s application notwithstanding these discriminatory actions. Defendants thereby discriminated by intent and effect on Plaintiffs due to their race and disability status.

158. Defendants’ actions as described above violate the Fair Housing Act, 42 U.S.C. §§ 3604, 3613 and the Quality Housing Work Responsibility Act of 1998, 42 U.S.C. § 1437c-1(d)(15).

159. Pursuant to the Administrative Procedure Act, 5 U.S.C. § 706, Plaintiffs are entitled to declaratory relief and judgment.

COUNT VI

Violation of the Fair Housing Act, 42 U.S.C. §3608(e)(5): Failure to Affirmatively Further Fair Housing.

160. Plaintiffs reallege and incorporate herein all of the foregoing allegations into this section.

161. Defendant HUD is an agency within the meaning of 5 U.S.C. § 701(b)(1) of the Administrative Procedure Act. Defendant CHA is a “person” within the meaning of 42 U.S.C. § 1983, and its actions described herein were taken under color of state law.

162. By removing valuable land located in a gentrifying community that had been designated for public housing and failing to investigate the fair housing implications of its above stated actions, defendant CHA violated its duty to affirmatively further fair housing pursuant to 42 U.S.C. § 3608(e)(5), QWHRA 42 U.S.C. § 1437c-1(d)(15).

163. By breaching their duty to affirmatively further fair housing, defendant CHA deprived plaintiffs of rights secured to them by federal law, in violation of 42 U.S.C. § 1983.

164. By approving CHA’s disposition application for the ABLA land without investigating the fair housing implications of its decision, defendant HUD violated its duty to administer HUD programs in a manner so as to affirmatively further fair housing and have violated plaintiffs’ rights under 42 U.S.C. §3608(e)(5).

165. Plaintiffs are entitled to declaratory relief and judgment directly under the Administrative Procedure Act, 5 U.S.C. § 706.

COUNT VII

Violations of Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794 et seq.: Discrimination based upon Disability.

166. Plaintiffs reallege and incorporate herein all of the foregoing allegations into this section.

167. Defendants have subjected qualified individuals with disabilities to discrimination and have excluded them from participation in, and denied them the benefits of, programs and activities receiving federal financial assistance on the basis of their disabilities in violation of Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, et seq., and HUD’s regulations, 24 C.F.R. pt. 8.

168. As a recipient of federal financial assistance, Defendant CHA discriminated and continues to discriminate on the basis of disability in violation of Section 504 of the Rehabilitation Act by acting in a manner that denies meaningful access to affordable housing opportunities to people with disabilities needing to live in close proximity to the Medical District, perpetuates discrimination against people with disabilities by failing to consider the impact that the loss of public housing land will have on disabled populations, and limits people with disabilities from enjoying housing or the opportunity to obtain such housing by engaging in the policies, practices, acts, and omissions described above.

169. As a recipient of federal financial assistance and charged with overseeing compliance of its subrecipients and programs conducted by HUD, Defendant HUD discriminated and continues to discriminate on the basis of disability in violation of Section 504 of the Rehabilitation Act by denying meaningful access to affordable housing opportunities to people with disabilities needing to live in close proximity to the Medical District, perpetuating discrimination against people with disabilities by failing to consider the impact that the loss of public housing land will have on disabled populations, and limits people with disabilities from enjoying housing or the opportunity to obtain such housing by engaging in the policies, practices, acts, and omissions described above.

170. As a result of the discrimination alleged in the previous paragraphs, Plaintiffs have sustained the injuries described herein.

RELIEF REQUESTED

WHEREFORE, Plaintiffs respectfully request that this Court:

- A. Declare that the acts and omissions of the Defendants, as set forth above, violate Section 18 of the United States Housing Act of 1937, 42 U.S.C. § 1437p, and its implementing regulations;
- B. Declare that the acts and omissions of the Defendants, as set forth above, violate the Fair Housing Act, 42 U.S.C. §3601 *et. seq.*, its implementing regulations, and Executive Orders 11063 and 12892; the Quality Housing Work Responsibility Act of 1998, 42 U.S.C. § 1437c-l(d)(15); and Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. §§ 794, *et seq.*
- C. Declare that the actions of Defendant HUD are arbitrary, capricious, and otherwise not in accordance with the law and without observance of procedure required by law in violation of the Administrative Procedure Act, 5 U.S.C. § 706, and set aside that agency action pursuant to § 706(2)(A).
- D. Enter a temporary restraining order and a preliminary and permanent injunction, without bond or upon a nominal bond, enjoining Defendants from taking any action in furtherance of the disposition application or activity on the site.
- E. Award compensatory damages in an amount to be determined by a jury that would fully compensate Plaintiffs for the loss that has been caused by the conduct of Defendants;
- F. Enter an order requiring Defendants to pay Plaintiffs' reasonable costs and the attorneys' fees for the prosecution of this action in accordance with 42 U.S.C. § 1988, 42 U.S.C. § 3613(C)(2), and 740 ILCS 23/5(c).
- G. Grant Plaintiffs such further relief as this Court deems just and proper.

Dated: June 1, 2023

Respectfully submitted,

By: /s/ Daniel R. Campbell

Daniel R. Campbell
Emilie E. O'Toole
MCDERMOTT WILL & EMERY LLP
444 West Lake Street
Suite 4000
Chicago, Illinois 60606
(312) 372-2000
dcampbell@mwe.com
eotoole@mwe.com

Aneel L. Chablani
Emily J. Coffey
Micaela L. Alvarez
MacKenzie F. Speer
Chicago Lawyers' Committee for Civil Rights
100 North LaSalle Street, Suite 600
P: (312) 630-9744
achablani@clccrul.org
ecoffey@clccrul.org
malvarez@clccrul.org
mspeer@clccrul.org

John Bouman
Lawrence Wood
Legal Action Chicago
120 South LaSalle Street, 9th floor
Chicago, Illinois 60603
jbouman@legalactionchicago.org
lwood@legalactionchicago.org
P: (312) 347 8330

Katherine E. Walz
National Housing Law Project
1663 Mission St., Suite 460
San Francisco, CA 94103
P: (415) 546-700
kwalz@nhlp.org

*Counsel for Plaintiffs Chicago Housing Initiative, Coalition to Protect Chicago Housing
Authority Land, and Lugenia Burns Hope Center*

CERTIFICATE OF SERVICE

I certify that on June 1, 2023, a true and correct copy of the foregoing document was served
by certified mail to the following:

Chicago Housing Authority
c/o Cheryl Colston, Chief Legal Officer
60 East Van Buren Street
Chicago, Illinois 60605

The Associate General Counsel for Litigation
Office of Litigation
U.S. Department of Housing and Urban Development
451 Seventh Street, S.W.
Washington, D.C. 20410

/s/ Daniel R. Campbell