

JUNE 19, 2001

SCHAKOWSKY KEYNOTES CHICAGO LOW-INCOME HOUSING TRUST FUND ANNUAL MEETING

ANNOUNCES LEGISLATIVE STRATEGY ON SECTION 8 HOUSING AND PREDATORY LENDING

CHICAGO, IL - U.S. Representative Jan Schakowsky (D-IL) keynoted the 11th annual Chicago Low-income Housing Trust Fund meeting. The Trust Fund, which was created by the Chicago City Council in 1989, oversees rental assistance programs designed to help owners and developers provide reduced rents to low-income residents. Last year, the Trust Fund used \$10.3 million to help 2,172 low-income households.

"For more than a decade, the Chicago Low-income Housing Trust Fund has laid down the foundation and directed the programs that have helped thousands of people in Chicago. Your work has benefited families in need of decent and affordable housing, and together, we can expand on your success, increase public investment, and help bring the housing crisis to an end," said Schakowsky, a member of the Subcommittee on Housing and Community Opportunity.

During her speech, Schakowsky discussed efforts to increase federal funding for housing needs. In Chicago alone, there is a need for over 150,000 units of affordable housing, and there are more than 34,000 households on the waiting list for housing vouchers. She also reviewed her plans to continue her attack on predatory practices in the mortgage industry such as high interest rates, single premium insurance products, loan flipping and churning, unilateral call provisions, and loans made without regard to the borrower's ability to pay.

In addition, Schakowsky announced her intentions to introduce legislation that will help seniors and families remain in their apartments even after building owners "opt out" of the Section 8 program. Numerous seniors and families have been forced to move out of their communities because of current law, and by 2005, the Chicago area could lose over 20,000 more affordable housing units due to Section 8 opt-outs.

Below is the full text of Schakowsky's speech:

SPEECH BY U.S. REPRESENTATIVE JAN SCHAKOWSKY (D-IL)

**CHICAGO LOW-INCOME HOUSING TRUST FUND
ANNUAL MEETING
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I want to thank Mr. Thomas McNulty for inviting me to be with you, today. In fact, I want

to thank you all for being here because, without you, the affordable housing crisis that we face in Chicago would be far worse than it already is. I don't have to tell any of you how dire the affordable housing situation is today in Chicago and across the country. According to the National Low Income Housing Coalition:

- If you are a Chicago family who needs three bedrooms, then you need to earn at least \$19 per hour to afford a fair market rent apartment in Chicago. If you're lucky, and only need two bedrooms, then you only have to earn \$15 per hour.
- If you are really lucky and all of your children have grown up and moved out, then you only have to earn \$13 an hour for the fair market rent on a one-bedroom apartment.
- But if you only earn a minimum wage, then you need to work 99 hours a week to afford that apartment.

Unfortunately, too many in Chicago have to deal with the luck of the invisible hand. In the Chicago area, we need over 150,000 units of affordable housing. On top of that, by 2005, the Chicago area could lose over 20,000 more affordable housing units due to Section 8 opt-outs. Even homeowners are under the gun. Because of predatory lending, foreclosures in Cook County jumped from 131 in 1993 to nearly 5000 in 1998. This also hurts their neighbors who suffer lower property values and the City of Chicago, which loses valuable property tax revenues that could be used for programs like the Trust Fund.

Certainly these pressures are what's causing the increase in homelessness. The Urban Institute's latest survey found that two-thirds of homeless people cited financial pressures as the cause of their homelessness. If we are going to solve this crisis, then the Federal government has to step up to the plate and join in the tremendous effort that the Trust Fund-that you-are making.

The Bush administration, however, is striking out. Last year's HUD Budget was \$32.4 billion, which was the largest budget in twenty years. Still, it was not enough and far from adequate to meet the growing needs for affordable housing of families, seniors, and thousands of others. Yet the Bush Administration, with this crisis staring them in the face, decided to cut nearly \$2 billion from HUD's 2002 budget.

The President has laid out a blueprint that cuts \$200 million from the HOME program, an initiative that has helped so many and one which you use to build and provide affordable rental housing when the need is so great and when we need to build up, not cut back. And he wants to cut \$422 million from the Community Development Block Grant fund,

which helps to create jobs, spur community growth, and aid in economic viability and prosperity. And the budget completely phases out the Drug Elimination Grant program (\$310 million) and hurts our efforts in Chicago to hire more cops and provide drug treatment to make public housing communities safe for families and seniors.

This budget also raises FHA mortgage insurance fees (\$100 million) and makes it more difficult to build moderately priced rental apartments or make homeownership a reality for thousands of families.

Just as alarming is that this Administration believes that they can fool us just because they requested token increases for some initiatives. Looking closely at Administration's budget, I am appalled that they only want to provide 34,000 new rental vouchers nationwide. In Chicago, alone, we have more than 34,000 households on the waiting list for vouchers. We need more.

Section 8 Renewals are fully funded, and that's a relief. But that doesn't necessarily stop landlords from opting-out of the Section 8 program and the increase won't build one more replacement housing unit. And the budget provides a \$150 million increase to the Public Housing Operating Fund, but that is outstripped by dramatically higher energy costs.

HUD is even refusing to release \$40 million in funds that is already has to insure construction of much needed affordable rental units. Because HUD refuses to fund the program, 3 projects in Chicago with 875 units worth \$34.5 million in mortgages are stuck in limbo because of HUD's decision. And the President is willing let this crisis fester-virtually standing by and watching families tossed in the streets-to pay for his unfair and irresponsible \$2 trillion dollar tax cut. He would rather give the top 1% wealthiest Americans, all of whom have a solid roof over their heads, 38% of the benefit than give decent, affordable housing to families in need.

We can fight this. We must fight this. At a time when home ownership is at an all time high, 66%, hundred of thousands of people in cities and towns are facing a housing crisis. We cannot stand aside and ignore these facts. We must build more affordable housing and Congress and the President need to make this effort a priority.

I am also going to introduce legislation that will help preserve access to affordable housing. As you all know, the Section 8 opt-out crisis has spawned the "enhanced" voucher so seniors can afford the new, higher rents their building after it opts-out. But enhanced vouchers aren't enhanced when the building goes condo and the seniors are forced to move out. When they move, that voucher loses it "enhanced" funding and seniors are forced to leave their communities-their friends and support services-for lower cost neighborhoods in other parts of town. My legislation will change that rule and let people stay in their neighborhood.

Congress must also pass legislation to help preserve affordable housing buildings. I support helping non-profits, that are committed to preserving affordable housing, buy

and maintain current stock from landlords who are no longer interested in this business. The landlords may not need it, but our communities certainly do.

But it's not just the renters who are in trouble. Homeowners also face the problem of predatory lending. That's why I was the first to introduce predatory lending legislation, last session. I will be reintroducing this bill again this year and with your help, we can drive those thieves out of business.

But this really isn't just about policy. It is about making the commitment that every person in this country will have a safe, decent, and affordable place to live, and ensuring that we use our resources to make that happen. It is immoral to waste trillions of dollars on tax cuts that benefit the wealthy, while threatening and even eliminating public investments that help millions.

Last week, Alderman Suarez and Jack Markowski joined me in Washington to press Bush officials to support a national affordable housing trust fund. You've laid down the foundation and you've directed programs that work here at home. You've helped thousands and made a believer out of all of us here in Chicago. Now, the time has come for a national trust fund. Today, I am returning to Washington to join Rep. Bernie Sanders in introducing his Affordable Housing Trust Fund. We need billions more, not billions less, and we need to be able to count on it. This fund will commit a permanent stream of money to address the concerns of the families and seniors who can't afford the rising cost of housing.

Right here in Chicago, we know the benefits of the Trust Fund. Right here in Chicago, we have figured out how to provide decent, affordable housing which is so critical to the well beings of our families and our communities. That's your example. It's time to take it all across America. Thank you for letting me be a part of that effort.